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)

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(I) PROFIT WARNING

Based on the preliminary review of the Group's unaudited consolidated management accounts for the three months ended 31 March 2020, the Group recorded decreases in revenue and gross profit by approximately 37.5% and 31.9%, respectively, and a significant increase in net loss by approximately 60.2% for the three months ended 31 March 2020 as compared to the corresponding period in 2019.

(II) UPDATES ON SUSPENSION OF OPERATIONS OF CERTAIN SUBSIDIARIES

Operations of Jinzhou Yuancheng, Jinzhou Dacheng and Dihao Foodstuff have been suspended as at the date of this announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Global Sweeteners Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

* *For identification purposes only*

(I) PROFIT WARNING

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the Group's unaudited consolidated management accounts for the three months ended 31 March 2020, the Group recorded decreases in revenue and gross profit by approximately 37.5% and 31.9%, respectively, and a significant increase in net loss by approximately 60.2% for the three months ended 31 March 2020 as compared to the corresponding period in 2019. Such changes were mainly attributable to: (i) the decrease in production volume of the Group due to the suspension of operations of most of the subsidiaries in the People's Republic of China (the "**PRC**") pursuant to the guidelines of the PRC government during the three months ended 31 March 2020 following the outbreak of the coronavirus disease ("**COVID-19**") in the PRC; (ii) decrease in the demand and the prices of the products of the Group following the outbreak of COVID-19 in the PRC; and (iii) the significant increase in corn price due to the tightening supply of corn kernels, the major raw materials used in the production of the Group, as a result of the outbreak of COVID-19 which disrupted domestic and international transportation.

It is expected that the Group will record significant decreases in revenue and gross profit for the six months ending 30 June 2020 as compared to the corresponding period in 2019.

The information contained in this announcement is only based on the preliminary assessment of the currently available information by the management of the Group, including the unaudited consolidated management accounts of the Group for the three months ended 31 March 2020 which have not been reviewed or audited by the Company's auditor.

Shareholders of the Company and the potential investors are advised to read carefully the unaudited interim results announcement of the Company for the six months ending 30 June 2020 which is expected to be published by the end of August 2020 in accordance with the Listing Rules for further details.

(II) UPDATES ON SUSPENSION OF OPERATIONS OF CERTAIN SUBSIDIARIES

Reference is made to the announcements of the Company dated 24 September 2019 and 10 February 2020 (the "**Announcements**") in relation to the suspension of production and sales operations of certain subsidiaries of the Company. Unless the context otherwise requires, capitalised terms used in this section of the announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to provide an update on the status of the suspension of the operations of Dihao Foodstuff and Jinzhou Dacheng and announce the suspension of operation of 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**").

In respect of the Group's upstream operation, the slow-down in procurement activities of corn kernels as a result of the outbreak of COVID-19 and the PRC government's intention to increase its grain reserves have led to the tightening supply of corn kernels. Consequently, domestic corn prices have been driven up significantly. On the other hand, the outbreak of COVID-19 and economic slowdown in the PRC had an impact on the overall demand for corn-refined products as downstream consumption shrunk, which caused the prices of the upstream products of the Group to drop significantly. As a result, the production facilities of Jinzhou Yuancheng have been operating in low facility utilisation during the first quarter of 2020. The Board, having considered the pros and cons of continuing the upstream operation of the Group based on the currently available financial information of the Group and assessed the current market conditions, concluded that it is more favourable for the Group to suspend its upstream operation. As such, as at the date of this announcement, the operation of Jinzhou Yuancheng has been suspended.

With regard to the downstream operations of the Group, the suspension of the upstream operation of Dacheng Bio-Tech and Jinzhou Yuancheng has cut off the supply of corn starch, the major raw material for the downstream production. In addition, it is not cost-efficient to purchase corn starch from the market considering current market price of corn starch. It has caused major obstacles for the Group to source its raw materials for its downstream operations. On the other hand, the poor sentiments in the sweeteners market as a result of the economic slowdown and the suspension of most of the commercial activities in the PRC during the first quarter of 2020 have continued to drag down the prices of the Group's downstream products. Based on the Board's analysis of the currently available financial information of the Group and its assessment of the current market conditions, the Board is of the view that it is more favourable for the Group to continue the suspension of its downstream operations. As such, the operations of Dihao Foodstuff and Jinzhou Dacheng remain suspended as at the date of this announcement.

The revenue and gross profit of the above subsidiaries as a whole represented material proportion of the total revenue and gross profit of the Group. Since it is expected that the above subsidiaries will continue to be either suspended or under intermittent operation in the next couple of months, it is expected that the Group will record significant decreases in revenue and gross profit for the six months ending 30 June 2020 as compared to the corresponding period in 2019.

The Board has made the decision for the suspension of operations of the above subsidiaries in order to reduce operating cash outflow and secure sufficient financial resources until the market conditions improve. On the other hand, the Group will closely monitor the progress of the corn auctions by the PRC government which has been delayed due to the outbreak of COVID-19 and see if it is feasible and commercially viable for the Group to resume its upstream operation. The Board will also continue to monitor closely the development of COVID-19, market conditions, the availability of raw materials as well as the financial conditions of the Group and endeavour to resume the operations of the above subsidiaries as soon as possible to the extent practicable.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of the Board
Global Sweeteners Holdings Limited
Zhang Zihua
Acting Chairman

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises one executive Director, namely, Mr. Zhang Zihua; and three independent non-executive Directors, namely, Mr. Fong Wai Ho, Mr. Lo Kwing Yu and Mr. Wen Xia.