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 2024

The board (the "**Board**") of directors (the "**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 2024 (the "**Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
			(Re-presented)
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**332,475**	193,661
Cost of sales		**(321,104)**	(173,681)
Gross profit		**11,371**	19,980
Other income and gains	*4*	**64,272**	3,499
Gain on debt restructuring		**167,615**	—
Selling and distribution costs		**(17,739)**	(15,505)
Administrative expenses		**(29,467)**	(33,628)
Other expenses		**(15,620)**	(23,200)
Finance costs	*5*	**(14,831)**	(21,463)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**165,601**	(70,317)
Income tax credit	*7*	**—**	4,955
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**165,601**	(65,362)

* *For identification purposes only*

	Notes	Six months ended 30 June **2024** **(Unaudited)** ***HK$'000***	 2023 (Unaudited) (Re-presented) *HK$'000*
<u>**DISCONTINUED OPERATIONS**</u>			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	*10*	**—**	(18,577)
PROFIT (LOSS) FOR THE PERIOD		**165,601**	(83,939)
OTHER COMPREHENSIVE (LOSS) INCOME			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon disposal of subsidiaries		**(13,947)**	—
Exchange differences on translation of financial statements of operations outside Hong Kong		**(5,033)**	36,773
		(18,980)	36,773
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation	*11*	**—**	31,178
Income tax effect		**—**	(7,795)
		—	23,383
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD, NET OF TAX		**(18,980)**	60,156
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**146,621**	(23,783)
PROFIT (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**165,601**	(83,939)
Non-controlling interests		**—**	—
		165,601	(83,939)

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
			(Re-presented)
	Notes	***HK$'000***	*HK$'000*
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY ARISING FROM:			
Continuing operations		**165,601**	(65,362)
Discontinued operations		**—**	(18,577)
		165,601	(83,939)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**146,621**	(24,115)
Non-controlling interests		**—**	332
		146,621	(23,783)
EARNINGS (LOSS) PER SHARE	*8*		
Basic			
Continuing operations		**HK10.3 cents**	HK(4.3) cents
Discontinued operations		**—**	HK(1.2) cents
		HK10.3 cents	HK(5.5) cents
Diluted			
Continuing operations		**HK9.6 cents**	HK(4.3) cents
Discontinued operations		**—**	HK(1.2) cents
		HK9.6 cents	HK(5.5) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**291,242**	312,325
Right-of-use assets		**34,873**	38,813
Intangible assets		**1,704**	1,704
		327,819	352,842
CURRENT ASSETS			
Inventories		**34,744**	34,154
Trade receivables	*12*	**105,459**	67,952
Prepayments, deposits and other receivables	*13*	**10,472**	106,857
Cash and bank balances		**5,565**	13,552
		156,240	222,515
CURRENT LIABILITIES			
Trade payables	*14*	**114,064**	138,045
Other payables and accruals		**260,427**	323,446
Lease liabilities		**117**	172
Interest-bearing bank and other borrowings		**228,495**	440,910
Due to former fellow subsidiaries		**43,260**	54,038
Tax payables		**249**	249
		646,612	956,860
NET CURRENT LIABILITIES		**(490,372)**	(734,345)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(162,553)**	(381,503)

	Notes	**30 June 2024 (Unaudited) *HK$'000***	31 December 2023 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**216**	—
Deferred income		**258**	352
Convertible Bonds	*15*	**16,812**	—
		17,286	352
NET LIABILITIES		**(179,839)**	(381,855)
CAPITAL AND RESERVES			
Share capital	*16*	**189,037**	152,759
Reserves		**(368,876)**	(528,683)
Deficit attributable to owners of the Company		**(179,839)**	(375,924)
Non-controlling interests		**—**	(5,931)
TOTAL DEFICIT		**(179,839)**	(381,855)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The condensed consolidated financial statements of Global Sweeteners Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**") were authorised for issue in accordance with a resolution of the board (the "**Board**") of directors (the "**Directors**") of the Company passed on 20 August 2024.

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. The principal activity of the Company is investment holding. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1206, 12th Floor, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong. The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners. There was no significant change in the nature of the Group's principal activities during the Period.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 Going concern

The Group had net current liabilities of approximately HK$490.4 million (31 December 2023: approximately HK$734.3 million) and net liabilities of approximately HK$179.8 million (31 December 2023: approximately HK$381.9 million) as at 30 June 2024. In preparing these condensed consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company, and the ability of the Group and the Company to attain profit and positive cash flows from operations and obtain additional funding in the immediate and longer term. The Company has taken the following steps to improve the financial position of the Group:

(1) Completion of the Convertible Bonds to improve the Group's operating cash flow

Reference is made to the joint announcement of the Company, Global Bio-chem Technology Group Company Limited ("**GBT**", together with its subsidiaries, the "**GBT Group**") and Mr. Kong Zhanpeng ("**Mr. Kong**") and Mr. Wang Tieguang ("**Mr. Wang**") (collectively, the "**Joint Offerors**", "**Subscribers**" or "**Controlling Shareholders**") dated 6 April 2023 in relation to, among others, the Company entered into the conditional subscription agreement with the Controlling Shareholders (the "**CB Subscription Agreement**"), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the 3 year, 5 per cent convertible bonds in the aggregate principal amount of Renminbi ("**RMB**") 120.0 million (equivalent to approximately HK$138.0 million, adopting an illustrative exchange rate of RMB1.00 to HK$1.15) (the "**Convertible Bonds**"), which may be converted into a total of 1,380,000,000 new ordinary share(s) of the Company (the "**Shares**") of HK$0.1 each to be allotted and issued by the Company pursuant to the exercise of the conversion right (the "**Conversion Right**") attached to the Convertible Bonds at an initial conversion price (the "**Conversion Price**") of HK$0.1 per conversion share (the "**Conversion Shares**"), subject to the adjustment pursuant to the terms and conditions of the Convertible Bonds (the "**CB Subscription**").

References are made to the Company's announcements dated 3 May 2024 and 19 July 2024 in relation to the completion of the issuance of the first batch of the Convertible Bonds (the "**CB First Completion**") and the completion of the issuance of the second batch of the Convertible Bonds (the "**CB Second Completion**") with the principal amount of RMB60.0 million and RMB60.0 million, respectively, in accordance with the terms and conditions of the CB Subscription Agreement, with all the conditions precedent for the CB First Completion and the CB Second Completion therein fulfilled and/or waived, the Convertible Bonds had been issued to the Controlling Shareholders upon the CB First Completion and the CB Second Completion, respectively. The gross proceeds and net proceeds from the issue of the Convertible Bonds upon the CB First Completion of RMB60.0 million have been used for the repayment to the relevant creditors of the Group in respect of the loan provided to the Group for the settlement of the loans from 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank Corporation*) ("**Jinzhou CCB**") to 錦州元成生化科技有限公司 (Jinzhou Yuancheng Biochem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), an indirect wholly-owned subsidiary of the Company, with the aggregate principal amount being RMB188.7 million together with outstanding interest (the "**Yuancheng CCB Loans**"). The gross proceeds and net proceeds from the issue of the Convertible Bonds upon the CB Second Completion of RMB60.0 million have been or will be used for the preparation for the resumption of the Jinzhou production facilities.

Subsequent to the CB First Completion on 3 May 2024 and the CB Second Completion on 19 July 2024, each of Mr. Kong and Mr. Wang had exercised their rights under the terms and conditions of the Convertible Bonds to transfer the Convertible Bonds with the principal amounts of RMB21.0 million and RMB21.0 million to Hong Kong Huasheng Company Limited ("**Huasheng**"), and the Convertible Bonds with the principal amounts of RMB10.0 million and RMB10.0 million to Huasheng.

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

The Group has taken various measures to minimise the operating cost and develop new product line to enhance the operating cash inflow during market turbulence. During the Period, the Group has continued to maximise the production capacity of the Group's Shanghai production facilities and launched a series of high value-added new products to expand sales and generate cash flow. Along with the expected resumption of the Group's Jinzhou production facilities in the fourth quarter of 2024, the Directors believe that the operating cash flow and profitability of the Group will be further improved.

(3) Financial supports from the Controlling Shareholders

The Group has received a written confirmation dated 13 August 2024 (the "**Confirmation**") from Mr. Kong and Mr. Wang confirming that they would continue to provide financial support to the Group in the 12 months following the date of the Confirmation on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

As at 30 June 2024, the Group's current liabilities due to the associates of the Controlling Shareholders amounted to approximately HK$74.7 million and Mr. Kong and Mr. Wang agreed that repayment request will not be made while the financial situation of the Group does not allow. In addition, the management of the Company is of the view that the Controlling Shareholders would be able to support the operations of the Group by providing a stable corn starch and corn syrup supply to the Group with better commercial terms pursuant to the agreements (the "**Master Purchase Agreements**") entered into by 上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co. Ltd*) ("**Shanghai Haocheng**"), an indirect wholly-owned subsidiary of the Company, as purchaser, with 鋭豪科創商貿(廣州)有限公司 (Ruihao Property (Guangzhou) Co., Ltd.*) ("**Ruihao (Guangzhou)**") and 點點通供應鏈科技(深圳)有限公司 (DDT Supply Chain Technology (Shenzhen) Co., Ltd.*) ("**DDT Supply Chain**"), respectively, as suppliers for the supply and purchase of corn starch and sugar syrup. Ruihao (Guangzhou) is an associate of Mr. Kong and DDT Supply Chain is an associate of Mr. Wang under the Listing Rules. The Master Purchase Agreements, therefore, constitute continuing connected transactions of the Group. For details of the Master Purchase Agreements, please refer to the announcement of the Company dated 31 January 2024.

(4) Facilitated debts restructuring in relation to the Yuancheng CCB Loans and actively negotiating with banks to obtain adequate banking facilities

On 28 December 2023, (i) 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**"), as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into a debt restructuring agreement (the "**Debt Restructuring Agreement**"), pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million (the "**Settlement Amount**") within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the Yuancheng CCB Loans. The Group has transferred a total of RMB88.0 million to Jilin Cinda for the purpose of the settlement of the Yuancheng CCB Loans. Upon receipt of the Settlement Amount by Jilin Cinda in January 2024, all repayment obligations of the Group under the Debt Restructuring Agreement shall be considered fulfilled and the Group no longer has the obligations to settle the remaining balance of the Yuancheng CCB Loans. As such, the financial position of the Group improved significantly during the Period.

The debt financing capability of the Group recovered subsequent to the above-mentioned debt restructuring. Since then, the management of the Group has been actively negotiating with the banks in the People's Republic of China (the "**PRC**" or "**China**") to obtain new banking facilities to meet the Group's capital requirements. As at the date of this announcement, Shanghai Haocheng planned to obtain a new banking facilities from 南洋商業銀行(中國)有限公司上海分行 (Nanyang Commercial Bank (China), Limited Shanghai Branch) and obtained a new banking facilities from 上海閔行上銀村鎮銀行股份有限公司 (Shanghai Minhang BOS Rural Bank) to further enhance the liquidity of the Group. Meanwhile, the management of the Group endeavoured to negotiate with 錦州銀行股份有限公司鐵北支行 (Tiebei Branch of Bank of Jinzhou Co., Ltd.*) ("**Tiebei BOJ**") for renewal/restructuring of the loans from Tiebei BOJ to Jinzhou Yuancheng with the aggregate principal amount being RMB212.5 million together with outstanding interest (the "**Tiebei BOJ Loans**"). Preliminary negotiations with Tiebei BOJ present a favourable outcome to the Group but the final decision of Tiebei BOJ will depend on financial results of Jinzhou Yuancheng after the resumption of the Jinzhou production facilities in the fourth quarter of 2024.

The Directors, including all members of the audit committee of the Company (the "**Audit Committee**"), have reviewed the cash flow forecast prepared by the management on the basis that the measures mentioned above shall have a successful and favourable outcome, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the 12 months from 30 June 2024.

Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. The adoption of the going concern basis may be inappropriate as the outcome of the measures as described above is uncertain.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted in preparing the Group's condensed consolidated financial statements for the Period are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards ("**HKFRSs**") which are relevant to the Group and are effective from the Period.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the new/revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the Period and prior years.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two (six months ended 30 June 2023: two) reportable operating segments as follows:

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

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

On 21 December 2023, the completion (the "**Dihao Completion**") of disposal of 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*) ("**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.*) ("**Dihao Crystal Sugar**", together with Dihao Foodstuff, the "**Dihao Companies**") (the "**Dihao Transfer**") took place, the Group's corn sweeteners businesses in Jilin Province, the PRC which were operated by the Dihao Companies were therefore classified as discontinued operations of the Group.

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

Six months ended 30 June

	(Continuing operations)				(Discontinued operations)			
	Corn refined products		Corn sweeteners		Corn sweeteners		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**–**	–	**332,475**	193,661	**–**	–	**332,475**	193,661
Segment results	**(23,741)**	(32,505)	**(11,755)**	(10,016)	**–**	(19,732)	**(35,496)**	(62,253)
Reconciliation:								
Unallocated bank interest and other corporate income							**17**	17
Gain on debt restructuring							**167,615**	–
Gain on disposal of subsidiaries							**54,084**	–
Corporate and other unallocated expenses							**(5,788)**	(6,350)
Finance costs	**(14,831)**	(21,463)	**–**	–	**–**	(13,356)	**(14,831)**	(34,819)
Profit (Loss) before tax							**165,601**	(103,405)
Income tax credit	**–**	5,439	**–**	(484)	**–**	14,511	**–**	19,466
Profit (Loss) for the period							**165,601**	(83,939)

(b) Geographical information

Six months ended 30 June

	The PRC		Asian regions and others		Total	
	2024	2023	**2024**	2023	**2024**	2023
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Re-presented)		(Re-presented)		(Re-presented)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations						
Segment revenue:						
Sales to external customers	**322,242**	186,086	**10,233**	7,575	**332,475**	193,661

4. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(Re-presented)
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Sale of goods *(a)*	**332,475**	193,661
Other income and gains		
Amortisation of deferred income	**87**	91
Bank interest income	**17**	17
Foreign exchange gain, net	**16**	—
Government grants *(b)*	**13**	34
Sale of scrap raw materials, net of cost	**667**	—
Subcontracting income	**3,794**	1,395
Rental income	**424**	1,036
Reversal of impairment of trade receivables	**—**	355
Reversal of overprovision of other tax payable	**4,554**	—
Gain on disposal of subsidiaries *(c)*	**54,084**	—
Others	**616**	571
	64,272	3,499

Remarks:

(a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time.

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

(c) On 17 April 2024, the Company (as seller) entered into a sale and purchase agreement (the "**Retail Group SPA**") with an independent third party (as buyer) under which the Company shall transfer to the independent third party, Global Sweeteners Retail Investment Company Limited, a former wholly-owned subsidiary of the Company, and its subsidiaries (collectively, the "**Retail Group**") at a total consideration of HK$1.0. Immediately upon the completion of the disposal of the Retail Group (the "**Retail Group Disposal**") on 17 April 2024, each of the members in Retail Group is no longer a subsidiary of the Group. The Group recognised a one-off gain of approximately HK$54.1 million in relation to the Retail Group Disposal.

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(Re-presented)
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings	**12,702**	20,053
Interest on amount payable to a former fellow subsidiary	**1,157**	1,406
Interest on lease liabilities	**6**	4
Imputed interest on the Convertible Bonds	**966**	—
	14,831	21,463

6. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
			(Re-presented)
	Note	***HK$'000***	*HK$'000*
Employee benefit expenses (excluding Directors' remuneration)			
— Wages and salaries		**18,637**	20,220
— Pension scheme contributions		**8,446**	7,782
		27,083	28,002
Cost of inventories sold *(a)*		**321,104**	173,681
Auditor's remuneration			
— Non-audit service fee		**190**	190
Depreciation			
— Property, plant and equipment		**12,827**	25,351
— Right-of-use assets		**2,150**	2,350
Loss on disposal of property, plant and equipment, net		**280**	—
Foreign exchange (gain) loss, net		**(16)**	28
Rental income		**(424)**	(1,036)
Impairment (Reversal of impairment) of trade receivables		**114**	(355)
Impairment of prepayments, deposits and other receivables, net		**316**	51
Impairment of amount due from a former fellow subsidiary		**—**	1,306
Gain on debt restructuring	*13(a)*	**(167,615)**	—

Remark:

(a) Cost of inventories sold includes employee benefit expenses and depreciation amounted to HK$8,882,000 (six months ended 30 June 2023: HK$10,092,000), which are also included in the respective amounts disclosed separately above for each of these types of income and expenses.

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 Period and the six months ended 30 June 2023.

During the Period and the six months ended 30 June 2023, no provision for the PRC enterprise income tax was made as all the subsidiaries of the Group in the PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward from previous years.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(Re-presented)
	HK$'000	*HK$'000*
Deferred tax		
— Origination and reversal of temporary differences, net	**—**	4,955
Income tax credit	**—**	4,955

8. EARNINGS (LOSS) PER SHARE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(Re-presented)
Basic earnings (loss) per Share		
Profit (Loss) attributable to owners of the Company arising from (in HK$'000):		
Continuing operations	**165,601**	(65,362)
Discontinued operations	**—**	(18,577)
	165,601	(83,939)
Number of shares		
Weighted average of ordinary Shares in issue	**1,603,751,616**	1,527,586,000
Basic earnings (loss) per Share		
Continuing operations	**HK10.3 cents**	HK(4.3) cents
Discontinued operations	**—**	HK(1.2) cents
	HK10.3 cents	HK(5.5) cents

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(Re-presented)
Diluted earnings (loss) per Share		
Profit (Loss) attributable to owners of the Company arising from (in HK$'000):		
Continuing operations	**165,601**	(65,362)
Discontinued operations	**—**	(18,577)
	165,601	(83,939)
Continuing operations		
Imputed interest on the Convertible Bonds	**966**	—

Adjusted profit (loss) attributable to owners of the Company arising from (in HK$'000):		
Continuing operations	**166,567**	(65,362)
Discontinued operations	**—**	(18,577)
	166,567	(83,939)
Number of Shares		
Weighted average of ordinary Shares in issue	**1,603,751,616**	1,527,586,000
Effect of conversion of the Convertible Bonds	**137,765,104**	—
Weighted average number of ordinary Shares for the purpose of diluted earnings (loss) per share	**1,741,516,720**	1,527,586,000
Diluted earnings (loss) per Share		
Continuing operations	**HK9.6 cents**	HK(4.3) cents
Discontinued operations	**—**	HK(1.2) cents
	HK9.6 cents	HK(5.5) cents

The assumed conversion of the Convertible Bonds has a dilutive effect for the Period as shown on the table above.

Diluted loss per Share is the same as basic loss per Share as there was no potential dilutive ordinary Shares outstanding during the six months ended 30 June 2023.

9. DIVIDEND

The Board does not recommend the payment of any dividend for the Period (six months ended 30 June 2023: Nil).

10. DISCONTINUED OPERATIONS

On 6 April 2023, (i) Global Sweeteners (China) Limited (the "**Dihao Vendor A**") and Global Starch (Changchun) Investments Limited (the "**Dihao Vendor B**"), each a wholly-owned subsidiary of the Company, as vendors, and Global Bio-Chem Technology (HK) Limited (the "**Dihao Purchaser**"), a direct wholly-owned subsidiary of GBT, as purchaser, entered into a sale and purchase agreement (the "**Dihao SPA I**"), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor B have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Foodstuff, at the consideration of RMB1.0; and (ii) the Dihao Vendor A and Global Sorbitol (H.K.) Company Limited (the "**Dihao Vendor C**", together with the Dihao Vendor A and Dihao Vendor B, the "**Dihao Vendors**"), also a wholly-owned subsidiary of the Company, as vendors, and the Dihao Purchaser, as purchaser, entered into a sale and purchase agreement (the "**Dihao SPA II**", together with the Dihao SPA I, the "**Dihao SPAs**"), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor C have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Crystal Sugar, at the consideration of RMB1.0.

For the details of the Dihao Transfer, please refer to the joint announcement made by the Company and GBT dated 6 April 2023 and the circular issued by the Company dated 31 May 2023.

As detailed in the joint announcement issued by the Company, the Controlling Shareholders and GBT dated 21 December 2023, all conditions precedent in the Dihao SPAs have been fulfilled or waived (as the case may be) and the Dihao Completion took place on 21 December 2023. Immediately upon the Dihao Completion, Dihao Companies are no longer the subsidiaries of the Group. Followed by the Dihao Completion, the Group classified the corn sweeteners businesses in Jilin Province, the PRC which were operated by the Dihao Companies as discontinued operations. The unaudited financial results of the discontinued operations summarised for the six months ended 30 June 2023 were as follows:

	Dihao Foodstuff	Dihao Crystal Sugar	Total
	HK$'000	*HK$'000*	*HK$'000*
Other income and gains	1,072	—	1,072
Selling and distribution costs	(630)	—	(630)
Administrative expenses	(11,926)	(1,374)	(13,300)
Other expenses	(6,874)	—	(6,874)
Finance costs	(13,356)	—	(13,356)
Loss before tax	(31,714)	(1,374)	(33,088)
Income tax credit	12,156	2,355	14,511
(Loss)/profit from discontinued operations	(19,558)	981	(18,577)

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
At 1 January	**312,325**	507,865
Additions	**1,526**	588
Depreciation	**(12,827)**	(72,750)
Disposal	**(1,656)**	—
Disposal of subsidiaries	**—**	(129,626)
Impairment	**—**	(21,276)
Gain on properties valuation	**—**	31,178
Exchange realignment	**(8,126)**	(3,654)
At 30 June/31 December	**291,242**	312,325

12. TRADE RECEIVABLES

	30 June 2024 (Unaudited) ***HK$'000***	31 December 2023 (Audited) *HK$'000*
Trade receivables	**112,442**	138,038
Loss allowance	**(6,983)**	(70,086)
	105,459	67,952

The Group normally grants credit terms of 30 to 90 days (31 December 2023: 30 to 90 days) to established customers. The Group seeks to maintain 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 18.5% (31 December 2023: 17.8%) and 53.1% (31 December 2023: 58.4%) of the total trade receivables that were due from the Group's largest customer and the five largest customers respectively.

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

	30 June 2024 (Unaudited) ***HK$'000***	31 December 2023 (Audited) *HK$'000*
Within 1 month	**86,277**	46,582
1 to 2 months	**16,951**	15,519
2 to 3 months	**2,060**	4,213
Over 3 months	**171**	1,638
	105,459	67,952

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) ***HK$'000***	31 December 2023 (Audited) *HK$'000*
Prepayments	**6,175**	6,006
Prepayments to Jilin Cinda *(a)*	**—**	96,703
Deposits and other debtors	**2,852**	2,314
The PRC value-added tax and other tax receivables	**1,445**	1,834
	10,472	106,857

Remark:

(a) On 28 December 2023, (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into the Debt Restructuring Agreement, pursuant to which the Group has agreed to repay to Jilin Cinda the Settlement Amount within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the Yuancheng CCB Loans. The Group has transferred a total of RMB88.0 million, to Jilin Cinda in advance for the purpose of the settlement of Yuancheng CCB Loans.

Jilin Cinda confirmed in writing that the terms and conditions stipulated in the Debt Restructuring Agreement have been fulfilled and the Debt Restructuring Agreement has been completed in January 2024. As a result, the remaining balance of the loan amount and interest under the Yuancheng CCB Loans have been waived and all repayment obligations of the Group under the Debt Restructuring Agreement have been fulfilled. The Group recognised a one-off gain on debt restructuring of Yuancheng CCB Loans of approximately HK$167.6 million during the Period.

14. TRADE PAYABLES

	30 June 2024 (Unaudited) *HK$'000*	31 December 2023 (Audited) *HK$'000*
Trade payables		
To related parties *(a)*		
— Ruihao (Guangzhou)	**42,087**	64,293
— DDT Supply Chain	**32,571**	14,472
	74,658	78,765
To third parties	**39,406**	59,280
	114,064	138,045

Remark:

(a) The trade payables to related parties, Ruihao (Guangzhou) and DDT Supply Chain, are unsecured, interest-free and repayable on demand.

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2023: 30 to 90 days) from its suppliers.

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

	30 June 2024 (Unaudited) *HK$'000*	31 December 2023 (Audited) *HK$'000*
Within 1 month	**55,688**	46,860
1 to 2 months	**4,091**	8,253
2 to 3 months	**2,822**	1,303
Over 3 months	**51,463**	81,629
	114,064	138,045

15. CONVERTIBLE BONDS

On 6 April 2023, the Company entered into the CB Subscription Agreement with the Controlling Shareholders as subscribers, pursuant to which the Company has conditionally agreed to issue, and the Controlling Shareholders, have conditionally agreed to subscribe for, the 3 year, 5 per cent Convertible Bonds in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK$138.0 million), which may be converted into a total of 1,380,000,000 new ordinary Share(s) of HK$0.1 each to be allotted and issued by the Company pursuant to the exercise of the Conversion Right attached to the Convertible Bonds at an initial Conversion Price of HK$0.1 per Conversion Share, subject to the adjustment pursuant to the terms and conditions of the Convertible Bonds.

The CB First Completion took place on 3 May 2024 in accordance with the terms and conditions thereof, with all the conditions precedent for the CB First Completion under the CB Subscription Agreement fulfilled. The Convertible Bonds in the aggregate principal amount of RMB60.0 million, which may be converted into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, had been issued to the Controlling Shareholders. The principal amount of the Convertible Bonds acquired by each of Mr. Kong and Mr. Wang upon the CB First Completion is RMB30.0 million and RMB30.0 million, respectively. Based on the terms and conditions of the Convertible Bonds, the Convertible Bonds may be converted into the Conversion Shares based on the initial Conversion Price of HK$0.1 per Conversion Share, applying the exchange rate as announced by the People's Bank of China on the date of conversion. Immediately subsequent to the CB First Completion, the Company was notified by the Controlling Shareholders that each of them has exercised his rights under the terms and conditions of the Convertible Bonds to transfer the Convertible Bonds with the principal amount of RMB21.0 million and RMB21.0 million, respectively, to Huasheng on the same date (i.e. 3 May 2024) in accordance with the terms and conditions in the CB Subscription Agreement. Immediately after the transfer, each of Mr. Kong, Mr. Wang and Huasheng held Convertible Bonds in the principal amount of RMB9.0 million, RMB9.0 million and RMB42.0 million, respectively.

On 14 May 2024, Huasheng exercised its right to convert the Convertible Bonds with the principal amount of RMB33.0 million (the "**First Batch Conversion**") into 362,788,856 Conversion Shares at the Conversion Price of HK$0.1 per Conversion Share. As a result, the Company allotted and issued 362,788,856 Conversion Shares, which rank pari passu in all respects among themselves and with all other existing Shares in issue, to Huasheng on 24 May 2024.

The conversion option of the Convertible Bonds is accounted for as equity instrument and is determined after deducting the fair value of the liability component and derivative component from the total fair value amount of the Convertible Bonds at the date of issuance. The management of the Group considered that the amount of the derivative component of the Convertible Bonds was immaterial to the Group with reference to the valuation performed by the independent valuer. No derivative component was recognised while the conversion option is credited directly to the Convertible Bonds reserve of the Company and the Group. The liability component of the Convertible Bonds is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The effective interest rate of the liability component is 30.59% per annum.

The carrying amounts of the above-mentioned Convertible Bonds recognised at the end of the Period were calculated as follows:

	30 June 2024 **(Unaudited)** ***HK$'000***
Equity component	
Fair value of the entire Convertible Bonds, at the date of issuance	**64,516**
Fair value of the liability component, at the date of issuance	**(35,213)**
Value of the equity component, at the date of issuance	**29,303**
Conversion of the Convertible Bonds	**(16,117)**
Value of the equity component, at the end of the Period	**13,186**
Liability component	
Fair value of the liability component	**35,213**
Conversion of the Convertible Bonds	**(19,912)**
Effective imputed interest charged	**966**
Exchange realignment	**545**
At the end of the Period	**16,812**

16. SHARE CAPITAL

	30 June 2024 (Unaudited) Number of Shares	30 June 2024 (Unaudited) *HK$'000*	31 December 2023 (Audited) Number of Shares	31 December 2023 (Audited) *HK$'000*
Authorised:				
100,000,000,000 (31 December 2023: 100,000,000,000) ordinary Shares of HK$0.1 each	**100,000,000,000**	**10,000,000**	100,000,000,000	10,000,000
Issued and fully paid ordinary Share of HK$0.1 each:				
At beginning of the period/year	**1,527,586,000**	**152,759**	1,527,586,000	152,759
Conversion of the Convertible Bonds *(a)*	**362,788,856**	**36,278**	—	—
At end of the period/year	**1,890,374,856**	**189,037**	1,527,586,000	152,759

Remark:

(a) Pursuant to the announcement of the Company dated 24 May 2024, Huasheng has exercised its right to convert the Convertible Bonds with the principal amount of RMB33.0 million into 362,788,856 Conversion Shares at the Conversion Price of HK$0.1 per Conversion Share, applying the exchange rate of HK$1.0 to RMB0.90962 as announced by the People's Bank of China on the date of the conversion notice issued by Huasheng on 14 May 2024, pursuant to the terms and conditions of the Convertible Bonds. As a result, the Company allotted and issued 362,788,856 Conversion Shares, which rank pari passu in all respects among themselves and with all other existing Shares in issue, to Huasheng on 24 May 2024.

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 Period, the global economy faced growing uncertainties and instability. Persistent inflationary pressures, escalating geopolitical conflicts and sluggish international trade posed severe challenges to the global economy. The World Bank predicted that the global economy would grow by 2.6% in 2024, which is significantly lower than the 3.1% in the decade before the coronavirus disease pandemic.

The PRC government has set a moderate annual growth target at around 5% for 2024. However, the path to economic recovery in China is bumpy. Despite the growth of gross domestic product in China by 5.3% in the first quarter of 2024 compared to the corresponding period last year and that the Ministry of Commerce in the PRC has designated 2024 as the "Year of Consumption Promotion Boost" to promote the continued expansion of consumption, the economy in China is still facing significant challenges including but not limited to declining property investments, accumulating debt risks and weak consumption growth. The challenges to China's economy are not expected to be easily nor quickly resolved. It is expected that the operating environment of the Group will remain challenging for a long period of time.

Regarding the corn supply, global corn production for the year 2024/25 is estimated at 1,224.8 million metric tonnes ("**MT**") (2023/24: 1,225.5 million MT), according to the estimation published by the United States Department of Agriculture in July 2024. The United States corn production is expected to increase due to larger planted areas for harvest. As such, the total global production is still at a relatively high level, leading to the drop of international corn price to 397 US cents per bushel (equivalent to RMB1,135 per MT) (end of June 2023: 555 US cents per bushel (equivalent to RMB1,585 per MT)) by the end of June 2024.

In the PRC, according to the Chinese Agricultural Supply and Demand Estimates Report published in June 2024, domestic corn harvest in 2024/25 is estimated to produce 297.0 million MT (2023/24: 288.8 million MT) of corn, with consumption volume estimated at 299.6 million MT (2023/24: 295.0 million MT). During the Period, the pressure for over-capacity in feed and breeding industry persisted, leading to the constant weakness in downstream demand and over supply for the domestic corn. As such, the domestic corn price dropped to RMB2,464 per MT (end of June 2023: RMB2,760 per MT) by the end of June 2024. Leveraging the cost advantages of raw materials, energy and labor in Northeast China, the Group planned to resume its upstream operation in the Jinzhou production site in the fourth quarter of 2024.

As for the sugar market, global sugar production for the year 2023/24 was 183.5 million MT (2022/23: 179.5 million MT) with consumption estimated at 177.3 million MT (2022/23: 176.8 million MT). The Sugar Price Index of the Food and Agriculture Organization of the United Nations averaged 117.1 points in May 2024, marking a decline of 7.5 percent from April 2024. This represents the third consecutive monthly decline, with the index down 25.5 percent from its value in May 2023 and standing at its lowest level since January 2023. The primary factor behind the decline in international sugar prices was the good start of the new harvest season in Brazil, fueled by favorable weather conditions that bolstered global supply outlook. Larger export availabilities from Brazil and lower international crude oil prices exerted further downward pressure on sugar prices.

In the PRC, domestic sugar production increased to approximately 10.0 million MT (2022/23: approximately 9.0 million MT) in the 2023/24 harvest, while consumption also grew slightly to 15.7 million MT (2022/23: 15.4 million MT). The domestic sugar industrial inventory for the 2023/24 sugar production season was 2.6 million MT at the end of June 2024, an increase of 484,300 MT year-on-year. As the international sugar prices continued to decline, the sugar inventories were generally higher than the corresponding prior period, coupled with weaker-than-expected market consumption during the Period, the domestic sugar price decreased to RMB6,569 per MT (end of June 2023: RMB7,044 per MT) by the end of June 2024. This change has directly affected the Group's gross profit margin despite the sales volume of sweeteners of the Group increased significantly as a result of additional financial resources given by the Controlling Shareholders.

With respect to the sugar market, it is forecasted that global sugar production in the 2024/25 harvest season will reach 186.0 million MT with consumption anticipated to rise to a new record of 178.8 million MT, while domestic sugar production in China is expected to increase to 11.0 million MT with consumption estimated at 15.8 million MT for the year 2024/25. With the imports of sugar remain stable, sugar deficit is not expected to occur in 2024/25. The Group remains cautious about the outlook on the sweeteners market in the second half of 2024 considering the over-supply situation of the PRC sweeteners market and the slow demand recovery from end user market.

In the near term, the Group will closely monitor the market and the Group's financial conditions and exercise caution when utilising internal resources to prepare for the resumption of the Group's Jinzhou production site so as to reduce the average units costs and enhance the competitiveness of the Group. Looking ahead, the Group is committed to solidifying its market standing by leveraging its brand, delivering superior customer service, adopting a customer-centric approach and continuing its research and development on high value-added products to keep up with the evolving needs of current customers.

IMPLEMENTATION OF CG CODE

During the Period, the Group has implemented the following internal control measures and procedures to ensure sufficiently clear and prominent disclosure and discussion as per the requirement of code provision D.1.3 of part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules:

(1) the Company has prepared a corporate governance and disclosure compliance checklist (the "**Compliance Checklist**") which is updated from time to time as appropriate in relation to the required disclosures to be made in the annual report/interim report of the Company, which the company secretarial staff will check during the preparation of the annual report/interim report (including the corporate governance report) and prior to their publication to ensure that the relevant disclosures are made in the designated section of the annual report/interim report in compliance with Listing Rules; and

(2) the Company has provided monthly trainings (by sending latest and relevant materials or provision of physical trainings) to the Directors, training of which includes updates on the CG Code in details so as to ensure that the respective Directors are fully aware of their responsibilities and the Company's disclosure obligations.

FINANCIAL PERFORMANCE

Continuing Operations

Upon the completion of a sale and purchase agreement (the "**GSH SPA**") dated 6 April 2023 entered into between Global Corn Bio-Chem Technology Company Limited ("**Global Corn Bio-Chem**"), a direct wholly-owned subsidiary of the GBT and the Joint Offerors pursuant to which the Joint Offerors have conditionally agreed to acquire and Global Corn Bio-Chem has conditionally agreed to sell 717,965,000 ordinary Shares, representing approximately 47.00% of the entire issued share capital of the Company (the "**GSH Sale Shares**"), which took place on 21 December 2023 (the "**GSH Completion**") and the Dihao Completion, the Group has introduced various new shareholders and has concentrated on the operation of its Shanghai production site. The Group has taken various measures to maximise the production volume in order to combat the operating costs. Consequently, the sales volume and the consolidated revenue of the Group increased by approximately 106.3% and 71.7% to approximately 99,000 MT (2023: 48,000 MT) and HK$332.5 million (2023: HK$193.7 million) respectively, during the Period. Meanwhile, the average unit production cost of sweeteners products decreased by approximately 9.8% as a result of the increase in total output. However, due to the intense market competition on sweeteners segment and that the gap between domestic sugar production and demand has narrowed, the average unit selling price of sweeteners products dropped by 16.3% during the Period, causing the gross profit of the Group to decrease by approximately 43.0% to approximately HK$11.4 million (2023: HK$20.0 million) while the gross profit margin of the Group decreased by 6.9 percentage points to 3.4% (2023: 10.3%) during the Period.

Upstream products

(Sales amount: Nil (2023: Nil))
(Gross profit: Nil (2023: Nil))

During the Period, 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 (2023: Nil and Nil) were recorded during the Period. No internal consumption of corn starch was recorded during the Period (2023: Nil).

Corn Sweeteners

Corn syrup

(Sales amount: HK$267.0 million (2023: HK$175.9 million))
(Gross profit: HK$8.6 million (2023: HK$17.9 million))

During the Period, the revenue of the corn syrup segment increased by approximately 51.8% to approximately HK$267.0 million (2023: HK$175.9 million). Such increase was mainly attributable to the increase in sales volume by approximately 81.4% to approximately 78,000 MT (2023: 43,000 MT) as the Group enhanced the facilities utilisation rate in its Shanghai production site during the Period. Meanwhile, the average selling price of corn syrup products has dropped at an even faster rate than the average production cost of corn syrup products during the Period, the corn syrup segment, therefore, recorded gross profit of approximately HK$8.6 million (2023: HK$17.9 million) for the Period, with gross profit margin decreased to 3.2% (2023: 10.2%).

Corn syrup solid

(Sales amount: HK$65.5 million (2023: HK$17.8 million))
(Gross profit: HK$2.8 million (2023: HK$2.1 million))

During the Period, the Group sold approximately 21,000 MT (2023: 5,000 MT) of corn syrup solid, which was entirely maltodextrin. The revenue of maltodextrin increased by approximately 268.0% to HK$65.5 million (2023: HK$17.8 million) which was attributable to the increase in production volume during the Period, and the gross profit of the corn syrup solid segment increased to approximately HK$2.8 million (2023: HK$2.1 million). However, due to the intense market competition, the selling price of corn syrup solid dropped by 11.2% while the average production cost of corn syrup solid dropped by 3.4% during the Period. As such, the gross profit margin of the corn syrup solid segment during the Period decreased to 4.3% (2023: 11.8%).

Export sales

During the Period, export sales accounted for approximately 2.0% (2023: 3.9%) of the Group's total revenue. The Group exported approximately 1,700 MT (2023: 1,800 MT) of corn sweeteners which amounted to sales of approximately HK$6.6 million (2023: HK$7.6 million) during the Period. No export sales of upstream corn refined products were recorded during the Period and the prior period.

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

Other income and gains

On 17 April 2024, the Company (as seller) entered into the Retail Group SPA with an independent third party (as buyer) under which the Company shall transfer to the independent third party, the Retail Group at a total consideration of HK$1.0. Immediately upon the completion of the Retail Group Disposal on 17 April 2024, each of the members in the Retail Group is no longer a subsidiary of the Group. As a result, the Group recognised a one-off gain of approximately HK$54.1 million in relation to the Retail Group Disposal and other income and gains of the Group increased drastically by approximately 1,737.1% to approximately HK$64.3 million (2023: HK$3.5 million).

Selling and distribution costs

During the Period, selling and distribution costs increased by approximately 14.2% to approximately HK$17.7 million (2023: HK$15.5 million), accounting for approximately 5.3% (2023: 8.0%) of the Group's total revenue. Such increase was mainly attributable to the increase in sales volume during the Period.

Administrative expenses

During the Period, administrative expenses decreased by approximately 12.2% to approximately HK$29.5 million (2023: HK$33.6 million) as the Group has strictly enforced cost saving measures during the Period.

Other expenses

Other expenses of the Group decreased to approximately HK$15.6 million (2023: HK$23.2 million) during the Period. Such decrease was mainly attributable to the decrease in expenses in relation to the idle capacity as a result of the increase in utilisation rate of the Shanghai production facilities during the Period.

Finance costs

During the Period, finance costs of the Group decreased to approximately HK$14.8 million (2023: HK$21.5 million), which was mainly attributable to the completion of the Debt Restructuring Agreement during the Period which significantly decreased of the financial liabilities of the Group.

Income tax credit

No deferred tax was recorded for the Period (2023: deferred tax credit: HK$5.0 million) and all subsidiaries of the Group recorded tax losses or their estimated assessable profits were wholly absorbed by tax losses brought forward during the Period. No income tax expenses were recorded for the Period (2023: Nil).

Discontinued Operations

On 6 April 2023, the Dihao Vendors and the Dihao Purchaser entered into the Dihao SPAs to transfer the Dihao Companies from the Group to GBT Group and the Dihao Completion took place on 21 December 2023. Pursuant to the HKFRS 5, the financial results of Dihao Companies had been represented as discontinued operations of the Group throughout the condensed consolidated financial statements of the Group for the corresponding prior period. The financial results of Dihao Companies for the six months ended 30 June 2023 was approximately HK$18.6 million.

Net profit (loss) of the Company arising from continuing operations

Despite the decrease in gross profit, the Group recognised a one-off gain from the completion of the Debt Restructuring Agreement of approximately HK$167.6 million and a one-off gain from the completion of the Retail Group Disposal of approximately HK$54.1 million. As such, the Group recorded a net profit of the Company arising from continuing operations of approximately HK$165.6 million (2023: net loss of the Company arising from continuing operations of approximately HK$65.4 million) with EBITDA arising from continuing operations (i.e., earnings before interest, taxation, depreciation and amortisation) of approximately HK$195.4 million (2023: LBITDA arising from continuing operations (i.e., loss before interest, taxation, depreciation and amortisation) of HK$21.2 million) during the Period.

Along with the completion of the CB Subscription and the financial support from the Controlling Shareholders, the Directors believe that the working capital, the financial position and gearing level of the Group will be improved concurrently. In the meantime, the management of the Group will continue to devote its energy in facilitating the renewal or restructuring of the Tiebei BOJ Loans to further relieve the financial pressure of the Group.

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

Capital structure

The capital structure of the Group consists of debts, which mainly include interest-bearing bank and other borrowings and the Convertible Bonds, and equity reserves attributable to owners of the Company which comprise issued ordinary Shares, the Convertible Bonds and various reserves. The Board shall review the Group's cost and risks of capital on a semi-annual basis with the aim to achieve the optimal capital structure for the Group.

Net borrowing position

The total interest-bearing bank and other borrowings of the Group as at 30 June 2024 decreased by approximately HK$212.4 million to approximately HK$228.5 million (31 December 2023: HK$440.9 million) as a result of recognition of a gain on debt restructuring of Yuancheng CCB Loans of approximately HK$207.4 million upon the completion of the Debt Restructuring Agreement took place on 4 January 2024 and exchange rate adjustment of approximately HK$5.0 million during the Period. On the other hand, cash and bank balances which were mainly denominated in Renminbi and Hong Kong dollars decreased by approximately HK$8.0 million to approximately HK$5.6 million (31 December 2023: HK$13.6 million, denominated in Renminbi and Hong Kong dollars) as at 30 June 2024. Consequently, the net borrowings decreased to approximately HK$222.9 million (31 December 2023: HK$427.3 million) during the Period.

Structure of interest-bearing bank and other borrowings

As at 30 June 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK$228.5 million (31 December 2023: HK$440.9 million), all (31 December 2023: all) of which were denominated in Renminbi. All (31 December 2023: All) of the Group's interest-bearing bank and other borrowings were wholly repayable within one year.

As at 30 June 2024, all interest-bearing bank and other borrowings (31 December 2023: HK$233.5 million) have been charged at fixed interest rates of approximately 7.0% to 8.0% per annum (31 December 2023: 7.0% to 8.0% per annum) for terms of one year to three years. Other than that, the rest of the Group's interest-bearing bank and other borrowings were charged with reference to floating interest rate for the year ended 31 December 2023.

Convertible Bonds

On 6 April 2023 (after trading hours), the Company entered into the CB Subscription Agreement with the Joint Offerors as subscribers, pursuant to which the Company has conditionally agreed to issue, and the Joint Offerors have conditionally agreed to subscribe for, the 3 year, 5 per cent Convertible Bonds in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK$138.0 million), which may be converted into a total of 1,380,000,000 new ordinary Share(s) of HK$0.1 each to be allotted and issued by the Company pursuant to the exercise of the Conversion Right attached to the Convertible Bonds at an initial Conversion Price of HK$0.1 per Conversion Share, adopting an exchange rate of HK$1.0 to RMB0.87 for illustrative purpose only and subject to the adjustment pursuant to the terms and conditions of the Convertible Bonds. The initial Conversion Price of HK$0.1 per Conversion Share represents a premium of approximately 16.3% over the closing price of HK$0.086 per Share as quoted on the Stock Exchange on the date of the CB Subscription Agreement. The net Conversion Price, after deduction of relevant expenses, is approximately HK$0.1 per Conversion Share. The net proceeds from the issue of the Convertible Bonds will be RMB120.0 million (equivalent to approximately HK$138.0 million, adopting an exchange rate of HK$1.0 to RMB0.87 for illustrative purpose). The Company originally intended to use the net proceeds as follows: (i) RMB60.0 million for repayment of the first installment of the Yuancheng CCB Loans; and (ii) RMB60.0 million for the preparation for the resumption of operation of the Group's Jinzhou production facilities.

On 3 May 2024, the Company and the Subscribers had agreed in writing that the CB First Completion shall take place on even date. The CB First Completion therefore took place on 3 May 2024 in accordance with the terms and conditions thereof, with all the conditions precedent for the CB First Completion under the CB Subscription Agreement fulfilled. The Convertible Bonds in the aggregate principal amount of RMB60.0 million, which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, had been issued to the Subscribers. The principal amount of the Convertible Bonds acquired by each of Mr. Kong and Mr. Wang upon the CB First Completion was RMB30.0 million and RMB30.0 million, respectively. Based on the terms and conditions of the Convertible Bonds, the Convertible Bonds may be converted into the Conversion Shares based on the initial Conversion Price of HK$0.1 per Conversion Share, applying the exchange rate as announced by the People's Bank of China on the date of conversion. The gross proceeds and net proceeds from the issue of the Convertible Bonds upon the CB First Completion is RMB60.0 million. As disclosed in the announcement of the Company dated 4 January 2024 (the "**Change in Use of Proceeds Announcement**"), the Company intends to use such proceeds for the repayment to the relevant creditors of the Group in respect of the loan provided to the Group for the settlement of the Yuancheng CCB Loans. As at 30 June 2024, the gross proceeds and net proceeds of RMB60.0 million have been utilised in full for the purpose disclosed in the Change in Use of Proceeds Announcement.

Subsequent to the CB First Completion, each of Mr. Kong and Mr. Wang had exercised their rights under the terms and conditions of the Convertible Bonds to transfer the Convertible Bonds with the principal amounts of RMB21.0 million and RMB21.0 million to Huasheng on 3 May 2024. Immediately after the transfer, each of Mr. Kong, Mr. Wang and Huasheng held Convertible Bonds in the principal amount of RMB9.0 million, RMB9.0 million and RMB42.0 million, respectively. On 24 May 2024, Huasheng exercised its right to convert the Convertible Bonds with the principal amount of RMB33.0 million into 362,788,856 Conversion Shares at the Conversion Price of HK$0.1 per Conversion Share. All conversion Shares rank pari passu in all respects among themselves and with all other existing Shares in issue. As a result, the remaining Convertible Bonds issued upon the CB First Completion were divided into liability component and equity component which amounted to approximately HK$16.8 million and HK$13.2 million (31 December 2023: Nil and Nil) respectively and effective imputed interest of approximately HK$1.0 million (2023: Nil) was charged as at 30 June 2024.

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 Period, trade receivables turnover days remained at a similar level of approximately 57 days (31 December 2023: 56 days) as the Group had maintained a stringent credit control during the Period.

During the Period, trade payables turnover days decreased to approximately 64 days (31 December 2023: 125 days) as the Group has settled a portion of payables by using the proceeds from issue of first batch of the Convertible Bonds during the Period.

During the Period, the Group's inventory turnover days decreased to approximately 20 days (31 December 2023: 31 days) as the Group speeded up stock out frequency to enhance the liquidity of the Group.

As at 30 June 2024, the current ratio and quick ratio were approximately 0.24 (31 December 2023: 0.23) and approximately 0.19 (31 December 2023: 0.20), respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings and the Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) decreased to approximately 50.7% (31 December 2023: 76.6%), which was mainly attributable to the completion of Debt Restructuring Agreement took place in January 2024 and the net liabilities of the Retail Group no longer being consolidated into the condensed consolidated financial statements of the Group upon the completion of Retail Group Disposal during the Period.

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, which were mostly denominated in US Dollars, accounted for approximately 2.0% (2023: 3.9%) of the Group's revenue during the Period. The management of the Company 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.

DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Breach of loan agreements

As detailed in the joint announcement of the Company and GBT dated 25 August 2023, Jinzhou Yuancheng has defaulted in the repayment of the loans it owed to Tiebei BOJ pursuant to the loan agreements respectively dated 25 August 2020 and 27 December 2021 entered into between Jinzhou Yuancheng and Tiebei BOJ, which have become immediately due and payable. The Tiebei BOJ Loans are secured by mortgage of certain properties owned by Jinzhou Yuancheng, and also guaranteed by Dihao Foodstuff (the obligations and liabilities under which shall be counter-guaranteed and indemnified under the counter-guarantee and indemnity provided by the Company to GBT and Dihao Foodstuff in respect of the obligations and liabilities that GBT and Dihao Foodstuff may incur and suffer under the guarantees provided by GBT and/or Dihao Foodstuff to Jinzhou CCB and Tiebei BOJ in respect of the debts to be owed by Jinzhou Yuancheng to Jinzhou CCB and Tiebei BOJ under the guarantee agreements dated 13 September 2018, 20 May 2019 and 27 December 2021). As at the date of this announcement, the outstanding principal amount under the Tiebei BOJ Loans is RMB212.5 million. The Group is currently facilitating the debt restructuring or debt renewal in relation to the Tiebei BOJ Loans to further relieve the financial pressure of the Group.

SUPPLEMENTARY INFORMATION IN RELATION TO THE PERIOD UNDER REVIEW

Mandatory unconditional general offer

Upon the GSH Completion, the Joint Offerors and parties acting in concert with them became interested in a total of 777,673,000 Shares, representing approximately 50.91% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"), upon the GSH Completion, the Joint Offerors and the parties acting in concert with them were required to make a mandatory unconditional general cash offer (the "**Offer**") for all the issued shares of the Company (other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them) (the "**Offer Shares**"). CCB International Capital Limited and China Galaxy International Securities (Hong Kong) Co., Limited made the Offer for and on behalf of the Joint Offerors on the terms set out in the composite document jointly issued by the Company and the Joint Offerors dated 27 December 2023 (the "**Composite Document**") in compliance with the Takeovers Code on the basis of HK$0.06 in cash for every Offer Share (the "**Offer Price**"). The Offer Price was the same as the price per GSH Sale Share payable by the Joint Offerors under the GSH SPA.

Upon the close of Offer on 17 January 2024, the Joint Offerors and parties acting in concert with them became interested in a total of 779,016,430 Shares, representing approximately 51.00% of the entire issued share capital of the Company.

For further details of the Offer, please refer to the joint announcements issued by the Company, GBT, and the Joint Offerors dated 6 April 2023, 19 September 2023, 21 December 2023 and 17 January 2024, 3 May 2024, the circular of the Company dated 31 May 2023 and the Composite Document.

FUNDRAISING ACTIVITIES

The CB Subscription

As disclosed under the paragraph headed "Convertible Bonds" on page 36 of this announcement, the Company originally intended to use the net proceeds from the issue of the Convertible Bonds as follows: (i) RMB60.0 million for repayment of the first installment of the Yuancheng CCB Loans; and (ii) RMB60.0 million for the preparation for the resumption of operation of the Group's Jinzhou production facilities.

Pursuant to the Debt Restructuring Agreement, the Company is required to fulfill its repayment obligation within the scheduled time. As the CB First Completion had yet to take place on or before the latest date of settlement as stipulated under the Debt Restructuring Agreement, the Company had transferred a total of RMB88.0 million to Jilin Cinda for the purpose of the repayment of the Settlement Amount by internal resources from the rescheduling of the repayment of the Group's account payables and obtaining borrowings from an independent third party.

As all the repayment obligations under the Debt Restructuring Agreement were fulfilled before the CB First Completion, the Directors have resolved to change the use of the proceeds from the issue of the Convertible Bonds of RMB60.0 million for the repayment to the relevant creditors of the Group and the independent third party lender in respect of the loan provided, instead of for the direct settlement of the Yuancheng CCB Loans. The usage of the remaining net proceeds of RMB60.0 million from the issue of the Convertible Bonds remains unchanged and is for the preparation for the resumption of the Group's Jinzhou production facilities. For further details in respect of the above change in use of proceeds, please refer to the Change in Use of Proceeds Announcement.

The CB First Completion has taken place on 3 May 2024 in accordance with the terms and conditions thereof, with all the conditions precedent for the CB First Completion under the CB Subscription Agreement fulfilled. The Convertible Bonds in the aggregate principal amount of RMB60.0 million, which may be converted into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, had been issued to the Subscribers. The principal amount of the Convertible Bonds acquired by each of Mr. Kong and Mr. Wang upon the CB First Completion was RMB30.0 million and RMB30.0 million, respectively. Based on the terms and conditions of the Convertible Bonds, the Convertible Bonds may be converted into Conversion Shares based on the initial Conversion Price of HK$0.1 per Conversion Share, applying the exchange rate as announced by the People's Bank of China on the date of conversion. The gross proceeds and net proceeds from the issue of the Convertible Bonds upon the CB First Completion is RMB60.0 million. As at 30 June 2024, the gross proceeds and net proceeds of RMB60.0 million have been utilised in full for the repayment to the relevant creditors of the Group in respect of the loan provided to the Group for the settlement of the Yuancheng CCB Loans.

IMPORTANT EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

The CB Second Completion

On 18 July 2024, the Company and the Subscribers had agreed in writing that the CB Second Completion shall take place on 19 July 2024. The CB Second Completion therefore took place on 19 July 2024 in accordance with the terms and conditions thereof, with all the conditions precedent for the CB Second Completion under the CB Subscription Agreement fulfilled. The Convertible Bonds in the aggregate principal amount of RMB60.0 million, which may be converted into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, had been issued to the Subscribers. The principal amount of the Convertible Bonds acquired by each of Mr. Kong and Mr. Wang upon the CB Second Completion was RMB30.0 million and RMB30.0 million, respectively. Based on the terms and conditions of the Convertible Bonds, the Convertible Bonds may be converted into Conversion Shares based on the initial Conversion Price of HK$0.1 per Conversion Share, applying the exchange rate as announced by the People's Bank of China on the date of conversion. Subsequent to the CB Second Completion, the Company was notified by the Subscribers that each of them has exercised his rights under the terms and conditions of the Convertible Bonds to transfer the Convertible Bonds with the principal amounts of RMB10.0 million and RMB10.0 million, respectively, to Huasheng on the same date (i.e. 19 July 2024) in accordance with the terms and conditions in the CB Subscription Agreement. Subsequent to the transfer of the Convertible Bonds from Mr. Kong and Mr. Wang to Huasheng on 3 May 2024 and 19 July 2024 and Completion of the First Batch Conversion, each of Mr. Kong, Mr. Wang and Huasheng holds the Convertible Bonds in the principal amount of RMB29.0 million, RMB29.0 million and RMB29.0 million, respectively.

For further details of the CB First Completion, the First Batch Conversion and the CB Second Completion, please refer to the announcements issued by the Company dated 3 May 2024, 24 May 2024 and 19 July 2024.

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 closely monitor the market conditions as well as the financial conditions of the Group in preparing the resumption of the Group's Jinzhou production facilities to enhance operating cash flow.

The Group will continue to strengthen its market position by utilising its brand name, strive to provide excellent customer service and be customer-oriented to better understand 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.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2024, the Group had approximately 620 (30 June 2023: 840) 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 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. During the Period, employee benefit expenses (including Director's remuneration) were approximately HK$27.9 million (30 June 2023: approximately HK$28.3 million).

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend in respect of the Period (six months ended 30 June 2023: 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 Period.

COMPLIANCE WITH THE CG CODE AND THE MODEL CODE

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

To the best knowledge and belief of the Board, the Company has applied and complied with all code provisions as set out in part 2 of the CG Code throughout the Period.

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 C3 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 throughout the Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

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 three independent non-executive Directors, namely, Ms. Li Guichen (chairman of the Audit Committee), Ms. Liu Ying and Mr. Lo Kwing Yu.

The Audit Committee had reviewed the interim results of the Group for the Period and this announcement and had discussed with the management of the Company for the accounting principles and policies adopted by the Group, with no disagreement.

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 of the Company for the Period will be despatched to the Shareholders 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
Wang Tieguang
Joint Chairman

Hong Kong, 20 August 2024

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wang Tieguang, Mr. Kong Zhanpeng and Mr. Li Fangcheng; one non-executive Director, namely, Mr. Tai Shubin; and three independent non-executive Directors, namely, Ms. Li Guichen, Ms. Liu Ying and Mr. Lo Kwing Yu.