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 2022

FINANCIAL HIGHLIGHTS

	2022	2021	Change %
Revenue (HK$'Mn)	**359.6**	728.1	(50.6)
Gross profit (HK$'Mn)	**27.3**	41.6	(34.4)
Loss for the year (HK$'Mn)	**(212.5)**	(96.3)	N/A
Loss attributable to owners of the Company (HK$'Mn)	**(212.5)**	(96.3)	N/A
Basic loss per share (HK cents)	**(13.9)**	(6.3)	N/A
Proposed final dividend per share (HK cents)	–	–	N/A

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of Global Sweeteners Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022 (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 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
REVENUE	*4*	**359,567**	728,099
Cost of sales		**(332,300)**	(686,511)
Gross profit		**27,267**	41,588
Other income and gains	*4*	**16,303**	145,690
Selling and distribution costs		**(32,076)**	(53,087)
Administrative expenses		**(97,846)**	(92,582)
Other expenses		**(64,593)**	(61,640)
Finance costs	*6*	**(68,977)**	(77,898)
LOSS BEFORE TAX	*5*	**(219,922)**	(97,929)
Income tax credit	*7*	**7,431**	1,667
LOSS FOR THE YEAR		**(212,491)**	(96,262)
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		**32,099**	(6,943)
		32,099	(6,943)
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation		**–**	36,651
Income tax effect		**–**	(9,163)
		–	27,488
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**32,099**	20,545
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(180,392)**	(75,717)

	Notes	2022 HK$'000	2021 HK$'000
LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(212,491)**	(96,262)
Non-controlling interests		**–**	–
		(212,491)	(96,262)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(180,843)**	(75,560)
Non-controlling interests		**451**	(157)
		(180,392)	(75,717)
LOSS PER SHARE	*9*		
Basic		**HK(13.9) cents**	HK(6.3) cents
Diluted		**HK(13.9) cents**	HK(6.3) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**507,865**	611,280
Right-of-use assets		**55,293**	66,562
Intangible assets		**1,704**	1,704
		564,862	679,546
CURRENT ASSETS			
Inventories		**42,434**	65,612
Trade receivables	*11*	**48,960**	99,667
Prepayments, deposits and other receivables	*12*	**26,576**	48,750
Due from fellow subsidiaries		**–**	33,675
Cash and bank balances		**4,275**	7,827
		122,245	255,531
CURRENT LIABILITIES			
Trade payables	*13*	**85,882**	113,804
Other payables and accruals		**389,309**	313,672
Lease liabilities		**951**	946
Interest-bearing bank and other borrowings		**795,353**	927,540
Due to fellow subsidiaries		**34,113**	–
Tax payables		**23,421**	25,116
		1,329,029	1,381,078
NET CURRENT LIABILITIES		**(1,206,784)**	(1,125,547)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(641,922)**	(446,001)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**172**	1,123
Deferred income		**21,511**	25,476
Deferred tax liabilities		**17,362**	27,975
		39,045	54,574
NET LIABILITIES		**(680,967)**	(500,575)
CAPITAL AND RESERVES			
Share capital	*14*	**152,759**	152,759
Reserves		**(827,795)**	(646,952)
Deficit attributable to owners of the Company		**(675,036)**	(494,193)
Non-controlling interests		**(5,931)**	(6,382)
TOTAL DEFICIT		**(680,967)**	(500,575)

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 1002, 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 ("**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 (the "**Listing Rules**") on the Stock Exchange and the Hong Kong Companies Ordinance (Cap. 622) (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 2021 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$212.5 million (2021: approximately HK$96.3 million) for the Year, as at 31 December 2022, the Group had net current liabilities of approximately HK$1,206.8 million (31 December 2021: approximately HK$1,125.5 million) and net liabilities of approximately HK$681.0 million (31 December 2021: approximately HK$500.6 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**") (acting on behalf of 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**")) announced that Jilin Branch ABC has entered into 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.*) ("**Jilin Cinda**") to transfer all rights (including security right) 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 Jilin Cinda at a consideration of approximately RMB414.7 million. Subsequent to the transfer of the ABC Transferred Loans, the Group and the GBT Group have been continuously negotiating with the relevant parties, including the lenders and 吉林省人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Jilin Province*) ("**Jilin SASAC**") for the next stage of the debt restructuring.

With the support from Jilin SASAC, 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 in relation to a portion of the loans owed by the Group and the GBT Group will be completed by the end of 2023, 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

It is expected that the resumption of the remaining part of the land and buildings owned by the Group and the GBT Group which are located in Luyuan District, Changchun, the People's Republic of China (the "**PRC**" or "**China**") (the "**Relevant Properties**") by the local government will be conducted in stages according to the PRC's Slum Redevelopment Policy. The management expects that a substantial part of the remaining Relevant Properties will be resumed by the local government in 2024-2025. The Directors believe that the proceeds from the resumption of the Relevant Properties 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 coronavirus disease ("**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 an updated written confirmation dated 25 April 2022 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 2022 amounted to approximately RMB2,105.5 million (31 December 2021: approximately RMB2,323.5 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.

(5) Introduction of potential investors to the Company

The management of the Company has been looking for opportunities for co-operation and potential investment with different industrial players or investors. As announced by the Company on 24 July 2022, the Company entered into a subscription agreement (the "**Subscription Agreement**") with an independent third party, namely, Hartington Profits Limited ("**Hartington Profits**" or the "**Subscriber**"), a company incorporated in the British Virgin Islands with limited liability, on 24 July 2022, pursuant to which Hartington Profits has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 305,517,200 new ordinary shares (the "**Subscription Shares**") at the subscription price of HK$0.1 per Subscription Share under the general mandate (the "**Subscription**"). The net proceeds from the Subscription, after the deduction of relevant expenses, was estimated to be approximately HK$30,000,000. For further details of the Subscription, please refer to the announcements of the Company dated 24 July 2022 and 30 December 2022.

As further announced by the Company on 28 February 2023, as the conditions precedent under the Subscription Agreement have not been fully fulfilled (or waived by the Subscriber, as the case may be) on or before the long stop date of the Subscription Agreement and there has not been any agreement to further extend the long stop date, the Subscription Agreement has been terminated.

Although the Subscription had been terminated, the management of the Group has been in discussion with the other potential investors (including the Subscriber) subsequent to the termination of the Subscription to explore other alternative investment opportunities in relation to the Group with the aim to strengthen the financial positions and the business profile of the 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 2021 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 HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

Amendments to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

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

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

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

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

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.

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

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the above new/revised HKFRSs and HKAS 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 HKAS 1	Disclosure of Accounting Policies [1]
Amendments to HKAS 8	Definition of Accounting Estimates [1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [1]
HKFRS 17	Insurance Contracts [1]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	Non-current Liabilities with Covenants [2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 The effective date to be determined

Except for 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 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 (2021: 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.

(a) Segment results

Year ended 31 December 2022

	Corn refined products *HK$'000*	Corn sweeteners *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	**–**	**359,567**	**359,567**
Segment results	**(50,100)**	**(92,847)**	**(142,947)**
Reconciliation:			
Unallocated bank interest income			**24**
Corporate and other unallocated expenses			**(8,022)**
Finance costs			**(68,977)**
Loss before tax			**(219,922)**
Income tax credit			**7,431**
Loss for the year			**(212,491)**

(b) Other segment information

Year ended 31 December 2022

	Corn refined products *HK$'000*	Corn sweeteners *HK$'000*	Total *HK$'000*
Capital expenditure	–	136	136
Sale of scrap raw materials, net of cost	(8,763)	–	(8,763)
Depreciation			
– Property, plant and equipment	19,023	51,169	70,192
– Right-of-use assets (a)	3,764	1,484	5,248
Reversal of write-down of inventories, net	(12)	–	(12)
Impairment of property, plant and equipment	–	406	406
Impairment of trade receivables, net	12	434	446
Impairment of prepayments, deposits and other receivables, net	220	405	625

(a) Segment results

Year ended 31 December 2021

	Corn refined products *HK$'000*	Corn sweeteners *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	774	727,325	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$'000*	Corn sweeteners *HK$'000*	Total *HK$'000*
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)

Remark:

(a) Depreciation of right-of-use assets that was not attributable to any of the above segments amounted to HK$874,000 (2021: HK$1,652,000) was included in corporate and other unallocated expenses.

(c) Geographical information

Revenue information based on locations of customers

	2022	2021
	HK$'000	*HK$'000*
The PRC	**346,575**	713,426
Asian region and others	**12,992**	14,673
	359,567	728,099

Non-current assets information based on locations of assets

	2022	2021
	HK$'000	*HK$'000*
The PRC	**563,695**	677,505
Hong Kong	**1,167**	2,041
	564,862	679,546

(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 (2021: Nil).

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

	2022	2021
	HK$'000	*HK$'000*
Corn sweeteners:		
Customer A	**66,495**	111,504

4. REVENUE, OTHER INCOME AND GAINS

	2022 *HK$'000*	2021 *HK$'000*
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**359,567**	728,099
Other income and gains		
Amortisation of deferred income	**2,279**	2,361
Bank interest income	**24**	152
Foreign exchange gain, net	**772**	–
Gain on debt restructuring	**–**	128,279
Government grants (b)	**851**	698
Rental income	**1,258**	1,602
Reversal of impairment of prepayments, deposits and other receivables, net	**–**	4,957
Reversal of write-down of inventories, net	**12**	–
Subcontracting income	**1,964**	4,939
Sale of scrap raw materials, net of cost	**8,763**	–
Others	**380**	2,702
	16,303	145,690

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$16,165,000 (2021: HK$23,265,000).

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

5. LOSS BEFORE TAX

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

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Employee benefit expenses (excluding Directors' remuneration)			
– Wages and salaries		**69,106**	77,078
– Pension scheme contributions (a)		**21,786**	22,054
		90,892	99,132
Cost of inventories sold (b)		**332,300**	686,511
Auditor's remuneration		**1,500**	1,700
Foreign exchange (gain) loss, net		**(772)**	118
Depreciation			
– Property, plant and equipment	*10*	**70,192**	61,179
– Right-of-use assets		**6,122**	7,068
Lease payments on short-term leases		**2,398**	2,484
Loss on disposal of property, plant and equipment, net		**–**	379
(Reversal of write-down) Write-down of inventories, net		**(12)**	6,757
Impairment of trade receivables, net		**446**	27
Impairment (Reversal of impairment) of prepayments, deposits and other receivables, net		**625**	(4,957)
Impairment of property, plant and equipment	*10*	**406**	–
Impairment of deposits paid for acquisition of property, plant and equipment, net		**–**	16

Remarks:

(a) During the Year, the government of the PRC granted reductions of 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$22,442,000 (2021: HK$40,244,000), which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**68,126**	68,369
Interest on trade payables	**–**	9,493
Interest on loan from a fellow subsidiary	**839**	–
Interest on lease liabilities	**12**	36
	68,977	77,898

7. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2022 and 2021. 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 2022 and 2021.

	2022	2021
	HK$'000	*HK$'000*
Deferred tax		
– Origination and reversal of temporary differences, net	**(7,431)**	(1,667)
Income tax credit	**(7,431)**	(1,667)

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2021: 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$212,491,000 (2021: HK$96,262,000) and the weighted average number of ordinary shares in issue throughout the Year of 1,527,586,000 shares (2021: 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 2022 and 2021.

10. PROPERTY, PLANT AND EQUIPMENT

	Notes	**2022** **HK$'000**	2021 *HK$'000*
At 1 January		**611,280**	622,975
Additions		**136**	1,588
Disposals		**—**	(488)
Depreciation	*5*	**(70,192)**	(61,179)
Gain on properties revaluation		**—**	36,651
Impairment	*5*	**(406)**	—
Exchange realignment		**(32,953)**	11,733
At 31 December		**507,865**	611,280

11. TRADE RECEIVABLES

	2022 **HK$'000**	2021 *HK$'000*
Trade receivables	**125,105**	180,915
Loss allowance	**(76,145)**	(81,248)
	48,960	99,667

The Group normally grants credit terms of 30 to 90 days (2021: 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:

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**31,149**	67,894
1 to 2 months	**11,434**	19,357
2 to 3 months	**3,376**	11,147
Over 3 months	**3,001**	1,269
	48,960	99,667

The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management of the Group.

Trade receivables are non-interest bearing. At the end of the reporting period, the Group had a concentration of credit risk as 26.5% (2021: 23.8%) and 69.8% (2021: 68.4%) 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

	2022	2021
	HK$'000	*HK$'000*
Prepayments	**7,016**	4,455
Frozen deposits by banks for settlement of loans	**–**	28,805
Deposits and other debtors	**7,756**	944
The PRC value-added tax and other tax receivables	**11,804**	14,546
	26,576	48,750

13. TRADE PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**85,882**	113,804

The Group normally obtains credit terms ranging from 30 to 90 days (2021: 30 to 90 days) from its suppliers. The trade payables are mainly denominated in Renminbi.

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

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**25,378**	46,467
1 to 2 months	**1,793**	3,564
2 to 3 months	**105**	839
Over 3 months	**58,606**	62,934
	85,882	113,804

14. SHARE CAPITAL

	2022	2021
	HK$'000	*HK$'000*
Authorised:		
100,000,000,000 (2021: 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 (2021: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these 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 Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainty related to going concern

As discussed in note 2.2 to the consolidated financial statements, at 31 December 2022, the Group had net current liabilities and capital deficiency of HK$1,206.8 million and HK$681.0 million respectively, and the Group has incurred losses since 2012 and reported a loss of HK$212.5 million for the year ended 31 December 2022. These conditions, along with other matters as set forth in note 2.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent on the successful and favourable outcomes of the measures being taken by the management of the Company and the development of the events as described in note 2.2 to the consolidated financial statements. The management of the Company is 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.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2022. 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.

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Group for the year ended 31 December 2021 was subject to the disclaimer of opinion by the Auditor as detailed in the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"). The management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken as follows, which have been considered, recommended and agreed by the Audit Committee after its critical review of the management's position for the Year:

Material uncertainty relating to going concern

As detailed in the 2021 Annual Report, the Auditor has raised material uncertainty relating to the ability of the Group to continue as going concern. In addition to the actions disclosed in the 2021 Annual Report, the management of the Company has taken and will take steps as outlined in note 2.2 to improve the financial position of the Group. Depending on the successful and favourable outcomes of such steps, the Board, including the Audit Committee, is of the view that the Group would have sufficient working capital for operation need for at least 12 months from 31 December 2022.

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, as the impact of the COVID-19 pandemic weakened, cross-border travels and normal economic activities resumed in many countries. However, inflationary pressure, geopolitical conflicts and soaring energy prices continued to put pressure on the global economy. As a result, the recovery pace has been slow and the global economy grew at a rate of 2.9% for the Year. In the PRC, property market slump and the stringent COVID-19 pandemic control measures have posed immense pressure on the PRC economy. In addition, investments in the manufacturing sector and the employment rate have yet to return to the levels before the outbreak of the COVID-19 pandemic. Surging commodity and the energy prices together with shrunken demand continued to put pressure on many businesses. Consequently, China's GDP growth rate lowered to 3.0% in 2022, lagging behind its initial growth target of 5.5%. The operating environment of the Group, therefore, remained challenging throughout the Year.

Global corn production for the year 2022/23 is estimated at 1,151.4 million metric tonnes ("**MT**") (2021/22: 1,216.0 million MT), according to the estimates from the United States Department of Agriculture in February 2023. With respect to corn price, driven by the shortage in grain supply and the increase in shipping cost as intensified by the war in Ukraine, international corn price once reached 818 US cents per bushel (equivalent to RMB2,129 per MT) in April 2022. In the second half of the Year, the appreciation of US dollars and Federal Reserves' attempts to curb inflation have cooled the demand for commodities. As a result, international corn price closed at 678.5 US cents per bushel (equivalent to RMB1,843 per MT) by the end of 2022 (end of 2021: 593 US cents per bushel (equivalent to RMB1,487 per MT)). In the PRC, domestic corn harvest in 2022/23 is expected to produce approximately 277.2 million MT (2021/22: approximately 272.6 million MT) of corn, with consumption volume estimated at 286.6 million MT (2021: 287.7 million MT) for 2022. China continued to import corn to make up for the shortfall in corn supply during the Year. It is estimated that China has imported approximately 21.2 million MT of corn in 2022. As a result, corn price in the PRC rose to RMB2,816 per MT by the end of 2022 (end of 2021: RMB2,734 per MT). On the other hand, the implementation of strict pandemic control measures and the real estate crisis have slowed down the pace of economic recovery in China. 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.

As for the sugar market, global sugar production for 2021/22 was 180.3 million MT (2020/21: 180.2 million MT) with consumption estimated at 173.2 million MT (2020/21: 172.1 million MT). Despite the slight surplus, driven by the uncertainties due to the war in Ukraine and the inflation of commodity prices, international sugar price increased to 18.91 US cents per pound (equivalent to RMB2,883 per MT) by the end of 2022 (end of 2021: 18.88 US cents per pound (equivalent to RMB2,658 per MT)). It is estimated that sugar surplus will continue as global sugar production in 2022/23 is expected to reach 183.2 million MT with consumption estimated at 176.4 million MT. In the PRC, domestic sugar production was about 9.6 million MT in the 2021/22 harvest (2020/21: 10.7 million MT), while consumption stayed at around 15.5 million MT. Due to the decrease in demand as a result of the lockdowns in major cities and slow economic recovery in China during the Year, domestic sugar price dropped to RMB5,710 per MT by the end of 2022 (end of 2021: RMB5,834 per MT). In addition, the suspension of operation of the Group's production facilities in Shanghai in the second quarter of the Year (the "**Shanghai Temporary Suspension**") due to the lockdown measures implemented in Shanghai as disclosed in the joint announcement of the Company and GBT dated 14 April 2022, together with the continued suspension of the Group's sweeteners production facilities in the Jinzhou and Xinglongshan sites, have substantially lowered the production output of the Group and negatively impacted the financial performance of the Group during the Year.

It is expected that the operating environment of the Group in 2023 will improve as China reopens to the world and the PRC economy gradually gets back on track. However, due to the shortage in corn supply, the PRC corn price is expected to remain high in 2023. As for the outlook on the sugar market, it is estimated that China will increase its sugar production to 10.1 million MT in the 2022/23 harvest with consumption estimated at 15.6 million MT in 2023. Although global sugar price is expected to turn bearish in 2023 due to increase in global production, the expectation that sugar demand will improve as China resumes normal economic activities may counterbalance part of the effect of sugar surplus. On the other hand, changes in consumption pattern and increased health awareness of the general public are expected to put pressure on the traditional sugar/sweetener product market, and that geopolitical complexity will continue to add uncertainty to the global economy. In the short run, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the operation of the Group's production facilities to maintain relatively healthy cash flow while balancing its market presence. In the long run, the Group will continue to strengthen its market position utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, and further improve cost effectiveness and product mix through continuous research and development efforts.

FINANCIAL PERFORMANCE

During the Year, the Group has continued to suspend the operation of the production facilities as detailed in the Company's announcements dated 24 September 2019, 10 February 2020 and 29 May 2020 (collectively, the "**Suspension of Operation Announcements**") to minimise financial risks and secure financial resources amidst economic uncertainties. In addition, the Shanghai Temporary Suspension has caused reduction in the sales volume of the Group by 51.7% to 86,000 MT (2021: 178,000 MT) during the Year. Consequently, the revenue and gross profit of the Group had dropped significantly by approximate 50.6% and 34.4% respectively to approximately HK$359.6 million (2021: HK$728.1 million) and HK$27.3 million (2021: HK$41.6 million) respectively during the Year. Despite the declines in revenue and gross profit, due to the improvement of the average selling price of sweeteners during the Year, the Group's gross profit margin increased by 1.9 percentage points to 7.6% (2021: 5.7%).

On the other hand, other income and gains of the Group decreased significantly during the Year by approximately HK$129.4 million to approximately HK$16.3 million (2021: HK$145.7 million). Such decrease was mainly attributable to the absence of the recognition of items similar to the one-off gain on debt restructuring which amounted to approximately HK$128.3 million recorded for the year ended 31 December 2021 subsequent to the completion of the repurchase agreements dated 26 March 2021 entered into between a subsidiary of the Company and 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) (the "**GSH Repurchase Agreements**") which took place on 31 March 2021, details of which are further set out in the joint announcements of the Company and GBT dated 26 March 2021 and 31 March 2021. As such, the Group recorded a net loss of HK$212.5 million (2021: HK$96.3 million) and LBITDA (i.e., loss before interest, taxation, depreciation and amortisation) of approximately HK$74.6 million (2021: EBITDA (i.e., earnings before interest, taxation, depreciation and amortisation): HK$48.2 million) for the Year.

To improve the performance and the financial position of the Group, the management of the Group will continue to focus its efforts in (1) speeding up the process of resumption of the Relevant Properties 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; (3) closely monitoring market changes to identify opportunities for full/partial resumption of production operations of the Group's suspended facilities to improve the operating cash flow of the Group; and (4) introducing potential investors to the Company to further strengthen the working capital and financial position of the Group.

Upstream products

(Sales amount: Nil (2021: HK$0.8 million))
(Gross profit: Nil (2021: HK$0.1 million))

During the Year, no sale of upstream products was recorded as the Group suspended all its upstream operations to minimise financial risks and secure financial resources during the time of economic uncertainty while its inventory had been fully sold in 2021. As a result, no revenue from the sale of corn starch and other corn refined products (2021: Nil and HK$0.8 million) were recorded during the Year. No internal consumption of corn starch was recorded during the Year (2021: Nil).

Corn sweeteners

Corn syrup

(Sales amount: HK$313.8 million (2021: HK$624.4 million))
(Gross profit: HK$20.1 million (2021: HK$35.9 million))

As a result of the Shanghai Temporary Suspension together with the continued suspension of the Group's sweeteners production facilities in the Jinzhou and Xinglongshan sites with most of their inventories exhausted prior to the Year, the revenue of the corn syrup segment decreased by approximately 49.7% to approximately HK$313.8 million (2021: HK$624.4 million). Such decrease was mainly attributable to the decrease in sales volume by approximately 50.3% to approximately 74,000 MT (2021: 149,000 MT). As the portion of expenses in relation to suspension of operation during the Year has been allocated to other expenses and the increase in the selling price of corn syrup was sufficient to offset the increase in the raw material cost during the Year, the corn syrup segment recorded gross profit of approximately HK$20.1million (2021: HK$35.9 million) for the Year, with gross profit margin increased to 6.4% (2021: 5.7%).

Corn syrup solid

(Sales amount: HK$45.8 million (2021: HK$102.9 million))
(Gross profit: HK$7.2 million (2021: HK$5.6 million))

During the Year, the sales volume of corn syrup solid, which was entirely maltodextrin, declined by approximately 58.6% to approximately 12,000 MT (2021: 29,000 MT) as a result of the Shanghai Temporary Suspension and the continued suspension of the Group's sweeteners production facilities in the Jinzhou and Xinglongshan sites with most of their inventories exhausted prior to the Year. The revenue of maltodextrin decreased by approximately 55.5% to approximately HK$45.8 million (2021: HK$102.9 million). As the portion of expenses in relation to suspension of operation during the Year has been allocated to other expenses and the increase in selling price of corn syrup solid outweighed the rising raw material cost, the gross profit and gross profit margin of the corn syrup solid segment increased to approximately HK$7.2 million (2021: HK$5.6 million) and 15.7% (2021: 5.4%), respectively.

Export sales

During the Year, export sales accounted for approximately 3.6% (2021: 2.0%) of the Group's total revenue. The Group exported approximately 3,000 MT (2021: 3,000 MT) of corn sweeteners with sales amount of approximately HK$13.0 million (2021: HK$14.7 million) during the Year. No export sales of upstream corn refined products were recorded during the Year and previous year.

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

Other income and gains

During the Year, other income and gains of the Group decreased by approximately 88.8% to approximately HK$16.3 million (2021: HK$145.7 million) as a result of the absence of the recognition of items such as one-off gain on debt restructuring of approximately HK$128.3 million subsequent to the completion of the GSH Repurchase Agreements in 2021.

Selling and distribution costs

During the Year, the selling and distribution costs dropped by approximately 39.5% to approximately HK$32.1 million (2021: HK$53.1 million), accounting for approximately 8.9% (2021: 7.3%) 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 increased by approximately 5.6% to approximately HK$97.8 million (2021: HK$92.6 million). Such increase was mainly the result of additional depreciation incurred in relation to the appreciation of building of which revaluation work has been done at the end of 2021.

Other expenses

Other expenses of the Group increased to approximately HK$64.6 million (2021: HK$61.6 million) during the Year. Such increase was mainly attributable to the increase in expenses in relation to the idle capacity of certain production facilities as a result of the Shanghai Temporary Suspension.

Finance costs

During the Year, finance costs of the Group dropped by approximately 11.4% to approximately HK$69.0 million (2021: HK$77.9 million). Such decrease was mainly attributable to the decrease in interest on trade payables of HK$9.5 million subsequent to the settlement of long outstanding interest bearing trade payables by the Group during the Year.

Income tax credit

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK$7.4 million (2021: HK$1.6 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 (2021: Nil). As a result, the Group recorded tax credit of approximately HK$7.4 million (2021: HK$1.6 million) during the Year.

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$212.5 million (2021: HK$96.3 million) for the Year.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The total borrowings as at 31 December 2022 decreased by approximately HK$132.1 million to approximately HK$795.4 million (31 December 2021: HK$927.5 million). The change in total borrowings was mainly attributable to net repayment of certain bank and other borrowings of approximately HK$68.9 million and exchange rate adjustment of approximately HK$63.2 million 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$3.5 million to approximately HK$4.3 million (31 December 2021: HK$7.8 million, denominated in Renminbi and Hong Kong dollars) as at 31 December 2022. Consequently, the net borrowings decreased to approximately HK$791.1 million (31 December 2021: HK$919.7 million).

Structure of interest-bearing bank and other borrowings

As at 31 December 2022, the Group's bank and other borrowings of approximately HK$795.4 million (31 December 2021: HK$927.5 million) were all (31 December 2021: all) denominated in Renminbi. All (31 December 2021: all) of the Group's interest-bearing bank and other borrowings were wholly repayable within one year. As at 31 December 2022, interest-bearing bank and other borrowings amounted to approximately HK$241.5 million (31 December 2021: HK$271.3 million) have been charged at fixed interest rates of 7.0% to 8.0% (31 December 2021: 5.8% 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 remained at approximately 50 days (31 December 2021: 50 days).

Trade payables turnover days increased to approximately 94 days (31 December 2021: 61 days) during the Year as the Group has negotiated with suppliers to extend the credit terms.

As at 31 December 2022, the Group's inventory turnover days increased to approximately 47 days (31 December 2021: 35 days) for the Year as the Group prepared sufficient inventory before the Chinese New Year in January 2023.

As at 31 December 2022, the current ratio and quick ratio were approximately 0.09 (31 December 2021: 0.19) and approximately 0.06 (31 December 2021: 0.14) respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings) to total assets (i.e. sum of current assets and non-current assets) was approximately 115.8% (31 December 2021: 99.2%).

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 3.6% (2021: 2.0%) of the Group's revenue in which most of these transactions were denominated in US Dollars. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations. Therefore, the Group currently does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. The Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in the future as and when necessary.

IMPORTANT TRANSACTION DURING THE YEAR

The Subscription

In order to raise fund for general working capital purposes and to relieve part of the financial pressure from bank borrowings, the Company entered into the Subscription Agreement with Hartington Profits on 24 July 2022, pursuant to which Hartington Profits has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the subscription price of HK$0.1 per Subscription Share. The closing price of the shares of the Company on 22 July 2022, being the last trading date prior to the date of the Subscription Agreement, was HK$0.078. The gross proceeds from the Subscription will amount to approximately HK$30,551,720 with nominal value amounting to HK$30,551,720. The net proceeds from the Subscription, after the deduction of relevant expenses, is estimated to be approximately HK$30,000,000 and the net price of each Subscription Share is estimated to be approximately HK$0.098. The Subscription Shares represent 20.0% of the total issued share capital of the Company immediately before the completion of the Subscription and approximately 16.7% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Company intends to use the net proceeds from the Subscription as follows: approximately (i) HK$10.0 million for repayment of bank and other borrowings/payables of the Group's PRC subsidiaries; and (ii) HK$20.0 million for the procurement of corn and other operational expenses. The Subscription has subsequently been terminated after the Year on 28 February 2023. For further details of the Subscription and its termination, please refer to the paragraph headed "Important Events affecting the Group subsequent to the Year under review — Termination of the Subscription" in this announcement and the announcements of the Company dated 24 July 2022, 30 December 2022 and 28 February 2023.

DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Breach of loan agreements

(1) Reference is made to the joint announcement of the Company and GBT dated 4 May 2020, among others, 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 Company, failed to satisfy certain financial covenants under the various loan agreements entered into between Jinzhou Yuancheng and 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank*) ("**Jinzhou CCB**") for the aggregate principal amount of RMB189.9 million ("**Yuancheng CCB Loans**"), such failure to perform or comply with the financial covenants would entitle Jinzhou CCB to declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng CCB Loans immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the Group. The Yuancheng CCB Loans were jointly and severally guaranteed by GBT and certain subsidiaries of the Company with a maximum guaranteed principal amount of not more than RMB200.0 million.

As detailed in the joint announcements of the Company and GBT dated 14 January 2022 and 22 February 2022, Jinzhou CCB has applied to 遼寧省瀋陽市中級人民法院 (Intermediate People's Court of Shenyang City, Liaoning Province*) (the "**Shenyang Intermediate Court**"), and the Shenyang Intermediate Court has granted, various orders in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GBT Group in the aggregate amount of RMB213,882,635.55 in respect of the Yuancheng CCB Loans. As at the date of this announcement, the outstanding principal amount of the Yuancheng CCB Loans is approximately RMB188.7 million.

(2) 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 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 Nongan Branch ABC with outstanding principal amount of RMB180.0 million, together with respective outstanding interest, which 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 amount 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.

As further disclosed in the joint announcement of the Company and GBT dated 23 December 2020, pursuant to the transfer agreement entered into between Jilin Branch ABC and Jilin Cinda, Jilin Branch ABC (acting on behalf of Nongan Branch ABC) has agreed to sell to Jilin Cinda, and Jilin Cinda has agreed to purchase 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.

(3) Reference is made to the joint announcement of the Company and GBT dated 5 August 2022. Dihao Foodstuff has defaulted in the repayment of the fixed-term loan under a loan agreement (the "**Jiyin Rural Loan Agreement**") entered into between Dihao Foodstuff and 長春雙陽吉銀村鎮銀行股份有限公司 (Changchun Shuangyang Jiyin Rural Bank Co., Ltd.*) ("**Jiyin Rural Bank**") with outstanding principal amount of RMB4.9 million (the "**Jiyin Rural Loan**"). Such loan is guaranteed by 上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co., Ltd.*). As at the date of this announcement, the outstanding principal amount under the Jiyin Rural Loan Agreement is RMB4.9 million and Dihao Foodstuff has yet to receive any waiver in written form from Jiyin Rural Bank in respect of the default of repayment of the Jiyin Rural Loan.

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

Despite most parts of the world reopened as the impact of the COVID-19 pandemic weakened and cross-border travels and normal economic activities resumed in many countries, inflationary pressure, geopolitical conflicts and soaring energy prices continued to put pressure on the global economy. It is expected that the operating environment of the Group in 2023 will improve as China reopens to the world and the PRC economy gradually gets back on track. However, the PRC corn price is expected to remain high in 2023. As for the outlook on the sugar market, although global sugar price is expected to turn bearish in 2023 due to increase in global production, the expectation that sugar demand will improve as China resumes normal economic activities may counterbalance part of the effect of sugar surplus. The Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies and determining the best timing to resume its suspended facilities as appropriate. Up to the date of this announcement, the Group has continued the suspension of the production facilities as detailed in the Suspension of Operation Announcement. However, the Group will closely monitor the market conditions and seek investment opportunities with potential investors to raise additional fund to resume its production as soon as possible to the extent practicable.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

Termination of the Subscription

As announced by the Company on 28 February 2023, as the conditions precedent under the Subscription Agreement have not been fully fulfilled (or waived by the Subscriber, as the case may be) on or before the long stop date of the Subscription Agreement (i.e. 28 February 2023) and there has not been any agreement to further extend the long stop date, the Subscription Agreement has therefore been terminated and all obligations of the Company and the Subscriber under the Subscription Agreement have ceased and determined. For further details of the termination of the Subscription, please refer to the announcements of the Company dated 28 February 2023.

FUTURE PLANS AND PROSPECTS

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

Meanwhile, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the operation of the Group's production facilities to maintain relatively healthy cash flow while balancing its market presence.

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 implementation of the Group's debt restructuring plan and seek investment opportunities with other potential investors 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 2022, the Group had approximately 890 (2021: 930) full time employees in Hong Kong and in the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasingly turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards to its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain competitive remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and discretionary bonuses. For the Year, staff costs (including Directors' remuneration) of the Group amounted to approximately HK$91,484,000 (2021: approximately HK$99,728,000).

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

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

At the date of this announcement, Mr. Wang Guicheng assumes the dual roles of the chief operating officer of the Group ("**COO**"), being responsible for overseeing the operation management and product development of the Group, and the chairman of the Board. The Board believes that having the same individual in both roles allows the Company to ensure effective implementation in consistent with the overall strategy of the Company. At the same time, since all major decisions of the Company are discussed by the Board, the Board committees and the senior management of the Company, the Board is of the view that the appointment of Mr. Wang Guicheng as both the COO and the chairman of the Board would not compromise the balance of power and authority and is in the interest of the shareholders of the Company as a whole. The Board will review the effectiveness of this arrangement from time to time and re-comply with code provision C.2.1 to part 2 of the CG Code when the Board considers appropriate.

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

The Group's annual results for the Year have been reviewed by the Audit Committee and the Audit Committee held four meetings during the Year.

FULL DETAILS OF FINANCIAL INFORMATION

The annual report of the Company, including the information required by the Listing Rules, will be published on the websites of the Company (www.global-sweeteners.com) and the Stock Exchange (www.hkexnews.hk) and despatched to the shareholders of the Company in due course.

ANNUAL GENERAL MEETING

The 2022 annual general meeting (the "**AGM**") of the Company will be held on Thursday, 25 May 2023 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, 19 May 2023 to Thursday, 25 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 18 May 2023.

SCOPE OF WORK OF THE AUDITOR

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

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

Hong Kong, 30 March 2023

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