

To: Business Editors

GLOBAL SWEETENERS RECORDED GROWTH IN 2023 INTERIM CONSOLIDATED REVENUE AND GROSS PROFIT

31 August 2023 – Global Sweeteners Holdings Limited (“Global Sweeteners” or the “Company”, Stock Code: 03889) together with its subsidiaries (the “Group”) announced unaudited results for the six months ended 30 June 2023 (the “Period”). The sales volume and the consolidated revenue of the Group increased by approximately 33.3% and 25.0% respectively to approximately 48,000 MT (2022: 36,000 MT) and HK\$193.7 million (2022: HK\$155.0 million) respectively during the Period.

Benefiting from the increase in the utilization rate of the Group’s production facilities in the Shanghai production site and drop in the price of corn starch, being the principal raw material, during the Period, the consolidated gross profit increased significantly by approximately 78.6% to approximately HK\$20.0 million (2022: HK\$11.2 million), while the gross profit margin increased by 3.1 percentage points to 10.3% (2022: 7.2%).

During the Period, the Group recorded a decrease in expenses in relation to idle capacity of suspended production facilities in Shanghai as a result of the resumption of the Shanghai production site. In addition, the Group recorded deferred tax credit of approximately HK\$19.5 million (2022: Nil) during the Period. As such, net loss of the Group narrowed to approximately HK\$83.9 million (2022: HK\$117.5 million), with LBITDA (i.e., loss before interest, taxation, depreciation and amortisation) improved to approximately HK\$32.6 million (2022: HK\$46.2 million) for the Period.

The Group’s restructuring (the “GSH Restructuring”) is progressing as planned. The GSH Restructuring involves the disposal of 47.0% equity interest in the Company by Global Corn Bio-chem Technology Company Limited, a wholly-owned subsidiary of Global Bio-chem Technology Group Company Limited (“GBT” i.e. the Group’s ultimate holding company), to Mr. Kong Zhanpeng, a former executive director of the Company, and Mr. Wang Tiegung, a former director of GBT (collectively, the “Joint Offerors”). The Group will also transfer the entire equity interests in Changchun Dihao Foodstuff Development Co., Ltd. and Changchun Dihao Crystal Sugar Industry Development Co., Ltd. to GBT (the “Dihao Transfer”). Furthermore, the Company will issue convertible bonds to the Joint Offerors to obtain funds to repay part of the bank borrowings and as working capital. Independent shareholders of the Company had approved the Dihao Transfer and the convertible bonds subscription by the Joint Offerors at the extraordinary general meeting held on 20 June 2023.

In the second half of 2023, the Group will continue to devote its energy in facilitating the completion of the GSH Restructuring. If completed, the GSH Restructuring will (1) provide additional fund to settle the loans under disputes with banks and thus improve the financial position and gearing level of the Group; (2) enhance the working capital position of the Group and prepare for the resumption of operations of the Jinzhou production site so as to improve the Group’s operating cash flow; and (3) release the Group from its obligations in relation to loans owed by Dihao Foodstuff.

As the PRC government promised to dedicate its efforts in optimising the overall business environment and formulating policies to bolster consumption, the operating environment of the Group in the second half of 2023 is expected to improve. 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.

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 feed), 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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Global Sweeteners' financial highlights

	For the six months ended 30 June		
	2023	2022	Change %
	(Unaudited)	(Unaudited)	
Revenue (HK\$ million)	193.7	155.0	25.0
Gross profit (HK\$ million)	20.0	11.2	78.6
Loss before tax (HK\$ million)	(103.4)	(117.5)	N/A
Loss for the Period (HK\$ million)	(83.9)	(117.5)	N/A
Basic loss per share (HK cents)	(5.5)	(7.7)	N/A
Interim dividend per share (HK cents)	Nil	Nil	N/A