

GLOBAL SWEETENERS 2020 1H REVENUE AMOUNTED TO HK\$435 MILLION

27 August 2020 -- Global Sweeteners Holdings Limited (“Global Sweeteners” or the “Company”, stock code: 03889) together with its subsidiaries (the “Group”) reported revenue of approximately HK\$434.6 million for the six months ended 30 June 2020 (the “Period”), representing a year-on-year decrease of approximately 50.4 per cent. Such decrease was mainly attributable to a significant drop in sales volume resulting from the suspension of most of the Group’s production operations due to the poor market sentiments as a result of the outbreak of COVID-19, the economic slowdown and the increase in price of corn kernels during the Period. The Group’s gross profit decreased by approximately 40.5 per cent to approximately HK\$48.0 million. The significant decrease in gross profit and high finance costs due to high debt level had resulted in a net loss of approximately HK\$151.2 million (2019: HK\$102.6 million) and a loss before interest, taxation, depreciation and amortisation (“LBITDA”) of approximately HK\$33.3 million (2019: HK\$21.6 million).

The board of directors of Global Sweeteners does not recommend the payment of any interim dividend in respect of the Period (2019: nil).

The Group’s low facility utilisation during the first quarter and the subsequent suspension in the second quarter had resulted in a significant drop in the sales volume of its upstream operations. As such, the revenue and gross profit of the Group’s upstream business decreased by approximately 49.9 per cent and approximately 32.9 per cent to approximately HK\$205.7 million and approximately HK\$19.6 million respectively.

During the Period, the revenue and gross profit of the Group’s corn syrup segment declined by approximately 42.4 per cent and approximately 38.6 per cent to approximately HK\$175.5 million and approximately HK\$21.8 million respectively. Such decreases were mainly attributable to the decline in sales volume by approximately 43.3 per cent, as a result of the suspension in the Xinglongshan site and the Jinzhou site. The Group had suspended the production facilities in the low-margin Northeast China region and consolidated its resources in Shanghai production base. As such, the gross profit margin of the corn syrup segment increased to approximately 12.4 per cent from 11.7 per cent for the corresponding period of 2019.

During the Period, the revenue and gross profit of maltodextrin decreased by approximately 66.8 per cent and approximately 58.8 per cent respectively to approximately HK\$53.4 million and approximately HK\$6.6 million respectively, as sales volume dropped. However, the gross profit margin of maltodextrin improved to approximately 12.4 per cent from 9.9 per cent for the same period of 2019, due to a lower average cost of maltodextrin, as the portion of expenses in relation to suspension of operation had been allocated to other expenses and the Shanghai production base had a relatively high operational efficiency.

During the Period, the Group’s export sales of upstream corn refined products and corn sweeteners amounted to approximately HK\$15.9 million and approximately HK\$3.0 million respectively, together representing approximately 4.3 per cent of the Group’s total revenue.

Regarding the resumption of land and buildings in Luyuan District, Changchun (the “Relevant Properties”), as announced by the Company and Global Bio-chem Technology Group Company Limited (“GBT”, and together with its subsidiaries, the “GBT Group”) on 24 August 2020, the Local Government issued a notice regarding the first phase of resumption (the “Dihao Resumption”) involving the properties owned by Changchun Dihao Foodstuff Development Co., Ltd., a wholly-owned subsidiary of the Company. The Group is expected to receive a total compensation of approximately RMB443.0 million upon the resumption of the aforesaid properties. The proceeds from the Dihao Resumption will provide additional funds to relieve the financial and cashflow pressure of the Group during period of suspension and provide part of the funding for the capital expenditure for the relocation of the Group’s production facilities in Changchun.

With respect to the debt restructuring plan, after the completion of the transfer of the Transferred Loans, the management of the Group and the GBT Group has been actively exploring the next step of the debt restructuring plan with the aim to improve the financial position of the Group. The debt restructuring plan is also well-supported by the government and the other principal lending banks in Changchun were encouraged to follow the debt restructuring plan of BOC Jilin Branch.

During the Period, the Group and the GBT Group have been working on facilitating similar arrangement of the Transferred Loans for the other outstanding debts owed to major lending banks. It is expected that the transfer of substantial indebtedness of the Group will be completed in 2020.

Looking into the future, Mr. Zhang Zihua, the acting chairman of Global Sweeteners, said: “The operating environment in 2020 will be challenging as the COVID-19 pandemic will continue to hit the global economy. To maintain its competitiveness, 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, strive to materialise the debts restructuring plan to improve its financial position and introduce strategic business alliance with prominent international market leaders. In the short run, the Group will continue to monitor closely the development of the COVID-19 outbreak, the market conditions as well as the financial conditions of the Group and will ensure the operation of the Group’s subsidiaries to resume as soon as possible to the extent practicable. In the long run, the Group will continue to strengthen its market position utilising its brand name and be customer-oriented to understand better their ever-changing demand and product requirement and further improve cost effectiveness and product mix through continuous research and development efforts. ”

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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(Attached with: Global Sweeteners' Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2020)

Global Sweeteners Holdings Limited (Stock Code: 03889)
Condensed Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
REVENUE	434,576	876,003
Cost of sales	(386,608)	(795,256)
Gross profit	47,968	80,747
Other income and gains	6,227	9,386
Selling and distribution costs	(35,756)	(77,066)
Administrative expenses	(54,179)	(54,571)
Other expenses	(39,914)	(23,793)
Finance costs	(75,544)	(37,337)
LOSS BEFORE TAX	(151,198)	(102,634)
Income tax expenses	—	—
LOSS FOR THE PERIOD	(151,198)	(102,634)
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	5,582	2,079
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(145,616)	(100,555)
LOSS ATTRIBUTABLE TO:		
Owners of the Company	(151,198)	(102,634)
Non-controlling interests	—	—
	(151,198)	(102,634)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:		
Owners of the Company	(145,683)	(100,555)
Non-controlling interests	67	—
	(145,616)	(100,555)
LOSS PER SHARE		
Basic	HK(9.9) cents	HK(6.7) cents
Diluted	HK(9.9) cents	HK(6.7) cents