

To: Business Editors

**GLOBAL SWEETENERS 2019 RECORDED GROSS PROFIT OF HK\$208 MILLION
NET LOSS FURTHER NARROWED**

26 March 2020 –Global Sweeteners Holdings Limited (“Global Sweeteners” or the “Company”, stock code: 03889) together with its subsidiaries (the “Group”) reported a stable revenue of HK\$1,956.8 million (2018: HK\$1,961.0 million) and gross profit of HK\$207.6 million (2018: HK\$202.8 million) for the year ended 31 December 2019 (the “Year”). The Group succeeded in narrowing its net loss to approximately HK\$162.6 million (2018: HK\$208.5 million), after including a tax credit of HK\$17.4 million (2018: tax expenses of HK\$3.0 million); loss before interest, taxation, depreciation and amortization amounted to approximately HK\$22.9 million (2018: HK\$46.4 million). Basic loss per share was down from 13.7 HK cents to 10.6 HK cents.

The board of directors of Global Sweeteners has resolved not to recommend the payment of a final dividend for the Year (2018: Nil).

During the Year, the revenue of the Group’s upstream business segment increased by 23.7 per cent to HK\$1,038.4 million, which was mainly attributable to the stable supply of corn kernels through the connections of Nongtou that ensured the stable production operation of the upstream corn refinery in Jinzhou and the subsequent increased sales volume of upstream products. Gross profit of the overall upstream business segment for the Year amounted to HK\$101.7 million, representing a notable increase of 118.7 per cent from that of 2018. The significant upsurge was attributable to a 24.7 per cent increase in the gross profit of the corn starch segment to approximately HK\$109.4 million and a substantial reduction of 81.3 per cent in the gross loss of other corn refined products segment to HK\$7.7 million, both of which were benefitted from the increase in the value-added tax deduction in Jinzhou site.

Along with slowdown in economic growth, demand for sweetener products had also dropped. In Huadong area, as a number of users had opted for vertical integration and expanded upstream to secure their feedstocks, the market of sweeteners had shrunk and competition had further intensified. Furthermore, due to keen competition and poor sentiment of the sweeteners market in Northeast China, the Group had suspended the operation of the downstream sweeteners production facilities in Jinzhou since September 2019. As a result, the sales volume of the Group’s downstream sweeteners segment dropped by approximately 19.8 per cent.

The revenue and gross profit of the Group’s corn syrup segment dropped by approximately 23.3 per cent and 37.0 per cent year-on-year respectively, to approximately HK\$587.3 million and approximately HK\$68.5 million respectively. Such decreases were mainly attributable to the decline in sales volume by approximately 25.9 per cent, as a result of the suspension of downstream production in Jinzhou. Decrease in output drove up the average unit production cost of corn syrup products. As a result, the gross profit margin of the corn syrup segment decreased by 2.5 percentage points year-on-year to 11.7 per cent during the Year.

During the Year, the revenue of maltodextrin decreased by 6.9 per cent to approximately HK\$331.1 million as sales volume dropped. Gross profit of the corn syrup solid segment dropped by 21.3 per cent year-on-year to approximately HK\$37.4 million due to increased average cost of sale.

As the distribution agreement with Global Bio-chem Technology Group Company Limited (“GBT”), the controlling shareholder of the Company, for the sales and marketing of GBT’s amino acids and upstream corn refined products expired on 31 December 2018, no revenue (2018: HK\$0.5 million) for the trading segment was recorded during the Year.

During the Year, the Group’s export sales of upstream corn refined products and corn sweeteners amounted to approximately HK\$89.2 million and approximately HK\$56.4 million respectively, together representing 7.4 per cent of the Group’s total revenue.

With regard to the disposal of land and buildings located in Luyuan District, Changchun (the “Relevant

Properties”), subsequent to the confirmation of the Relevant Properties as part of the subject properties for redevelopment under the PRC’s Slum Redevelopment Policy with the site location and area of the Relevant Properties confirmed by the relevant authority, an execution announcement for the redevelopment under the PRC’s Slum Redevelopment Policy dated 30 October 2019 has also been issued by the Changchun Municipal Government. It is expected that the realisation of a portion of the Relevant Properties will take place in 2020 and, upon the materialisation of the disposal of the Relevant Properties, the Group will have additional funds to finance its operations and the capital expenditure for relocation of its production facilities in Changchun.

With respect to the debt-equity swap proposal, the Group has been notified by the Bank of China Jilin Province Branch (“BOC Jilin Branch”) in mid of February 2020 that it has entered into a transfer agreement with Jilin Branch of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司吉林省分公司) (the “New Creditor”), pursuant to which BOC Jilin Branch has agreed to sell to the New Creditor, and the New Creditor has agreed to purchase, all of its rights and benefits of the loans with aggregate outstanding principal amount of RMB4,016.5 million (the “Transferred Loans”) at a consideration of approximately RMB815.7 million as the first step of the debt restructuring plan. After the completion of the transfer of the Transferred Loans, the management of the Group will continue their discussion with the New Creditor, with the aims to achieve debt restructuring and the significant improvement of the financial position of the Group.

In addition to the suspension of the sweeteners facilities in Jinzhou, the Company announced, in February 2020, the suspension of the operation of a corn sweeteners subsidiary in Xinglongshan of Changchun, as the outbreak of the coronavirus disease had affected the raw material supply. In view of the continuous impact of the epidemic of the coronavirus disease on the daily economic activities in the PRC, the Group decided to continue the suspension of the relevant subsidiaries until market conditions improve. The Group will continue to monitor closely the development of the epidemics and market conditions, and will announce the updates on the operation resumption in due course.

Looking into the future, Mr. Zhang Zihua, the acting chairman of Global Sweeteners, said: “The operating environment in 2020 will be challenging as the outbreak of the coronavirus disease is expected to hit the global economy in 2020. The Group will continue to observe market movements and be cautious in making decision to optimise production of the Group’s production facilities to maintain relatively healthy cash flow while balancing its market presence. To maintain its competitiveness, the Group will diversify its product mix and enhance its capability in developing high value-added products, strive to materialise the debts restructuring plan and the disposal of the Relevant Properties to improve its financial position and introduce strategic business alliance with prominent international market leaders.”

About Global Sweeteners

Global Sweeteners (stock code: 03889.HK) is listed on the Main Board of The Stock Exchange of Hong Kong Limited in September 2007 and is principally engaged in the production and sale of corn refined products (including corn starch, corn oil, gluten meal and fibre), and various corn sweeteners (including glucose and maltose syrup, HFCS and maltodextrin) for food and beverage, chemical, confectionery, daily, cosmetics and pharmaceutical products manufacturers. Global Sweeteners is a non-wholly owned subsidiary of Global Bio-chem Technology Group Company Limited (stock code: 00809.HK), the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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Issued by: Global Sweeteners Holdings Limited

Through: CorporateLink Limited

Media Enquiry: CorporateLink Limited

Lorna Wong Tel: 2801 7761 / 9086 8623

Email: lorna@corporatelink.com.hk

Kelly Laing Tel: 2801 6045 / 9034 2785

Email: kellyl@corporatelink.com.hk

(Attached with: Global Sweeteners’ audited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019)

Global Sweeteners Holdings Limited

(Stock Code: 03889)

Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	For the year ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	1,956,820	1,961,004
Cost of sales	(1,749,180)	(1,758,173)
Gross profit	207,640	202,831
Other income and gains	18,371	20,374
Selling and distribution costs	(180,386)	(188,649)
Administrative expenses	(111,807)	(109,323)
Other expenses	(38,120)	(56,179)
Finance costs	(75,672)	(74,540)
LOSS BEFORE TAX	(179,974)	(205,486)
Income tax credit (expenses)	17,404	(3,010)
LOSS FOR THE YEAR	(162,570)	(208,496)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Hong Kong	11,657	18,250
Items that will not be reclassified subsequently to profit or loss:		
Gain on properties revaluation	70,544	—
Income tax effect	(17,636)	—
	52,908	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	64,565	18,250
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(98,005)	(190,246)
LOSS ATTRIBUTABLE TO:		
Owners of the Company	(162,570)	(208,496)
Non-controlling interests	—	—
	(162,570)	(208,496)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:		
Owners of the Company	(98,142)	(190,618)
Non-controlling interests	137	372
	(98,005)	(190,246)
LOSS PER SHARE		
Basic	HK(10.6) cents	HK(13.7) cents
Diluted	HK(10.6) cents	HK(13.7) cents