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GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司^{*}

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03889)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	(Unaudited)		
	2016	2015	Change %
	(HK\$ million)	(HK\$ million)	
Revenue	466.5	931.1	(49.9)
Gross profit	39.5	35.5	11.3
Loss before tax	(68.3)	(153.5)	N/A
Loss for the period	(68.6)	(156.2)	N/A
Basic loss per share (HK cents)	(4.49)	(10.23)	N/A
Interim dividend per share (HK cents)	Nil	Nil	N/A

^{*} For identification purposes only

The board (“Board”) of directors (“Directors”) of Global Sweeteners Holdings Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	466,542	931,076
Cost of sales		<u>(427,009)</u>	<u>(895,527)</u>
Gross profit		39,533	35,549
Other income and gains	4	14,806	7,422
Selling and distribution expenses		(35,390)	(62,955)
Administrative expenses		(40,372)	(62,628)
Other expenses		(21,396)	(33,698)
Finance costs	5	<u>(25,529)</u>	<u>(37,207)</u>
LOSS BEFORE TAX	6	(68,348)	(153,517)
Income tax expense	7	<u>(210)</u>	<u>(2,727)</u>
LOSS FOR THE PERIOD		<u>(68,558)</u>	<u>(156,244)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss subsequently:			
Exchange differences on translation of financial statements of operations outside Hong Kong		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(68,558)</u>	<u>(156,244)</u>

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
Loss attributable to:			
Owners of the Company		(68,558)	(156,224)
Non-controlling interests		<u>—</u>	<u>(20)</u>
		<u>(68,558)</u>	<u>(156,244)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(68,558)	(156,224)
Non-controlling interests		<u>—</u>	<u>(20)</u>
		<u>(68,558)</u>	<u>(156,244)</u>
LOSS PER SHARE	8		
Basic		<u>HK(4.49) cents</u>	<u>HK(10.23) cents</u>
Diluted		<u>HK(4.49) cents</u>	<u>HK(10.23) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		408,099	408,312
Prepaid land lease payments		83,030	85,107
Deposits paid for acquisition of property, plant and equipment		314	354
Goodwill		—	—
Prepayments, deposits and other receivables	11	111,784	107,047
Other intangible assets		3,243	3,243
Total non-current assets		606,470	604,063
CURRENT ASSETS			
Inventories		128,445	161,975
Trade and bills receivables	10	182,489	167,640
Prepayments, deposits and other receivables	11	213,828	192,862
Due from fellow subsidiaries		—	40,560
Pledged deposits		4,350	24,184
Cash and cash equivalents		104,936	61,106
		634,048	648,327
Non-current assets held for sale		365,082	365,082
Total current assets		999,130	1,013,409
CURRENT LIABILITIES			
Trade and bills payables	12	144,284	195,910
Other payables and accruals		255,735	216,379
Interest-bearing bank borrowings		472,024	703,571
Due to fellow subsidiaries		93,070	—
Tax payable		24,638	25,539
Total current liabilities		989,751	1,141,399
NET CURRENT ASSETS/(LIABILITIES)		9,379	(127,990)

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	<i>Note</i>		
TOTAL ASSETS LESS CURRENT LIABILITIES		615,849	476,073
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		398,810	190,476
Deferred tax liabilities		107,110	107,110
Total non-current liabilities		505,920	297,586
Net assets		109,929	178,487
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	152,759	152,759
Reserves		(36,605)	31,953
		116,154	184,712
Non-controlling interests		(6,225)	(6,225)
Total equity		109,929	178,487

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the Period are authorised for issue in accordance with a resolution of the Directors passed on 30 August 2016.

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit 1104, Admiralty Centre, Tower 1, No.18 Harcourt Road, Hong Kong. The Group is principally engaged in the manufacture and sale of corn refined products and corn based sweetener products. There were no changes in the nature of the Group's principal activities during the Period.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the "immediate holding company" or "Global Corn Bio-chem"), a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited (the "ultimate holding company" or "GBT", and together with its subsidiaries, the "GBT Group"), a company incorporated in the Cayman Islands whose shares are also listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

The Group recorded a consolidated net loss of approximately HK\$69 million (six months ended 30 June 2015: approximately HK\$156 million) during the Period.

The Group has received a confirmation from the ultimate holding company of a major shareholder of GBT that it will provide financial support to the Group for its operation on a going concern basis and undertake all liabilities that may arise from the certain guarantees issued by a subsidiary of the Company to a bank in the Mainland China in connection with facilities granted to 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Ltd.) (the "Supplier" or "Dajincang"). Such assistance received by the Group is not secured by any assets of the Group.

The interim condensed consolidated financial statements of the Group have been prepared on a going concern basis and therefore, do not include any adjustments relating to recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

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 condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015. The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial statements.

Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>

The adoption of these new and revised HKFRSs has no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the interim condensed consolidated financial statements:

HKFRS 9	<i>Financial Instruments¹</i>
HKFRS 14	<i>Regulatory Deferral Accounts³</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Lease²</i>

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

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for first HKFRSs financial statements and for annual periods beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs will have a significant impact on the Group’s results of operations and financial position.

3. SEGMENT INFORMATION

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

- (i) the corn refined products segment comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products;
- (ii) the corn based sweetener products segment comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose and maltodextrin; and

- (iii) the sale of lysine and other corn-refined products of the GBT Group by the Group in the Huadong Region.

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

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

(a) Business units information

	Corn refined products		Corn based sweetener products		Trading		Total	
					Six months ended 30 June			
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	171,450	481,635	290,490	449,441	4,602	—	466,542	931,076
Intersegment sales	9,421	95,163	—	—	—	—	9,421	95,163
	<u>180,871</u>	<u>576,798</u>	<u>290,490</u>	<u>449,441</u>	<u>4,602</u>	<u>—</u>	<u>475,963</u>	<u>1,026,239</u>
Reconciliation:								
Elimination of intersegment sales							(9,421)	(95,163)
Revenue							<u>466,542</u>	<u>931,076</u>
Segment results	<u>(38,421)</u>	<u>(70,974)</u>	<u>(9,742)</u>	<u>(32,988)</u>	<u>142</u>	<u>—</u>	<u>(48,021)</u>	<u>(103,962)</u>
Reconciliation:								
Bank interest income							408	483
Unallocated gains							14,398	6,939
Corporate and other unallocated expenses							(9,604)	(19,770)
Finance costs							(25,529)	(37,207)
Loss before tax							<u>(68,348)</u>	<u>(153,517)</u>

(b) Geographical information

	Mainland China		Regions other than Mainland China		Total	
					Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	<u>426,369</u>	<u>884,563</u>	<u>40,173</u>	<u>46,513</u>	<u>466,542</u>	<u>931,076</u>

4. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue		
Sale of goods	<u>466,542</u>	<u>931,076</u>
Other income and gains		
Net gains arising from sale of packing materials and by-products	—	907
Bank interest income	408	483
Government grants*	2,925	—
Reversal of write-off of trade receivables	1,093	—
Reversal of impairment of trade receivables	—	1,838
Reversal of impairment of other receivables	389	—
Reversal of write-down of inventories	1,173	—
Interest income on other receivables	4,539	—
Exchange gains, net	301	181
Others	<u>3,978</u>	<u>4,013</u>
Total	<u>14,806</u>	<u>7,422</u>

* Government grants represented government rewards awarded to certain subsidiaries of the Company located in The People's Republic of China (the "PRC" or "Mainland China") with no further obligations and conditions to be complied with.

5. FINANCE COSTS

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

	Six months ended 30 June	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank borrowings	25,529	35,285
Finance costs for discounted bills receivables	<u>—</u>	<u>1,922</u>
Total	<u>25,529</u>	<u>37,207</u>

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	420,486	888,040
Depreciation	14,748	69,461
Amortisation of prepaid land lease payments	2,077	3,625
Foreign exchange differences, net	(301)	(181)
Write-down of inventories to net realisable value [#]	535	3,276
Reversal of write-off of trade receivables	(1,093)	—
Provision for/(reversal of) impairment of trade receivables	3,294	(1,838)
Reversal of impairment of other receivables	(389)	—
Gain on disposal of property, plant and equipment	—	(2)
	<u> </u>	<u> </u>

[#] Included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China	<u>210</u>	<u>2,727</u>
Tax charge for the period	<u>210</u>	<u>2,727</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the periods ended 30 June 2016 and 30 June 2015.

The statutory tax rate for all subsidiaries in Mainland China was 25% for the six months ended 30 June 2016 (six months ended 30 June 2015: 25%).

8. LOSS PER SHARE

The calculation of the basic loss per share for the Period is based on the consolidated loss attributable to owners of the Company for the Period and the weighted average number of ordinary shares in issue during the Period of 1,527,586,000 (six months ended 30 June 2015: 1,527,586,000) shares.

No adjustment has been made to the basic loss per share amounts for the six months ended 30 June 2016 and 30 June 2015 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the Period (six months ended 30 June 2015: Nil).

10. TRADE AND BILLS RECEIVABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade receivables	260,030	252,529
Bills receivable	13,053	2,411
Impairment	(90,594)	(87,300)
Total	182,489	167,640

The Group normally gives credit terms of 90 days to established customers and credit terms of 180 days were given to one major customer with long term business relationship and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management.

Trade and bills receivables are non-interest-bearing. Significant concentration of risk exists where the Group has material exposures to trade and bills receivables from three customers located in Mainland China which accounted for 48% (31 December 2015: 56%) of the total trade and bills receivables as at 30 June 2016.

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 1 month	77,279	126,354
1 to 2 months	32,902	25,243
2 to 3 months	15,181	8,003
Over 3 months	57,127	8,040
Total	182,489	167,640

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Prepayments	61,423	23,525
Deposits and other receivables	246,586	261,843
The PRC value-added tax receivables and other tax receivables	13,702	10,640
Current portion of prepaid land lease payments	3,901	3,901
	325,612	299,909
<i>Less: Classified as non-current asset</i>	(111,784)	(107,047)
Classified as current assets	213,828	192,862

As at 30 June 2016, included in the prepayments, deposits and other receivables was an amount due from Dajincang, a major supplier of the Company's subsidiaries in Changchun, of approximately HK\$219,000,000 (valued-added tax ("VAT") inclusive but net of impairment) (31 December 2015: approximately HK\$223,000,000) relating to the stock return of certain corn kernels to the Supplier by one of the Company's subsidiaries, Changchun Dihao Foodstuff Development Co., Ltd., in 2014.

On 14 April 2016, two subsidiaries of the Company entered into an agreement with 吉林省太陽神建築工程有限公司 (Jilin Province Taiyangshen Construction Engineering Co., Ltd.) ("Taiyangshen"), to dispose of, among others, the receivable from the Supplier at a consideration of approximately RMB171.5 million (equivalent to approximately HK\$204 million) (VAT exclusive). Any taxes that may arise from the stock return will be borne by Taiyangshen, subject to the completion of the disposal. With respect to the payment schedule of the consideration, about RMB68.6 million (equivalent to approximately HK\$82 million), about RMB51.45 million (equivalent to approximately HK\$61 million) and about RMB51.45 million (equivalent to approximately HK\$61 million) will be payable on or before 31 December 2016, 31 December 2017 and 31 December 2018 respectively. Impairment loss of HK\$104 million was recognised in respect of the receivable from the Supplier during the year ended 31 December 2015 with reference to the estimated fair value of the consideration for the disposal.

12. TRADE AND BILLS PAYABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade payables	141,839	172,927
Bills payable	2,445	22,983
Total	144,284	195,910

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The carrying amounts of trade and bills payables approximate to their fair values.

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 1 month	41,477	85,378
1 to 2 months	1,900	14,093
2 to 3 months	7,758	2,492
Over 3 months	<u>93,149</u>	<u>93,947</u>
Total	<u><u>144,284</u></u>	<u><u>195,910</u></u>

13. SHARE CAPITAL

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Authorised:		
100,000,000,000 (31 December 2015: 100,000,000,000) ordinary shares of HK\$0.10 each	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>
Issued and fully paid:		
1,527,586,000 (31 December 2015: 1,527,586,000) ordinary shares of HK\$0.10 each	<u><u>152,759</u></u>	<u><u>152,759</u></u>

14. FINANCIAL GUARANTEES

Certain subsidiaries of the Company had jointly provided corporate guarantees to a bank in Mainland China in respect of the banking facilities granted to the Supplier starting from year 2010 ("Previous Supplier Guarantees"). The maximum guaranteed amounts were RMB3 billion at 31 December 2010, 2011, 2012 and 2013, and RMB2.5 billion as at 31 December 2014, 31 December 2015 and 30 June 2016. These financial guarantee contracts were not recognised in the consolidated financial statements as at 30 June 2016 and in previous years. Refer to the Company's announcement dated 31 March 2015 for details of the Previous Supplier Guarantees.

As disclosed in the joint announcement of the Company and GBT dated 8 August 2016, the term of the Previous Supplier Guarantees will expire between August to November 2016. The Supplier has indicated that it may not have sufficient financial resources to repay the loan advanced by 中國銀行股份有限公司偉峰國際分行 (Bank of China Weifeng International Branch) ("BOC") to the Supplier

under the previous supplier loan agreement with an aggregate principal amount of RMB2.49 billion (“Previous Supplier Loan”) upon the respective maturity dates. To avoid immediate demand for full repayment of the Previous Supplier Loan by the guarantors or any of them pursuant to the Previous Supplier Guarantees, the Supplier proposes to refinance the Previous Supplier Loan by entering into new loan agreements with BOC for the new loan (“New Supplier Loan”). As a condition to the New Supplier Loan, a subsidiary of the Company has been requested to maintain the guarantee to BOC in connection with facilities granted to the Supplier under the new loan agreements (“New Supplier Loan Agreements”). Refer to Company’s announcement dated 31 March 2015 and 8 August 2016 for details of, among others, the Previous Supplier Guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group’s upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is refined downstream to produce various corn sweeteners such as corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also the sole distributor of GBT in the Huadong Region, selling their lysine and other corn refined products.

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Group for the year ended 31 December 2015 (the “2015 Financial Statements”) had been subject to a disclaimer of opinion of the auditor of the Company (the “Auditor”) on the basis as set out in the paragraph headed “Basis for disclaimer of opinion” in the independent auditor’s report in the Company’s annual report for the year ended 31 December 2015 (“2015 Annual Report”). Further to the management’s response and relevant remedial measures taken and to be taken by the management as set out in the paragraph headed “Update on Remedial Measures” in the 2015 Annual Report, the management of the Company wishes to update on certain remedial measures taken or to be taken by the management during the Period.

As detailed in the 2015 Annual Report, an independent internal control expert has conducted a review (“IC Review”) on the Group’s internal controls and systems in 2015 and an IC team (“IC Team”) has been formed to implement the recommendations resulted from the IC Review.

1. Financial guarantees contracts

As detailed in the 2015 Annual Report, the fair value of the Previous Supplier Guarantees was not recognised in the Group’s consolidated financial statements for the year ended 31 December 2015 because the professional valuer could not proceed with the valuation as the Supplier failed to provide relevant financial information to conduct an accurate valuation. During the Period, the Supplier was still unable to provide relevant financial information and therefore, no valuation as at 30 June 2016 could be proceeded.

As disclosed in the 2015 Annual Report, the management has been actively negotiating with the BOC for the release of the Previous Supplier Guarantee. BOC has expressed its intention to release the Group from the Previous Supplier Guarantee by the end of 2016 subject to the internal approval by BOC. To the best of the knowledge, information and belief of the Directors after making reasonable enquiries, the internal approval has not yet been completed as at the date of this announcement.

As disclosed in an announcement dated 8 August 2016, the term of the Previous Supplier Guarantee will expire between August to November 2016. The Supplier has indicated that it may not have sufficient financial resources to repay the Previous Supplier Loan upon the respective maturity dates. To avoid immediate demand for full repayment of the Previous Supplier Loan by the guarantor pursuant to the Previous Supplier Guarantee, the Supplier proposes to refinance the Previous Supplier Loan by entering into New Supplier Loan Agreements with BOC for the New Supplier Loan. As a condition to the New Supplier Loan, a subsidiary of the Company has been requested to maintain the guarantee to BOC in connection with facilities to be granted to the Supplier under the New Supplier Loan. The amount drawn down by the Supplier as at 30 June 2016 and up to the date of this announcement amounted to RMB2.49 billion (31 December 2015: RMB2.49 billion).

In addition, the IC Team has setup an enhanced control system for the approval and reporting procedures of loans, guarantees and pledges of assets. Trainings based on the enhanced framework have been provided to all relevant staff.

2. Impairment of non-current assets

As detailed in the 2015 Annual Report, an impairment assessment on the Group's property, plant and equipment at 31 December 2015 was performed by the Directors based on the market sentiment. As a result, except for buildings which were stated at revalued amounts, the property, plant and equipment in Jinzhou and Changchun were fully impaired. However, the Auditor was unable to obtain sufficient appropriate audit evidence to assess the adequacy and appropriateness of the Directors' impairment assessment at 31 December 2015.

As disclosed in the Company's circular dated 3 June 2016, subject to completion of the disposal, the Group will dispose certain pieces of land situated in Lu Yuan District of Changchun, and buildings erected thereon to Taiyangshan while the production facilities in Lu Yuan District will be relocated to the new site in Xinglongshan, Changchun. The relocation offers an opportunity to upgrade the production facilities as well as to re-adjust the product mix and production capacity that better suit the market needs. The Board expects the production in the new site will resume at full capacity upon the completion of the relocation. On the other hand, the Group's operation in Jinzhou has resumed since May 2016. The Directors believe the operation of the Jinzhou production site will gradually reach break-even level and will be able to continue on a sustainable basis in future. As such, the management is of the view that the impairment assessment performed for these non-current assets is sufficient.

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

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.

With respect to corn price movement, global corn production for the year 2015/2016 reached 972 million metric tonne ("MT"). International corn price dropped slightly to 365 US cents per bushel (equivalent to RMB956 per MT) (30 June 2015: 380 US cents per bushel) by the end of the Period. In the PRC, corn harvest in 2015/16 maintained at similar level at 225 million MT (2014/15: approximately 215 million MT). The PRC government has been adopting a series of policies to protect the interest of local farmers and to stabilise corn price, including raising national corn reserves. According to the information from the China National Grain and Oils Information Center, China's national corn reserves in March 2016 reached 250 million MT. Despite Government's effort in stabilising corn price, economic slowdown and sluggish demand has put pressure on domestic corn price. As a result, the average market price of corn kernels dropped to approximately RMB1,846 per MT (end of June 2015: RMB2,333 per MT) by the end of June 2016.

As noted by the management, the PRC agricultural policy is under reform. Since early 2015, instead of purchasing certain agricultural products such as cotton at a pre-determined floor price directly from the farmers, the state government has started to subsidise farmers directly in relation to the price discrepancy between the floor price and the prevailing market price for each MT of agricultural products sold. The scheme aims at restoring market approach in the determination of agricultural product prices. In an official government document "Opinion on the implementation of the establishment of subsidy programme to corn producers" (關於建立玉米生產者補貼制度的實施意見) dated 19 June 2016, the State Government announced the abolition of the state procurement of corn in Heilongjiang, Jilin, Liaoning and Inner Mongolia Autonomous Region; and the introduction of direct subsidy programme in these provinces in upcoming corn harvest season. The new scheme is expected to bring stability to the purchasing price of corn in the PRC.

Despite the continuous efforts of the government to stimulate economic growth, the pace of economic growth in China remained slow and sentiment among buyers and manufacturers remained conservative. In addition, overcapacity in the upstream corn refinery continues to exert pressure on upstream product prices. The price of upstream products remained weak in the first half of 2016 at approximately RMB1,857 per MT (30 June 2015: RMB2,430 per MT).

In respect of price movement of sugar, decreased production in various major sugar producing regions has raised international sugar price to 20.15 US cents per pound (equivalent to RMB2,954 per MT) (30 June 2015: 12.34 US cents per pound, equivalent to RMB1,665 per MT) by the end of

June 2016. Similar phenomenon has been noted in the PRC market – domestic cane sugar production dropped from 10.8 million MT to 9.0 million MT in 2015/16 harvest, with domestic sugar price increased to approximately RMB5,826 per MT (30 June 2015: RMB5,400 per MT) by the end of the Period. The increased sugar price in contrast with the decreased corn price has highlighted the cost advantage of corn sweeteners, increasing the customers' incentive to switch to corn sweeteners.

Notwithstanding the improved sweeteners operating environment, the outlook on the upstream corn refinery remains challenging. The Group will continue to strengthen its market position leveraging on its brand name and further improve operation efficiency through continuous research and development efforts to lower operating costs.

FINANCIAL PERFORMANCE

The Group's consolidated revenue decreased by approximately 49.9% to approximately HK\$466.5 million (2015: HK\$931.1 million) when compared to the corresponding period last year. Due to improved sweetener prices and optimisation of production scale, the Group's gross profit increased by approximately 11.2% to HK\$39.5 million (2015: HK\$35.5 million) year on year. However, due to the low utilisation rate of the Group's production facilities in Jinzhou as a result of the suspension of operation from February 2016 to May 2016, the Group's unit production costs remained high during the Period. The combined effect with the weak market selling prices of upstream products has posed pressure on the Group's performance for the Period. As a result, the Group recorded a net loss attributable to shareholders of approximately HK\$68.6 million (2015: HK\$156.2 million) for the six months ended 30 June 2016.

Upstream products

(Sales amount: HK\$171.4 million (2015: HK\$481.6 million))

(Gross loss: HK\$2.4 million (2015: HK\$5.1 million))

During the Period, the revenue and gross loss of corn procurement business amounted to approximately HK\$65.8 million and HK\$0.1 million (2015: HK\$165.0 million and HK\$1.5 million) respectively.

During the Period, the sales volume of corn starch and other corn refined products were approximately 29,000 MT (2015: 65,000 MT) and 18,000 MT (2015: 37,000 MT) respectively. Internal consumption of corn starch was approximately 3,000 MT (2015: 30,000 MT), which was mainly used as raw material for production in the Group's Shanghai production sites.

The average selling prices of corn starch decreased by approximately 30.4% to HK\$2,356 per MT (2015: HK\$3,384 per MT) while other corn refined products decreased by approximately 18.4% to HK\$1,979 per MT (2015: HK\$2,424 per MT) as compared to the corresponding period last year. Consequently, the gross profit margin of corn starch dropped to approximately 2.0% (2015: 3.8%) while the gross loss margin of other corn refined products has narrowed to approximately 10.3% (2015: 13.7%).

The Group's upstream business has been hammered by the slowdown of China's economic growth, weak export and excessive supply in the market since the fourth quarter of 2011. This situation continued during the Period and is expected to continue in the second half of 2016. As the upstream operation serves as a feedstock of the Group's downstream production, it has strategic value to the Group's operation. In response to the challenging environment, the Group will closely monitor the market movements and optimise its production scale from time to time.

Corn syrup

(Sales amount: HK\$203.5 million (2015: HK\$317.1 million))

(Gross profit: HK\$33.9 million (2015: HK\$25.1 million))

During the Period, revenue of corn syrup decreased by 35.8% to approximately HK\$203.5 million (2015: HK\$317.1 million). It was mainly attributable to the decrease in sales volume by 22.5% to approximately 69,000 MT (2015: 89,000 MT) as a result of the suspension of Jinzhou production facilities from February 2016 to May 2016. However, gross profit increased by 35.1% to approximately HK\$33.9 million (2015: HK\$25.1 million) as the Group focused on serving the high-end markets around Shanghai. As a result, the gross profit margin increased to 16.7% (2015: 7.9%).

Internal consumption of corn syrup for downstream production during the Period dropped to approximately 500 MT (2015: 1,000 MT), as a result of the decrease in the production volume of corn syrup solid.

Corn syrup solid

(Sales amount: HK\$87.0 million (2015: HK\$132.4 million))

(Gross profit: HK\$7.8 million (2015: HK\$15.5 million))

No sales of crystallised glucose was recorded during the Period as a result of the suspension of the Changchun production facilities. As such, sales volume of corn syrup solid decreased by approximately 17.9% to 32,000 MT (2015: 39,000 MT). In addition, the average selling price of maltodextrin decreased by 21.3% to approximately HK\$2,686 per MT (2015: HK\$3,415 per MT). Consequently, the revenue of maltodextrin decreased by 34.3% to approximately HK\$87 million (2015: HK\$132.4 million).

During the Period, corn syrup solid segment recorded a gross profit of approximately HK\$7.8 million (2015: HK\$15.5 million) with a gross profits margin of 9.0% (2015: 11.8%) which were resulted from the sales of maltodextrin.

Trading

(Sales amount: HK\$4.6 million (2015: Nil))

(Gross profit: HK\$0.2 million (2015: Nil))

During the Period, the Group has entered a master sales agreement with the GBT Group for the marketing and selling of their lysine and other corn-refined products in the Huadong Region. The trading segment recorded a gross profit of approximately HK\$0.2 million (2015: Nil) with a gross profit margin of 4.3% (2015: Nil). The sale of lysine and other corn-refined products has created synergistic effects to the Group's business and allowed the Group to offer better product mix to its customers.

Export sales

During the Period, the Group exported approximately 21,000 MT (2015: 24,000 MT) of upstream corn refined products and approximately 200 MT (2015: 100 MT) of corn sweeteners. The export sales amounted to approximately HK\$39.5 million (2015: HK\$45.9 million) and HK\$0.7 million (2015: HK\$0.6 million) respectively, together representing approximately 8.6% (2015: 5%) of the total revenue of the Group.

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

Other income and gains

During the Period, other income of the Group increased by 100.0% to approximately HK\$14.8 million (2015: HK\$7.4 million). Such increase was mainly attributable to the reversal of write-off of trade receivables, interest income on other receivables and reversal of write-down of inventories during the Period which amounted to approximately HK\$6.8 million (2015: Nil).

Selling and distribution expenses

During the Period, the selling and distribution expenses decreased by 43.8% to approximately HK\$35.4 million (2015: HK\$63.0 million), accounting for 7.6% (2015: 6.8%) of the Group's revenue. Such decrease was mainly attributable to the decrease in the Group's revenue.

Administrative expenses

During the Period, administrative expenses decreased to approximately HK\$40.4 million (2015: HK\$62.6 million), representing 8.7% (2015: 6.7%) of the Group's revenue. Such decrease was mainly attributable to the result of stringent cost control policy since second half of 2015.

Other expenses

During the Period, other expenses of the Group decreased to approximately HK\$21.4 million (2015: HK\$33.7 million). These expenses mainly consisted of the expenses reallocated from cost of sales as a result of the idle capacity of the Changchun and Jinzhou production facilities which amounted to approximately HK\$16.9 million (2015: HK\$21.9 million).

Finance costs

During the Period, finance costs of the Group decreased to approximately HK\$25.5 million (2015: HK\$37.2 million) as a result of the reduction in the average interest rate to approximately 5.8% (2015: 7.5%).

Income tax

Although the Group recorded a net loss during the Period, a subsidiary in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expenses amounted to approximately HK\$0.2 million was provided (2015: HK\$2.7 million).

Net loss attributable to shareholders

Notwithstanding the continuous challenging operating environment, by optimising the level of operation, the Group's net loss was narrowed to approximately HK\$68.6 million (2015: HK\$156.2 million) during the Period.

FINANCIAL RESOURCES AND LIQUIDITY

Structure of interest bearing borrowings and net borrowing position

As at 30 June 2016, the Group's bank borrowings amounted to approximately HK\$870.8 million (31 December 2015: HK\$894.0 million), of which all (31 December 2015: 100.0%) was denominated in Renminbi. The average interest rate during the Period decreased to approximately 5.8% (31 December 2015: 7.1%) per annum as a result of the decrease in the PRC interest rate.

During the Period, the Group was in compliance with the financial covenants as required in its current banking facilities and had no difficulty in renewing its banking facilities.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. During the Period, the trade receivables turnover days remained at 36 days (31 December 2015: 37 days).

During the Period, trade payables turnover days decreased to approximately 31 days (31 December 2015: 46 days) as part of the cash flow management.

As at 30 June 2016, the inventory level decreased by 20.7% to approximately HK\$128.4 million (31 December 2015: HK\$162.0 million). Consequently, the inventory turnover days decreased to approximately 27 days for the Period (31 December 2015: 37 days).

The current ratio and quick ratio as at 30 June 2016 slightly increased to approximately 1.0 (31 December 2015: 0.9) and approximately 0.9 (31 December 2015: 0.8) respectively, which was mainly due to the decrease in current portion of interest bearing bank borrowing. Gearing ratio in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 412.3% (31 December 2015: 450.9%).

IMPORTANT TRANSACTIONS DURING THE PERIOD AND EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

Disposal of lands and buildings in Changchun and disposal of accounts receivables, inventories and tools

Reference is made to the circular of the Company dated 3 June 2016, in relation to the proposed disposal of lands and buildings in Changchun and the disposal of certain accounts receivables of the Group. Pursuant to a property disposal agreement (“Property Disposal Agreement”), two subsidiaries of the Company have conditionally agreed to sell, and Taiyangshen has conditionally agreed to purchase, five pieces of land situated at the east side of Xuhuan Cheng Road, Lu Yuan District, Changchun, the PRC and the buildings erected thereon at the aggregate cash consideration of RMB558,390,000.

In addition, pursuant to an asset disposal agreement (“Asset Disposal Agreement”), two subsidiaries of the Company have conditionally agreed to sell, and Taiyangshen has conditionally agreed to purchase, the prepayments made by and the trade and other receivables owed to these two subsidiaries at the aggregate cash consideration of about RMB171.5 million.

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

On 21 June 2016, an extraordinary general meeting of each of the Company and GBT was held to approve among others, the Property Disposal Agreement and the Asset Disposal Agreement and the relevant resolutions proposed were passed by way of poll. As the date of this announcement, such disposals have not been completed and the Group is in the process of finalising the details of individual contracts.

Proposed provision of financial assistance to a supplier

Reference is made to the joint announcement of the Company and GBT dated 8 August 2016 in relation to, among others, the proposed provision of financial assistance to Dajincang. As disclosed in the 2015 Annual Report, the management teams of GBT and the Company have been actively negotiating with BOC for the release of the Previous Supplier Guarantees. While BOC has expressed its intention to release the guarantors from the Previous Supplier Guarantees by the end of 2016 subject to the obtaining of internal approval by BOC, to the best of the knowledge, information and belief of the Directors after making reasonable enquiries, the internal approval has not yet been completed as at the date of this announcement.

The term of the Previous Supplier Loan will expire between August to November 2016. Based on the Supplier's indication and the financial information of the Supplier available to the Company, the Supplier may not have sufficient financial resources to repay the Previous Supplier Loan upon the respective maturity dates. Under the Previous Supplier Guarantees, BOC shall have the right to demand the guarantors to repay the Previous Supplier Loan if the Supplier is in default. To avoid immediate demand for full repayment of the Previous Supplier Loan by the guarantors pursuant to the Previous Supplier Guarantee, the Supplier proposes to refinance the Previous Supplier Loan by entering into the New Supplier Loan Agreements with BOC for the New Supplier Loan. As a condition to the New Supplier Loan, BOC has requested the guarantor to enter into new supplier guarantee to guarantee the obligations of the Supplier under the New Supplier Loan Agreements.

As the applicable percentage ratios in respect of the new supplier guarantee exceeded 25%, the new supplier guarantee constitute a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

For further information in relation to the above mentioned matters, refer to the Company's announcement dated 31 March 2015, the 2015 Annual Report and the joint announcement of the Company and GBT dated 8 August 2016 and any relevant subsequent announcements or circular of the Company.

SUPPLEMENTARY INFORMATION IN RELATION TO THE PERIOD UNDER REVIEW

Change of auditor of the Company

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

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

Reference is made to the circulars of the Company dated 3 June 2016 and 21 March 2016, and the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to among others, the suspension and relocation of production facilities of the Group at Lu Yuan District in Changchun pending its relocation of production facilities to the Xinglongshan site.

The Group commenced the planning of the relocation of upstream production facilities since April 2014 and, in light of the poor market sentiment for the upstream corn refinery, the Group has postponed the relocation of upstream operations to the second quarter of 2017. The Group will commence the relocation of downstream production facilities in September 2016. In light of the poor market sentiment and to minimise the disruption to the production and operation of the Group arising from the relocation, the Board currently expects the relocation of production facilities of the Group to the Xinglongshan site will be implemented by stages so that the production facilities can be relocated and commence production at the new sites progressively to meet the production needs before complete cessation of production at the current site. Due to previous delay in relocation, the relevant relocation plans of the Group are required to be updated and re-submitted to the relevant local authorities including the National Development and Reform Commission and the Environmental Protection Bureau for approval. Subject to the approval of such relocation plans, it is expected that the relocation will be completed by mid-2018, with the expected updated timeframe as follows:

Products of the Group to which the production facilities relate	Production capacity of the relevant production facilities to be relocated	Expected time for the relocation of production facilities
Maltodextrin (phase 1)	30,000 mtpa	September 2016 — August 2017
Maltodextrin (phase 2)	30,000 mtpa	July 2017 — June 2018

Products of the Group to which the production facilities relate	Production capacity of the relevant production facilities to be relocated	Expected time for the relocation of production facilities
Crystallised glucose	100,000 mtpa	September 2016 — January 2018
Glucose/maltose	150,000 mtpa	September 2016 — July 2017
Corn refinery	600,000 mtpa	June 2017 — June 2018

In light of the changes of plan and schedule for the relocation of the production facilities of the Group, and in order to optimise the utilisation of the Group's production facilities for downstream products to meet the market demand, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, corn starch by the GBT Group for the production facilities of the Group in Changchun would be required.

In addition, considering the then poor market sentiment for corn refined products and the provincial variance in government subsidies for corn procurement which results in significantly higher net corn purchase cost in Jinzhou than that in Changchun, the cost of production for the Group's upstream products at its production plant at Jinzhou, particularly corn starch which is produced for the Group's production of its downstream products in Shanghai, had increased substantially. As such, the Group had suspended its production at the Group's facilities in Jinzhou since February 2016. The Group has resumed its operation in Jinzhou since May 2016 as it is expected that the purchasing price of corn will be lower and become stable as a result of the abolition of the state procurement of corn in Heilongjiang, Jilin, Liaoning and Inner Mongolia Autonomous Region. The Directors believe the operation of the Jinzhou production site will gradually reach break-even level and will be able to continue on a sustainable basis in future.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Provision of financial assistance to a supplier

Reference is made to the announcement of the Company dated 31 March 2015 in relation to, among others, the provision of financial assistance by a member of the Group to Dajincang. During November 2010 to March 2015, a subsidiary of the Group entered into the Previous Supplier Guarantees for the benefit of Dajincang in respect of its certain bank borrowings. Dajincang was one of the main suppliers to the Group. Dajincang is beneficially majority-owned by the labour union of the PRC employees of the GBT Group and the Group and is independent of the Company.

As set out in the announcement of the Company dated 31 March 2015, based on inquiries made by the then management of the Group, the first supplier guarantees were entered into in 2010 for the purposes of saving the financing costs of the GBT Group (including the Group) under a programme devised by the GBT Group's then management in the PRC. As part of its function, the Supplier had procured corn kernels from local farmers from time to time for resale thereof to users or the local government as strategic reserves. Dajincang was the GBT Group's principal supplier of corn kernels, being the principal production material of the GBT Group's upstream and downstream products. In 2010, Dajincang requested to shorten the credit periods offered by it to the GBT Group. As it was expected that the shortening of credit periods would result in the increase in the GBT Group's finance costs, the GBT Group's then PRC management, in response to such request, sought to minimise such finance costs by offering the supplier guarantees to the Supplier's bank lenders. As such, the Previous Supplier Guarantee was entered by the Group.

The maximum principal amount guaranteed under the Previous Supplier Guarantees is RMB2.5 billion. Since the assets ratio of the guarantees provided by the Group was more than 8%, the Company was under a general disclosure obligation to disclose such financial assistance under Rules 13.13 of the Listing Rules and to comply with Rule 13.14 of the Listing Rules when there occurred a 3% or more increase in the assets ratio. The Company was also under a continuing disclosure requirement under Rule 13.20 of the Listing Rules to disclose the Previous Supplier Guarantees in its reports and annual reports during the relevant periods when the Previous Supplier Guarantees were in effect.

For further information in relation to the above mentioned matters, refer to the announcement of the Company dated 31 March 2015 and the paragraph headed "Important Transactions and Events Subsequent to the Period under Review – Proposed provision of financial assistance to a supplier" in this announcement.

FOREIGN EXCHANGE EXPOSURE

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

FUTURE PLANS AND PROSPECTS

In order to maintain the competitiveness of the Group, the Group will strive to maintain its market share, diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development efforts and strategic business alliance with prominent international market leaders.

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

In the long run, the Group will continue to strengthen its market position leveraging on its brand name and add value to the current product mix through the introduction of new high value-added products.

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

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2016, the Group has approximately 1,120 (31 December 2015: 1,250) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasing turbulent environment. The Group places great emphasis in 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 remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and performance related commissions.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2015: Nil).

PURCHASES, 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 Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

The Company is committed to ensuring a high standard of corporate governance for the interests of its shareholders and devotes considerable effort in identifying and formalising best practices.

Save as disclosed below, in the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2016.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jian is the chairman and chief executive officer (“CEO”) of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person has the benefit of ensuring effective and efficient decision making and management control.

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

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

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises all three independent non-executive Directors. As at the date of this announcement, the chairman of the Audit Committee is Mr. Yuen Tsz Chun, and the other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Lo Kwing Yu.

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

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.global-sweeteners.com under “Investor Relations”.

The interim report 2016 of the Company will be dispatched to the shareholders of the Company and will be available for viewing on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
Global Sweeteners Holdings Limited
Lee Chi Yung
Company Secretary

Hong Kong, 30 August 2016

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