大成糖業控股有限公司*

GLOBAL Sweeteners Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03889

2024 Annual Report

*For identification purpose only

CONTENTS

DEFINITIONS

"2024 Master Purchase Agreement"	the agreement dated 17 October 2024 entered into between the Company (for itself and on behalf of its subsidiaries from time to time), as purchaser, Ruihao (Guangzhou) (for itself and Ruihao (Guangzhou) Group and its associated companies from time to time), DDT Supply Chain (for itself and DDT Supply Chain Group and its associated companies from time to time) and Jilin Huasheng (for itself and Jilin Huasheng Group and its associated companies from time to time), as suppliers in relation to the purchase of coal, corn kernels, corn starch and sugar syrup by the Group from Ruihao (Guangzhou) Group, DDT Supply Chain Group, Jilin Huasheng Group, and their respective associated companies for the term commencing from 1 January 2025 and ending on 31 December 2027
"2024 Master Sales Agreement"	the agreement dated 17 October 2024 entered into between the Company (for itself and on behalf of its subsidiaries from time to time), as supplier, Ruihao (Guangzhou) (for itself and Ruihao (Guangzhou) Group and its associated companies from time to time), DDT Supply Chain (for itself and DDT Supply Chain Group and its associated companies from time to time) and Jilin Huasheng (for itself and Jilin Huasheng Group and its associated companies from time to time), as purchasers in relation to the purchase of corn starch and other corn refined products including but not limited to gluten meal, corn steep liquor, fibre-based feeds, corn oil and corn germ meals by Ruihao (Guangzhou) Group, DDT Supply Chain Group, Jilin Huasheng Group, and their respective associated companies from the Group for the term commencing from 1 January 2025 and ending on 31 December 2027
"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Auditor"	the auditor of the Company, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited)
"Beipiao GSH"	北票大唐糧食購銷有限公司 (Beipiao GSH Grains Trading Co., Ltd.*), an indirect wholly-owned subsidiary of the Company prior to the completion of the Retail Group Disposal
"Board"	the board of Directors
"CB First Completion"	completion of the issuance of the first batch of Convertible Bonds in the aggregate principal amount of RMB60.0 million and the subscription of the aforesaid Convertible Bonds by the Joint Offerors, as subscribers, on 3 May 2024 pursuant to the terms of the CB Subscription Agreement
"CB Second Completion"	completion of the issuance of the second batch of Convertible Bonds in the aggregate principal amount of RMB60.0 million and the subscription of the aforesaid remaining Convertible Bonds by the Joint Offerors, as subscribers, on 19 July 2024 pursuant to the terms of the CB Subscription Agreement

* *For identification purpose only*

"CB Subscription"	the subscription of the Convertible Bonds under specific mandate pursuant to the terms of the CB Subscription Agreement
"CB Subscription Agreement"	the conditional subscription agreement entered into between the Company and the Joint Offerors as subscribers dated 6 April 2023 in relation to the CB Subscription
"CCT Executive Committee"	the management team comprising two representatives from the senior management of the Group, established by the Board and responsible for the monitoring, review and management of the continuing connected transactions between the Group and the GBT Group, which was abolished with effect from 31 January 2024
"CCT Supervisory Committee"	the committee comprising three independent non-executive Directors established by the Board to supervise the CCT Executive Committee, which was abolished with effect from 31 January 2024
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	Global Sweeteners Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03889)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion Price"	the conversion price per Conversion Share at which Conversion Shares will be issued upon exercise of the Conversion Rights attaching to the Convertible Bonds, being initially HK$0.1 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
"Conversion Rights"	the rights pursuant to the terms and conditions of the Convertible Bonds attaching to each Convertible Bond to convert the principal amount or a part thereof into Shares
"Conversion Share(s)"	new Shares fall to be allotted and issued by the Company pursuant to the exercise of the Conversion Rights attaching to the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds
"Convertible Bonds"	the RMB120.0 million (equivalent to approximately HK$138.0 million), 3 year, 5 per cent. convertible bonds issued by the Company to the Joint Offerors as subscribers in accordance with the terms of the CB Subscription Agreement
"Corporate Governance Committee"	the Corporate Governance Committee of the Company
"Dalian Angus"	大連安格斯牛業有限公司 (Dalian Angus Beef Co., Ltd.*), an indirect wholly-owned subsidiary of the Company prior to the completion of the Retail Group Disposal

DEFINITIONS

"DDT Master Purchase Agreement"	the agreement dated 1 January 2023 and entered into between DDT Supply Chain as supplier and Shanghai Haocheng as purchaser in relation to the purchase of corn starch and sugar syrup by Shanghai Haocheng from DDT Supply Chain for the term commencing from 1 January 2023 and ending on 31 December 2024
"DDT Supply Chain"	點點通供應鏈科技(深圳)有限公司 (DDT Supply Chain Technology (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability
"DDT Supply Chain Group"	DDT Supply Chain and its subsidiaries from time to time
"Debt Restructuring Agreement"	a debt restructuring agreement entered into between (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor dated 28 December 2023, pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million for the settlement of the Yuancheng CCB Loans
"Dihao Companies"	Dihao Crystal Sugar and Dihao Foodstuff, the companies disposed of under the Dihao SPAs
"Dihao Completion"	the completion of the transfer of the Dihao Companies from the Group to the GBT Group in accordance with the Dihao SPAs, which took place on 21 December 2023
"Dihao Crystal Sugar"	長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company as at the date of the Dihao SPA II and prior to the Dihao Completion
"Dihao Foodstuff"	長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company as at the date of the Dihao SPA I and prior to the Dihao Completion
"Dihao Purchaser"	Global Bio-Chem Technology (HK) Limited, a direct wholly-owned subsidiary of GBT, the purchaser under the Dihao SPAs
"Dihao SPA I"	the sale and purchase agreement dated 6 April 2023 entered into between the Dihao Vendor A and Dihao Vendor B and the Dihao Purchaser
"Dihao SPA II"	the sale and purchase agreement dated 6 April 2023 entered into between the Dihao Vendor A and Dihao Vendor C and the Dihao Purchaser
"Dihao SPAs"	collectively, Dihao SPA I and Dihao SPA II
"Dihao Vendor A"	Global Sweeteners (China) Limited, a wholly-owned subsidiary of the Company
"Dihao Vendor B"	Global Starch (Changchun) Investments Limited, a wholly-owned subsidiary of the Company
"Dihao Vendor C"	Global Sorbitol (H.K.) Company Limited, a wholly-owned subsidiary of the Company
"Director(s)"	director(s) of the Company

"EGM"	the extraordinary general meeting of the Company
"Existing Master Purchase Agreements"	collectively, the DDT Master Purchase Agreement and Ruihao Master Purchase Agreement
"GBT"	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00809), which directly holds 500,000 Shares (representing approximately 0.03% of the entire issued share capital of the Company) and indirectly holds 259,813,000 Shares (representing approximately 13.45% of the entire issued share capital of the Company) through Global Corn Bio–Chem as at the date of this report
"GBT Group"	GBT and its subsidiaries from time to time
"Global Corn Bio-Chem"	Global Corn Bio-Chem Technology Company Limited, a wholly-owned subsidiary of GBT, which holds 259,813,000 Shares (representing approximately 13.45% of the entire issued share capital of the Company) as at the date of this report
"GP"	吉林省現代農業產業基金有限公司(Jilin Province Modern Agricultural Industry Fund Limited*)
"Group"	the Company and its subsidiaries from time to time
"GSH Completion"	the completion of the sale and purchase of the GSH Sale Shares in accordance with the GSH SPA, which took place on 21 December 2023
"GSH Sale Shares"	717,965,000 Shares held by Global Corn Bio-Chem as at the date of the GSH SPA and sold to the Joint Offerors under the GSH SPA, representing approximately 47.00% of the entire issued share capital of the Company as at the date of the GSH SPA
"GSH SPA"	the sale and purchase agreement dated 6 April 2023 entered into by the Joint Offerors and Global Corn Bio-Chem for the acquisition of the GSH Sale Shares by the Joint Offerors
"GS Retail"	Global Sweeteners Retail Investment Company Limited, a direct wholly-owned subsidiary of the Company prior to the completion of the Retail Group Disposal
"GS Trade Dalian"	大成糖業貿易發展(大連)有限公司 (Global Sweeteners Trade Development (Dalian) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company prior to the completion of the Retail Group Disposal
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Huasheng"	Hong Kong Huasheng Company Limited, a limited liability company incorporated in Hong Kong, one of the substantial Shareholders
"Jilin Cinda"	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 Huasheng"	吉林省華生商貿有限公司 (Jilin Huasheng Trading Limited*), a company incorporated in the PRC
"Jilin Huasheng Group"	Jilin Huasheng and its subsidiaries from time to time
"Jilin SASAC"	吉林省人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Jilin Province*), a PRC government body within the meaning of Listing Rules and a substantial shareholder of GBT within the meaning of Part XV of the SFO
"Jinzhou CCB"	中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank Corporation*)
"Jinzhou Yuancheng"	錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
"Joint Offerors"	collectively, Mr. Wang Tieguang and Mr. Kong Zhanpeng, the purchasers under the GSH SPA, the subscribers under the CB Subscription Agreement and the Joint Offerors under the Offer
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum and Articles of Association"	the memorandum and articles of association of the Company, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Modern Agricultural"	Modern Agricultural Industry Investment Limited
"Modern Agricultural Holdings"	Modern Agricultural Industry Investment Holdings Limited
"MT"	metric tonnes
"Nomination Committee"	the nomination committee of the Company
"Nongfa"	吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*) (formerly known as 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*)), a controlling shareholder of GBT within the meaning of Listing Rules
"Offer"	the mandatory unconditional general cash offer made by CCB International Capital Limited and China Galaxy International Securities (Hong Kong) Co., Limited for and on behalf of the Joint Offerors to acquire all of any and all of the issued Share(s) not already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them in the Offer pursuant to Rule 26.1 of the Takeovers Code immediately after the GSH Completion
"Pingliang Angus"	平涼安格斯牛業發展有限公司 (Pingliang Angus Beef Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company prior to the completion of the Retail Group Disposal

"PRC" or "China"	People's Republic of China
"PRC LLP"	吉林省現代農業產業投資基金(有限合夥)(Jilin Province Modern Agricultural Industry Investment Fund (LLP)*)
"Remuneration Committee"	the remuneration committee of the Company
"Retail Group"	GS Retail and its subsidiaries, including Beipiao GSH, Dalian Angus, GS Trade Dalian and Pingliang Angus
"Retail Group Disposal"	the disposal of the Retail Group under the Retail Group SPA
"Retail Group SPA"	the sale and purchase agreement dated 17 April 2024 entered into by an independent third party (as a purchaser) and the Company (as a seller) to transfer the Retail Group
"RMB"	Renminbi, the lawful currency of the PRC
"Ruihao (Guangzhou)"	銳豪科創商貿(廣州)有限公司 (Ruihao Property (Guangzhou) Co., Ltd.*), a company established in the PRC with limited liability
"Ruihao (Guangzhou) Group"	Ruihao (Guangzhou) and its subsidiaries from time to time
"Ruihao Master Purchase Agreement"	the agreement dated 1 January 2023 and entered into between Ruihao (Guangzhou) as supplier and Shanghai Haocheng as purchaser in relation to the purchase of corn starch and sugar syrup by Shanghai Haocheng from Ruihao (Guangzhou) for the term commencing from 1 January 2023 and ending on 31 December 2024
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Haocheng"	上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co. Ltd*), an indirect wholly-owned subsidiary of the Company
"Shares Subscriber(s)"	the six independent subscriber(s), who respectively entered into the Shares Subscription Agreement(s) with the Company on 20 December 2024
"Shares Subscription(s)"	the subscription(s) of the Subscription Shares by the Shares Subscribers pursuant to the terms and conditions of the respective Shares Subscription Agreements
"Shares Subscription Agreement(s)"	the conditional subscription agreements all dated 20 December 2024 entered into between the Company and each of the Shares Subscribers in relation to the Shares Subscriptions subject to the terms and conditions therein
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"Subscription Share(s)"	an aggregate of 41,000,000 new Shares allotted and issued by the Company at the Shares Subscription Price pursuant to the Shares Subscription Agreements
"Shares Subscription Price"	the subscription price of HK$0.1 per Subscription Share
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tiebei BOJ"	錦州銀行股份有限公司鐵北支行 (Tiebei Branch of Bank of Jinzhou Co., Ltd.*), a lender of Jinzhou Yuancheng
"Tiebei BOJ Loans"	the loans from Tiebei BOJ to Jinzhou Yuancheng with the aggregate principal amount being RMB212.5 million together with outstanding interest
"Year"	the year ended 31 December 2024
"Yuancheng CCB Loans"	the loans from Jinzhou CCB to Jinzhou Yuancheng with the aggregate principal amount being RMB188.7 million together with outstanding interest prior to transfer to Jilin Cinda
"%"	per cent.

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in this section.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Tieguang *(Joint chairman)*
Mr. Kong Zhanpeng *(Joint chairman)*
Mr. Li Fangcheng *(Appointed on 5 June 2024)*
Mr. Wang Guicheng *(Resigned on 17 January 2024)*

Non-executive Director

Mr. Tai Shubin *(Re-designated from an executive Director to a non-executive Director on 18 January 2024)*

Independent non-executive Directors

Ms. Li Guichen *(Appointed on 18 January 2024)*
Ms. Liu Ying *(Appointed on 18 January 2024)*
Mr. Lo Kwing Yu
Mr. Fan Yeran *(Resigned on 18 January 2024)*
Mr. Fong Wai Ho *(Resigned on 18 January 2024)*

COMPANY SECRETARY

Mr. Chan Sing Fai, ACG, HKACG, HKICPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1206, 12th Floor
The Metropolis Tower
10 Metropolis Drive
Hung Hom
Kowloon
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants
42nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of Jinzhou Co., Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.global-sweeteners.com

STOCK CODE

03889

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

In 2024, many countries around the world implemented relatively loose monetary policies, leading to a stabilisation of the global economy. With the inflation rates in many countries showing a downward trend, the world economy recorded a moderate growth. Despite China's gross domestic product ("**GDP**") achieved the projected growth rate of 5%, surpassing RMB130 trillion for the first time during the Year, in the international trade aspect, the import and export businesses were hindered by escalating trade tensions among some nations.

During the Year, the Group implemented a series of measures to enhance the productivity of its Shanghai production site. As a result, the sales volume from the Group's continuing operations increased by approximately 60.3%, while the consolidated revenue rose by over 40.0% year-on-year. Nevertheless, sugar prices were suppressed by abundant sugar supply in the global market. In addition, intense competition in the domestic sweetener market has led to significant adjustments in the average selling price of the Group's sweetener products. Despite reduction in the average unit production cost of sweetener products resulting from increased total production volume and lower raw material costs, the decline in production costs failed to offset the sharper drop in the selling prices of sweetener products. As such, the Group experienced a reduction in the profit margin for its sweetener segment, coupled with a year-on-year adjustment in the consolidated gross profit, leading to a decrease in the gross profit margin of the Group's continuing operations to 5.0%.

The Group dedicated efforts to improve its overall financial position during the Year through further streamlining its business structure, and completing the Retail Group Disposal and the Debt Restructuring Agreement, from which the Group recorded a total one-off gain exceeding HK$200.0 million. As a result, the Group's continuing operations recorded a net profit of approximately HK$66.6 million.

Moreover, during the Year, the Group completed the CB Subscription in two tranches, receiving a total net proceeds of RMB120.0 million, and introduced new investors to the Group. These moves not only secured funding for the resumption of operations at the Group's Jinzhou production site but also brought in synergistic resources from new strategic partners to support the Group's long-term development.

Through relentless efforts by the management team, the Group's financial position improved remarkably for the Year. Although the Group remained in a net liabilities position at the end of the Year, its net liabilities decreased significantly to approximately HK$218.3 million compared to that of the prior year. The Group will continue its negotiations with Tiebei BOJ to facilitate the debt restructuring of the Tiebei BOJ Loans, in order to further alleviate financial pressure of the Group.

OUTLOOK

In 2025, China's GDP is expected to maintain a growth rate of 5%. Domestic corn supply is projected to remain ample in 2025. Although corn prices have been declining since December 2024, the momentum is anticipated to slow down in the first half of 2025 due to increase in national reserves and changes in global corn supply. In December 2024, the Group completed the refurbishment of upstream production facilities at its Jinzhou production site, which is expected to resume operations shortly. These facilities will supply raw materials to the Group's Shanghai sweetener production site, thereby enhancing its overall operational efficiency.

Furthermore, the Group is committed to finalising the debt restructuring of the Tiebei BOJ Loans in 2025. This will further strengthen the Group's financial position and lay the foundation for securing new funding to accelerate the full resumption of production at the Jinzhou production site.

Meanwhile, the Group will closely monitor market trends and evaluate its financial position to seize opportunities for optimising operations across other production facilities in the Jinzhou region. This will enable the Group to realise optimal efficiency and economies of scale through vertical integration across the upstream and downstream sectors.

Moving forward, the Group will continue expanding its market share, diversifying its product portfolio, refining production processes, and leveraging its research and development capabilities to develop high value-added products. At the same time, the Group will consolidate its market position by capitalising on its brand awareness to build a robust and sustainable business foundation.

We would like to take this opportunity to express our heartfelt thanks to the Shareholders and all stakeholders for their continuous support. The management team will continue to lead the Group forward, promote steady business development, and create value for the Shareholders.

Wang Tieguang
Kong Zhanpeng
Joint chairmen

28 March 2025

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 Year, the global economy remained under pressure from various internal and external challenges, including ongoing geopolitical tensions, accumulating debt risk and the United States presidential election. While the PRC's economy has shown signs of stabilisation and China's GDP in 2024 increased by 5% year-on-year, meeting the Chinese government's annual economic target set at the beginning of the Year, data released by the National Bureau of Statistics of China showed that in 2024, the national consumer price index (CPI) rose by only approximately 0.2% year-on-year, and the national producer price index for industrial producers (PPI) fell 2.2% year-on-year, reflecting weak consumer sentiment and sluggish demand. The real estate market downturn continued to weigh on the overall economic recovery, making the path to full economic recovery a complex and uneven process.

According to the estimation published by the United States Department of Agriculture in February 2025, global corn production for the year 2024/25 is expected to reach 1,214.35 million MT (2023/24: 1,230.07 million MT). With the global corn supply remaining at a high level, the corn price experienced a substantial decline during 2024. The international corn price dropped below 400 cents per bushel in the second half of 2024 and closed at 451.5 cents per bushel by the end of 2024 (equivalent to RMB1,298 per MT) (end of 2023: 471.3 cents per bushel (equivalent to RMB1,336 per MT)).

In the domestic market, as a result of the increase in total planted area of corn in China by 1.2%, reaching 44.7 million hectares for the Year, China's corn output recorded an increase in 2024 to 294.9 million MT (2023: 288.8 million MT), representing a year-on-year increase of approximately 2.1% according to grain output data released by the National Bureau of Statistics of China. While the corn supply remained abundant, there had been no significant improvement in demand of downstream products, as such, corn price in the PRC dropped from RMB2,560 per MT at the end of 2023 to RMB2,082 per MT at the end of 2024.

As the corn price experienced downturn during the Year, the corn refineries showed some positive signs in terms of operating rate and profit during the Year. The atmosphere of upstream products has turned around during the Year, with the average operating rate of corn starch production in China reaching 69.26% in 2024, demonstrating an increase of 7.59% from 61.67% in 2023. The Group had seized the chance to initiate the resumption of its Jinzhou upstream production facilities and completed the refurbishment of the Jinzhou upstream production facilities (the "**Refurbishment Projects**") at the end of 2024. The Group will resume its upstream business in 2025 and continue to expand its production capacity to maintain the upstream product market presence.

As for the sugar market, global sugar production for the year 2023/24 was 183,827,000 MT (2022/23: 179,145,000 MT) with consumption estimated at 177,567,000 MT (2022/23: 176,430,000 MT). Global sugar supply has become more relaxed and the Food and Agriculture Organisation Sugar Price Index averaged 125.7 points in 2024, dropped 13.3% from 2023, which was mainly attributable to a drastic increase in exports from Brazil and the relaxation of the sugar export restriction policy implemented by Indian government during 2024.

In the China market, according to statistics from the China Sugar Association, China produced a total of 9.96 million MT of sugar and sold a total of 9.61 million MT of sugar with a production and sales rate of 96.4% in 2023/2024 sugar production period. Domestic sugar price in the PRC decreased to RMB6,277 per MT by the end of 2024 (end of 2023: RMB6,758 per MT). The decline in sugar prices, coupled with the fierce competition in the corn sweetener market, have driven down the corn sweetener prices and directly impacted the Group's profitability. As a result, the Group's gross profit of the sweetener segment decreased by 14.5% year-on-year to approximately HK$31.3 million.

With the completion of renovation of the Group's Shanghai production facilities and the Refurbishment Projects, the Group will diversify its revenue streams in the short run. Once the Group's upstream operations resume, the Group will benefit from the synergistic effect between its upstream and downstream operations, thereby improving operational efficiency, enhancing control over raw material costs for downstream products, and increasing overall flexibility.

In the long run, the Group will resume its Jinzhou downstream production facilities while balancing its market presence, as well as strengthening its market position with better utilisation of its brand name, striving to provide excellent customer service and being customer-oriented to better understand their ever-changing demands and product requirements, and further improve cost effectiveness and product mix through continuous research and development efforts.

FINANCIAL PERFORMANCE

Continuing Operations

During the Year, the Group focused on the operation of its Shanghai production site and endeavored to facilitate the resumption of the Group's Jinzhou upstream production facilities. Consequently, the sales volume and consolidated revenue of the Group increased by approximately 60.3% and 41.4% to approximately 186,000 MT (2023: 116,000 MT) and HK$623.5 million (2023: HK$440.8 million), respectively during the Year. On the other hand, the average unit production cost of sweetener products decreased by approximately 9.4% as a result of the decrease in the average unit price of raw materials. However, due to the intense market competition in the sweeteners segment and the narrowing of the gap between domestic sugar production and demand, the average unit selling price of sweeteners products dropped by approximately 12.5% during the Year. As such, the gross profit margin of the Group decreased by 3.3 percentage points to 5.0% (2023: 8.3%), and the consolidated gross profit of the Group for the Year decreased by approximately 14.5% to approximately HK$31.3 million (2023: HK$36.6 million).

Upstream products

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

During the Year, 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 Year. No internal consumption of corn starch was recorded during the Year (2023: Nil). The Group has kick-started the preparation of resumption of its Jinzhou upstream production facilities during the Year, and the Refurbishment Projects have been completed at the end of 2024. As such, the Group expects that the sale of corn starch and other corn refined products will resume in 2025.

Corn sweeteners

Corn syrup

(Sales amount: HK$498.3 million (2023: HK$383.1 million))
(Gross profit: HK$22.5 million (2023: HK$31.8 million))

During the Year, the revenue of the corn syrup segment increased by approximately 30.1% to approximately HK$498.3 million (2023: HK$383.1 million). Such increase was mainly attributable to the increase in sales volume by approximately 46.5% to approximately 145,000 MT (2023: 99,000 MT) as the Group focused on the operation of its Shanghai production site and strived to maximise its production capacity. Yet, the average selling price of corn syrup products dropped at an even faster rate than the average production cost of corn syrup products during the Year. The corn syrup segment, therefore, recorded gross profit of approximately HK$22.5 million (2023: HK$31.8 million) for the Year, with gross profit margin decreased to 4.5% (2023: 8.3%).

Corn syrup solid

(Sales amount: HK$125.2 million (2023: HK$57.7 million))
(Gross profit: HK$8.8 million (2023: HK$4.8 million))

During the Year, the Group sold approximately 41,000 MT (2023: 17,000 MT) of corn syrup solid, which was entirely maltodextrin. The revenue of maltodextrin increased by approximately 117.0% to HK$125.2 million (2023: HK$57.7 million) which was attributable to the increase in production volume during the Year as the Group focused on the operation of its Shanghai production site and strived to maximise its production capacity. The gross profit of the corn syrup solid segment increased to approximately HK$8.8 million (2023: HK$4.8 million). However, due to the intense market competition, the selling price of corn syrup solid dropped by 10.4% while the average production cost of corn syrup solid dropped by 9.2% during the Year. As such, the gross profit margin of the corn syrup solid segment during the Year decreased to 7.0% (2023: 8.3%).

Export sales

During the Year, export sales accounted for approximately 1.1% (2023: 2.3%) of the Group's total revenue. The Group exported approximately 1,700 MT (2023: 2,500 MT) of corn sweeteners which amounted to sales of approximately HK$6.6 million (2023: HK$10.2 million) during the Year.

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$42.2 million in relation to the Retail Group Disposal and other income and gains of the Group increased drastically by approximately 549.6% to approximately HK$74.7 million (2023: HK$11.5 million).

Selling and distribution costs

During the Year, the selling and distribution costs increased by approximately 15.4% to approximately HK$33.8 million (2023: HK$29.3 million), accounting for approximately 5.4% (2023: 6.6%) of the Group's revenue. Such increase was mainly attributable to the increase in sales volume during the Year.

Administrative expenses

During the Year, administrative expenses increased by approximately 6.9% to approximately HK$66.7 million (2023: HK$62.4 million). Such increase was mainly attributable to the increase in salaries for preparation of resumption of the Group's Jinzhou production site.

Other expenses

Other expenses of the Group increased to approximately HK$81.3 million (2023: HK$58.1 million) during the Year. Such increase was mainly attributable to the increase in repair and maintenance expense of existing plant and equipments for resumption of the Group's Jinzhou production site.

Finance costs

During the Year, finance costs of the Group decreased by approximately 18.4% to approximately HK$34.6 million (2023: HK$42.4 million) which was mainly attributable to the completion of the Debt Restructuring Agreement during the Year which significantly decreased the interest-bearing borrowings of the Group.

Income tax credit

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK$9.4 million (2023: HK$4.4 million) during the Year. Meanwhile, as all the subsidiaries of the Group recorded tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the Year, no income tax expenses were recorded for the Year (2023: Nil). As a result, the Group recorded tax credit of approximately HK$9.4 million (2023: HK$4.4 million) during the Year.

Discontinued Operations

Upon the Dihao Completion, the financial results of Dihao Companies were no longer consolidated into the consolidated financial statements of the Group and the financial results of Dihao Companies of 2023 have been classified as discontinued operations in the prior year's consolidated financial statements of the Group.

Net profit attributable to owners of the Company arising from continuing operations

Despite the decrease in gross profit, the Group recognised a one-off gain from completion of the Retail Group Disposal and a one-off gain from the completion of the Debt Restructuring Agreement of approximately HK$42.2 million and HK$167.6 million, respectively. As such, the Group recorded a net profit of the Company arising from continuing operations of approximately HK$66.6 million (2023: net loss of the Company arising from continuing operations of approximately HK$139.8 million) with EBITDA arising from continuing operations (i.e. earnings before interest, taxation, depreciation and amortisation) of approximately HK$124.7 million (2023: LBITDA arising from continuing operations (i.e. loss before interest, taxation, depreciation and amortisation) of approximately HK$39.3 million) during the Year.

Along with the completion of the CB Subscription and the introduction of various investors, 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 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 borrowings of the Group as at 31 December 2024 decreased by approximately HK$186.2 million to approximately HK$254.7 million (31 December 2023: HK$440.9 million). The decrease in total borrowings was mainly attributable to the completion of the Debt Restructuring Agreement in January 2024 for the settlement of loans in approximately HK$203.1 million and the exchange gains adjustment of approximately HK$11.8 million during the Year; partially offset by the additional loans granted by 南洋商業銀行(中國)有限公司上海分行 (Nanyang Commercial Bank (China), Limited Shanghai Branch*) ("**Shanghai Nanyang**") and 上海閔行上銀村鎮銀行股份有限公司 (Shanghai Minhang BOS Rural Bank*) in the aggregate amount of approximately HK$28.7 million. On the other hand, cash and bank balances which were mainly denominated in Renminbi and Hong Kong dollars decreased by approximately HK$8.5 million to approximately HK$5.1 million (31 December 2023: HK$13.6 million, mainly denominated in Renminbi and Hong Kong dollars) as at 31 December 2024. Consequently, the net borrowings of the Group decreased to approximately HK$249.6 million (31 December 2023: HK$427.3 million).

Structure of interest-bearing bank and other borrowings

As at 31 December 2024, the Group's bank and other borrowings of approximately HK$254.7 million (31 December 2023: HK$440.9 million) were all (31 December 2023: all) 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 31 December 2024, interest-bearing bank and other borrowings amounted to approximately HK$242.0 million (31 December 2023: HK$233.5 million) have been charged at fixed interest rates of 4.9% to 8.0% (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.

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 Rights attached to the Convertible Bonds at an initial Conversion Price of HK$0.1 per Conversion Share, with an aggregate nominal value of HK$138,000,000 based on the nominal value of HK$0.1 per 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 represented a premium of approximately 16.3% over the closing price of HK$0.086 per Share as quoted on the Stock Exchange on 6 April 2023, being the date of the CB Subscription Agreement. The net proceeds from the issue of the Convertible Bonds is RMB120.0 million. 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 Joint Offerors 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 had been issued to the Joint Offerors, with each of them holding the Convertible Bonds in the principal amount of RMB30.0 million upon the CB First Completion. 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 31 December 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 the Joint Offerors 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. On 24 May 2024, Huasheng exercised the Conversion Rights 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 as announced by the People's Bank of China on the date of conversion pursuant to the terms and conditions of the Convertible Bonds. All Conversion Shares rank pari passu in all respects among themselves and with all other existing Shares in issue.

On 18 July 2024, the Company and the Joint Offerors 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 had been issued to the Joint Offerors with each of them acquiring additional Convertible Bonds in the principal amount of RMB30.0 million. Upon the CB Second Completion, each of the Joint Offerors held the outstanding Convertible Bonds in the principal amount of RMB39.0 million each. Subsequent to the CB Second Completion, the Company was notified by the Joint Offerors that each of them had 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. The gross proceeds and net proceeds from the issue of the Convertible Bonds upon the CB Second Completion of RMB60.0 million, as set out in the Change in Use of Proceeds Announcement, were intended to be applied towards the preparation for the resumption of Jinzhou production facilities, and had been utilised in full accordingly as at 31 December 2024.

As a result, the Convertible Bonds issued upon the CB First Completion and the CB Second Completion which remained outstanding as at 31 December 2024 were divided into liability component and derivative financial instrument component which amounted to approximately HK$44.7 million and HK$40.8 million (31 December 2023: Nil and Nil) respectively and effective imputed interest of approximately HK$6.3 million (2023: Nil) was charged as at 31 December 2024.

On 13 January 2025, Mr. Wang Tieguang had exercised his rights under the terms and conditions of the Convertible Bonds to transfer the Convertible Bonds with principal amount of RMB3.0 million to Mr. Cui Jilong, an independent investor, in accordance with the terms and conditions of the Convertible Bonds. As at the date of this report, each of Mr. Kong Zhanpeng, Mr. Wang Tieguang, Huasheng and Mr. Cui Jilong held the outstanding Convertible Bonds in the principal amount of RMB29.0 million, RMB26.0 million, RMB29.0 million and RMB3.0 million, respectively.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 30 to 90 days, are granted to the Group's customers depending on their credit worthiness and business relationships with the Group. During the Year, trade receivables turnover days decreased to approximately 41 days (31 December 2023: 56 days) as the Group had maintained a stringent credit control during the Year.

During the Year, trade payables turnover days decreased to approximately 83 days (31 December 2023: 125 days) as the Group had settled a portion of payables by using the proceeds from the CB First Completion during the Year.

As at 31 December 2024, the Group's inventory turnover days decreased to approximately 21 days (31 December 2023: 31 days) as the Group increased stock out frequency to enhance the liquidity of the Group.

As at 31 December 2024, the current ratio and quick ratio were approximately 0.17 (31 December 2023: 0.23) and approximately 0.13 (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 59.8% (31 December 2023: 76.6%), which was mainly attributable to the improvement of net liabilities of the Group as a result of the completion of the Debt Restructuring Agreement during the Year.

SIGNIFICANT INVESTMENTS

The Group had no significant investments as at 31 December 2024 and no future plans for material investments or capital assets as at the date of this report.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Year.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK$254,734,000 (2023: HK$233,517,000) were secured by pledge of certain property, plant and equipment of the Group which amounted to approximately HK$262,313,000 (2023: HK$191,836,000).

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 accounting for approximately 1.1% (2023: 2.3%) of the Group's revenue in which most of these transactions were denominated in US Dollars. The Board 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.

IMPORTANT TRANSACTION DURING THE YEAR

The Boilers Refurbishment Contract

Reference is made to the announcement of the Company dated 2 August 2024. Jinzhou Yuancheng and 北京利德衡環保工程有限公司 (Beijing Lideheng Environmental Protection Engineering Co., Ltd.*) ("**Beijing Lideheng**") (as contractor) entered into the boilers refurbishment contract (the "**Boilers Refurbishment Contract**") for the provision of repair, remodeling and construction services by Beijing Lideheng in relation to the boilers located in the Group's Jinzhou production site for the lowering of pollutants emissions (the "**Boilers Refurbishment Project**") for a contract sum of RMB26,960,000 on 2 August 2024. The Boilers Refurbishment Contract will expire after 120 calendar days commencing from the first day of on-site construction. As at the date of this report, the Boilers Refurbishment Project has been completed.

Mandatory unconditional general offer

Upon the GSH Completion, the Joint Offerors and the parties acting in concert with them became interested in a total of 777,673,000 Shares, representing approximately 50.91% of the then entire issued share capital of the Company. The Joint Offerors and the parties acting in concert with them were therefore required to make the Offer pursuant to Rule 26.1 of the Takeovers Code. CCB International Capital Limited and China Galaxy International Securities (Hong Kong) Co., Limited made the Offer 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. The offer price was HK$0.06 in cash for every offer share, which 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 the parties acting in concert with them became interested in a total of 779,016,430 Shares, representing approximately 51.00% of the then 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, the circular of the Company dated 31 May 2023 and the Composite Document.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

The Shares Subscriptions

In order to raise fund for general working capital purposes and relieve immediately the financial pressure of the Company, the Company entered into separate Share Subscription Agreements with each of the Shares Subscribers on 20 December 2024. Pursuant to the Shares Subscription Agreements, the Shares Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 41,000,000 Subscription Shares at the Shares Subscription Price of HK$0.1 per Subscription Share, which is the same as the closing price of HK$0.1 per Share as quoted on the Stock Exchange on 20 December 2024, being the date of the Shares Subscription Agreements. The Subscription Shares, with a nominal value of HK$4,100,000 based on the nominal value of HK$0.10 per Share, represent 2.17% of the total issued share capital of the Company immediately before the completion of the Shares Subscriptions and approximately 2.12% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds from the Shares Subscriptions amounts to approximately HK$4,100,000. The net proceeds from the Shares Subscriptions (after deduction of the relevant expenses) is approximately HK$4,000,000, representing a net issue price of approximately HK$0.098 per Subscription Share. The Company intends to use the net proceeds from the Shares Subscriptions as follows: approximately (i) HK$2.0 million for repayment of other payables due to the equipment supplier of the Group's Jinzhou production site; and (ii) HK$2.0 million to fund for general administration expenses of the Group, i.e. salaries and professional fees. The completion of the Shares Subscriptions has taken place on 10 January 2025. As at the date of this report, the net proceeds from the Share Subscriptions had been utilised in full in accordance with the intentions previously disclosed by the Company. For further details of the Shares Subscriptions, please refer to the announcements of the Company dated 20 December 2024, 24 December 2024 and 10 January 2025.

FUTURE PLANS AND PROSPECTS

With respect to the operating aspect of the Group, upon the completion of the Refurbishment Projects, the Group will continue to maximise the upstream production capacity of the Jinzhou production site to enhance market presence in 2025. Meanwhile, the Group will diversify its product mix and develop high value-added products to maintain market competitiveness and introduce strategic business alliance with prominent market leaders.

In addition, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies as to resumption of the Group's Jinzhou downstream production facilities to benefit from the synergistic effect between the upstream and downstream operations in its Shanghai production site and Jinzhou production site.

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

With respect to the financial position of the Group, the Group will endeavour to facilitate the debt restructuring of the Tiebei BOJ Loans in 2025 to improve the financial position of the Group and resume its debts financing ability with the aim to obtain various new banking facilities for further enhancement of the Group's cash flow.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2024, the Group had approximately 530 (2023: 620) full time employees in Hong Kong and in 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. For the Year, staff costs of continuing operations (including Directors' remuneration) of the Group amounted to approximately HK$60,655,000 (2023: approximately HK$64,183,000).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Tieguang, aged 59, was appointed as an executive Director and the joint chairman of the Board on 28 December 2023. Mr. Wang has over 31 years of extensive experience in sales and marketing. Mr. Wang holds a bachelor's degree in economics from Heilongjiang University. Mr. Wang was an executive director of GBT from September 2000 to September 2010.

Mr. Kong Zhanpeng, aged 61, was appointed as an executive Director and the joint chairman of the Board on 28 December 2023. Mr. Kong has over 31 years of extensive experience in industrial industry, corporate development and management. Mr. Kong holds a bachelor's degree in textile engineering and a diploma in international trade from China Textile University (currently known as Donghua University). Mr. Kong is one of the founders of GBT. Mr. Kong was an executive director of GBT from May 2000 to September 2007 and from December 2013 to May 2014, the chief executive officer of GBT from October 2015 to October 2018 and the chief economist of GBT from December 2018 to December 2019. Mr. Kong was also an executive Director from June 2006 to December 2018. Mr. Kong has been appointed as an independent non-executive director of JX Energy Ltd., a company incorporated in Alberta with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03395), since 1 August 2023.

Mr. Li Fangcheng, aged 35, graduated from the applied technology college of Jilin University in July 2011, majoring in sales and marketing. Mr. Li has over 12 years of experience in diversified industry development and innovation management. Mr. Li has been working at 吉林省華生交電集團有限公司 (Jilin Province Huasheng Jiaodian Group Company Limited*) as the vice chairman since October 2011. Concurrently, since January 2018 and November 2023, respectively, Mr. Li has also been serving as the deputy general manager of Jilin Huasheng and the director of Huasheng. Mr. Li was appointed as an executive Director on 5 June 2024, and has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 5 June 2024. Mr. Li has confirmed that he understood his obligations as a director of a listed issuer.

NON-EXECUTIVE DIRECTOR

Mr. Tai Shubin, aged 44, was appointed as an executive Director on 17 December 2020 and re-designated to a non-executive Director on 18 January 2024. Mr. Tai graduated from 吉林工商學院 (Jilin Business and Technology College*) (formerly known as 吉林糧食高等專科學校 (Jilin Grain College*)) in July 2004 majoring in financial management. In December 2014, he obtained a bachelor's degree in social work and management from Jilin University. Mr. Tai qualified as a senior management accountant (高級管理會計師) in the PRC in October 2020 and an International Certified Public Accountant from 中國企業財務管理協會 (Enterprise Financial Management Association of China) in September 2021. Mr. Tai has over 19 years of experience in accounting and financial management and served in various capacities in different state-owned enterprises in Jilin Province's agricultural sector, including 吉林吉糧平安米業有限公司 (Jilin Jiliang Ping'an Rice Industry Co., Ltd.*), 吉林糧食資產管理有限公司 (Jilin Grain Asset Management Co., Ltd.*) and Nongfa. Mr. Tai has been a director of Nongfa from August 2016 to February 2022. Mr. Tai was also the financial controller for mainland China region of GBT between July 2018 and October 2022 and has been promoted to the deputy general manager for mainland China region of GBT in October 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Guichen, aged 48, obtained a bachelor's degree from the Department of Computer Science of Jilin University in July 2003. Ms. Li is currently a member of the Chinese Institute of Certified Public Accountants. Ms. Li joined Changchun Municipal Construction (Group) Co., Ltd as an accountant in November 1995, and subsequently worked as the head of audit department at 北京中瑞誠會計師事務所吉林分所 (Jilin Branch of Beijing Horizon Certified Public Accountants Co., Ltd*) from September 2005 to September 2009. Following that, Ms. Li consecutively served as the financial controller of two private companies in the PRC from September 2009 to September 2019. Since September 2019, Ms. Li has been serving at 吉林嘉泰會計師事務所 (Jilin Jiatai Accounting Firm*) as deputy general manager. Ms. Li was appointed as an independent non-executive Director on 18 January 2024.

Ms. Liu Ying, aged 47, graduated from the Peking University Law School with a master's degree in law in July 2008. Ms. Liu is currently a practising lawyer in the PRC. Ms. Liu joined 吉林關東律師事務所 (Jilin Guandong Law Firm*) as a lawyer in February 2010, and subsequently served as a senior partner at 北京東易(長春)律師事務所 (Beijing Dongyi (Changchun) Law Firm*) from February 2012 to March 2016. Since March 2016, Ms. Liu has been serving as the senior partner of 北京大成(長春)律師事務所 (Beijing Dacheng Law Offices, LLP (Changchun)*). Ms. Liu was appointed as an independent non-executive Director on 18 January 2024.

Mr. Lo Kwing Yu, aged 61, holds a bachelor's degree in law and economics from the University of Keele, United Kingdom. Mr. Lo is a solicitor and has been in private practice in Hong Kong since 1995. He was first admitted as a solicitor in England and Wales and then admitted as solicitor of the Supreme Court of Hong Kong and of the Eastern Caribbean Supreme Court in the Territory in the Virgin Islands. Mr. Lo is a partner of Messrs. Ho and Ip. Mr. Lo was appointed as an independent non-executive Director on 3 March 2014.

SENIOR MANAGEMENT

Mr. Wang Hui, aged 59, is the chief executive officer of the Company. He obtained a bachelor's degree in polymer materials engineering from the Qiqihar University in July 1988. From July 1988 to August 1996, Mr. Wang worked at 黃龍食品工業技術開發有限公司 (Huanglong Food Industry Technology Development Co., Ltd.*) and then joined various subsidiaries of GBT from August 1996 to August 2008 as general managers. Mr. Wang then worked at 天成玉米開發有限公司 (Tiancheng Corn Development Co., Ltd.*) as a general manager from August 2008 to February 2024. Mr. Wang has over 35 years of experience in management and production in the corn refinery industry. Mr. Wang is also a certified senior engineer in the PRC.

Mr. He Xiaoming, aged 51, is the deputy general manager of the Group's Shanghai production site. Mr. He attained a bachelor's degree with honours in accountancy from Jiangxi University of Technology in 2016. He joined the Group in December 2000 and served as accounting supervisor in Shanghai Haocheng. Mr. He has over 31 years of experience in finance and accounting.

Mr. Chan Sing Fai, aged 41, is the financial controller and company secretary of the Company, and has over 16 years of experience in the related fields of finance, auditing, accounting and corporate governance practices. Mr. Chan graduated from the Hong Kong Polytechnic University with a bachelor's degree with honours in accountancy in 2007 and attained a master's degree in Corporate Governance from the Hong Kong Polytechnic University in 2015. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and an associate member of The Hong Kong Chartered Governance Institute. Mr. Chan has served the Group for over 12 years. He has also been serving as the company secretary and the financial controller of GBT since April 2018.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

The Company is committed to ensuring high standards of corporate governance at all times and in all areas of its operations. The Board believes that good corporate governance is essential in enhancing the confidence of the current and potential Shareholders, investors, employees, business partners and the community as a whole. As such, the Group is striving to achieve the objectives of (1) providing quality food and excellent service to meet the needs of the customers; (2) protecting the investment of the Shareholders; and (3) promoting the sustainable development of the Company for the society. In order to facilitate the objectives of the Group, the Group has established, among others, different departments and teams to promote and maintain high standards of corporate governance, for instance, the Environmental, Social and Governance ("**ESG**") working group, risk management and internal audit department. The Board (including the independent non-executive Directors) is responsible for the monitoring and supervising of the functions of the teams. The Directors believe that the effectiveness of risk management analysis, internal control policy and ESG functions shall enhance the day-to-day operations of the Group, including products safety review, strategy development, business planning, capital allocation and investment decisions.

COMPLIANCE WITH THE CG CODE AND THE MODEL CODE

To the best knowledge and belief of the Board, the Company has applied and complied with all code provisions in part 2 of the CG Code during the Year.

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out by 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 during the Year.

BOARD OF DIRECTORS

The individual attendance record of the Directors at Board meetings, Board committee meetings and general meetings during the Year are as follows:

	Meetings held and attended by the Directors							
Name of Directors	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	CCT Executive Committee meeting (j)	CCT Supervisory Committee meeting (k)	Corporate Governance Committee meeting	AGM
Executive Directors								
Wang Tieguang *(Joint chairman)* (a)	12/18							1/1
Kong Zhanpeng *(Joint chairman)* (b)	12/18		4/4	5/5			2/2	1/1
Li Fangcheng (c)	6/9							1/1
Wang Guicheng (d)	–		–	–			–	–
Non-executive Director								
Tai Shubin (e)	17/18							1/1
Independent Non-executive Directors								
Li Guichen (f)	17/17	3/3				–	2/2	1/1
Liu Ying (g)	16/17	3/3	3/3	4/4		–	2/2	1/1
Lo Kwing Yu	18/18	3/3	4/4	5/5		–		1/1
Fan Yeran (h)	1/1	–	1/1	1/1		–	–	–
Fong Wai Ho (i)	1/1	–				–	–	–

Remarks:

(a) Mr. Wang Tieguang absented from six Board meetings during the Year, as he was required to abstain from voting and be absent from the meetings after disclosure of his conflict of interest.

(b) Mr. Kong Zhanpeng absented from six Board meetings during the Year, as he was required to abstain from voting and be absent from the meetings after disclosure of his conflict of interest.

(c) Mr. Li Fangcheng was appointed as an executive Director on 5 June 2024. Mr. Li absented from three Board meetings during the Year, as he was required to abstain from voting and be absent from the meetings after disclosure of his conflict of interest.

(d) Mr. Wang Guicheng resigned as an executive Director on 17 January 2024.

(e) Mr. Tai Shubin was re-designated from an executive Director to a non-executive Director on 18 January 2024.

(f) Ms. Li Guichen was appointed as an independent non-executive Director and the chairman of each of the Audit Committee, the Corporate Governance Committee and the CCT Supervisory Committee on 18 January 2024.

(g) Ms. Liu Ying was appointed as an independent non-executive Director and the chairman of the Remuneration Committee, a member of each of the Audit Committee, the Nomination Committee, the Corporate Governance Committee and the CCT Supervisory Committee on 18 January 2024.

(h) Mr. Fan Yeran resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee, a member of each of the Audit Committee, the Nomination Committee, the Corporate Governance Committee and the CCT Supervisory Committee on 18 January 2024.

(i) Mr. Fong Wai Ho resigned as an independent non-executive Director and ceased to be the chairman of each of the Audit Committee, the Corporate Governance Committee and the CCT Supervisory Committee on 18 January 2024.

(j) During the Year, members of the CCT Executive Committee were members of the senior management of the Group. The CCT Executive Committee was abolished with effect from 31 January 2024.

(k) No CCT Supervisory Committee meeting was held during the Year as no master agreements had been entered between the Group and GBT Group which were required to comply with the rules and guidelines set out by the CCT Supervisory Committee. The CCT Supervisory Committee was abolished with effect from 31 January 2024.

As of the date of this report, the Board comprises seven Directors, being three executive Directors, one non-executive Director and three independent non-executive Directors. There is no relationship (including financial, business, family or other material/relevant relationship) between any of the Directors. Details of the biographies of individual Directors and their range of specialist experience and expertise are set out on page 22 to page 23 of this report. Ms. Li Guichen and Ms. Liu Ying were appointed as independent non-executive Directors on 18 January 2024, and Mr. Li Fangcheng was appointed as executive Director on 5 June 2024. Ms. Li, Ms. Liu and Mr. Li have obtained the legal advice as referred to Rule 3.09D of the Listing Rules on 17 January 2024, 17 January 2024 and 5 June 2024 respectively, and each of them has confirmed that he/she understood his/her obligations as a director of a listed issuer.

The Company believes its independent non-executive Directors comprise a synergy of accounting and legal experts. The Board believes such composition is ideally qualified to advise the management team on future strategic development, financial and other statutory requirements, and to safeguard the Shareholders' interest.

The Company has established sound mechanism(s) to ensure that the Board has a strong independent element and that independent views and input are available to the Board, and the mechanism(s) will be reviewed annually time to time to ensure their effectiveness. The mechanism(s) for enhancing the independence of the Board are incorporated in our recruitment and selection process of independent non-executive Directors as set out below:

Recruitment process of independent non-executive Directors

When recruiting independent non-executive Directors, other than considering and assessing the independence of the candidates according to the independence requirements as set out under Rule 3.13 of the Listing Rules, the Company will give special consideration to the time the candidates for the role of independent non-executive Directors can devote and/or contributions they can bring to the Company, as well as their professional qualifications. In considering the suitability of each candidate, the Company will take into account the time each candidate can spend in attending to the matters of the Company. With respect to this, the Company will consider the time spent/contributed by each candidate in other roles taken up by them, including:

- directorship(s) at other issuer(s) undergoing a period with particularly active transactions, such as acquisition(s) or takeover(s);
- chairing the board(s) and/or board committee(s) of other issuer(s);
- membership(s) of board committee(s) of other issuer(s);
- acting as chief executive officer or full-time executive director for other issuer(s); and
- being an independent non-executive director for multiple boards and taking up significant commitments at governmental or non-profit making organisations.

On top of the above, areas of expertise and skills the Company considers for each candidate for the role of individual independent non-executive Directors may include accounting and auditing, compliance, ethics, internal controls, legal, risk management, technical knowledge, people management, business strategy and investments. The Company will also take into consideration whether the relevant expertise of each candidate is consistent with the Company's corporate culture, values and strategies.

Number of independent non-executive Directors

According to Rules 3.10 and 3.10A of the Listing Rules, the Board must: (1) include at least three independent non-executive Directors and at least one of the them must have appropriate professional qualifications or accounting or related financial management expertise; and (2) appoint independent non-executive Directors representing at least one-third of the Board. In compliance with the abovementioned Listing Rules, during the Year and as at the date of this report, the Board has three independent non-executive Directors, representing more than one-third of the Board. Mr. Fong Wai Ho, being an independent non-executive Director who resigned on 18 January 2024, is a member of the HKICPA, and Ms. Li Guichen, being an independent non-executive Director appointed on 18 January 2024, is a member of the Chinese Institute of Certified Public Accountants. Both Mr. Fong and Ms. Li have the appropriate professional accounting qualifications and related financial management experience.

External independent professional advice

In order to ensure that independent views are available to the Directors, the Directors, in addition to their own expert advice, may also obtain external independent professional advice to assist them when carrying out their duties.

Annual review of the independence of independent non-executive Directors

The Company reviews the independence of independent non-executive Directors at least annually (including requiring each independent non-executive Director to confirm through the execution of an independence declaration confirmation letter) and reviews the number and composition (including skills, knowledge and experience) of the independent non-executive Directors, and makes recommendations in relation to the appointment, re-election or removal of independent non-executive Directors in accordance with the Company's strategy and proposes changes to the Board.

The Board has received written confirmation from each independent non-executive Director regarding each of their independence pursuant to Rule 3.13 of the Listing Rules. Based on the above, as of the date of this report, the Company considers all independent non-executive Directors to be independent.

BOARD DIVERSITY

The Company recognises and embraces the benefits of building a diverse and inclusive Board, and has adopted the board diversity policy to increase diversity at Board level continuously, in order to achieve and maintain its sustainable development and competitive advantage.

The board diversity policy has been considered from a range of diversity perspectives, including but not limited to race, gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. These aspects will be considered in determining the optimum composition of the Board and should be balanced appropriately when possible and necessary. The Nomination Committee will monitor the implementation and effectiveness of the board diversity policy and report to the Board annually.

Underpinned by meritocracy, the Board appointments will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Board annually discusses and establishes measurable objectives for achieving diversity on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

With reference to the business needs of the Group, the following measurable objectives have been set for implementing the board diversity policy:

1) A prescribed proportion of directors of a different gender on the Board;

2) A prescribed proportion of independent non-executive Directors on the Board;

3) A prescribed proportion of members on the Board holding bachelor's degree or above;

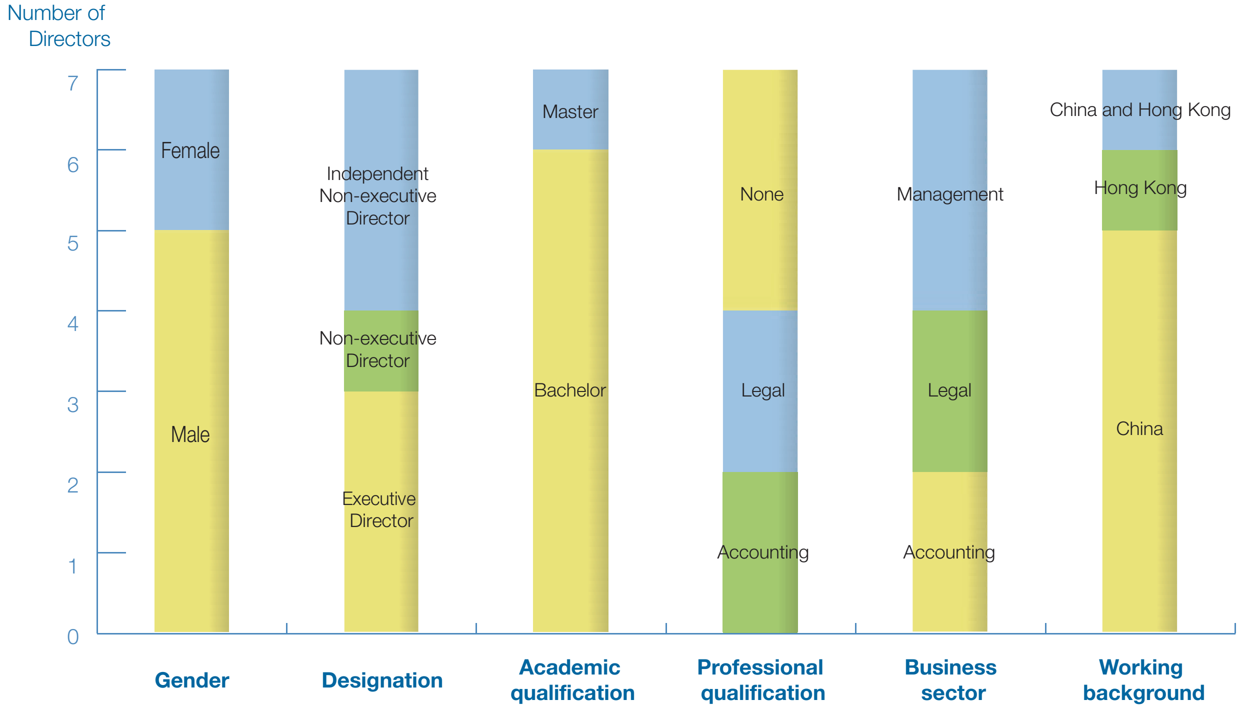
4) A prescribed proportion of members on the Board possessing accounting or other professional qualifications;

5) A prescribed proportion of members on the Board possessing experience in the industry he/she is specialised in; and

6) A prescribed proportion of members on the Board possessing China-related work experience.

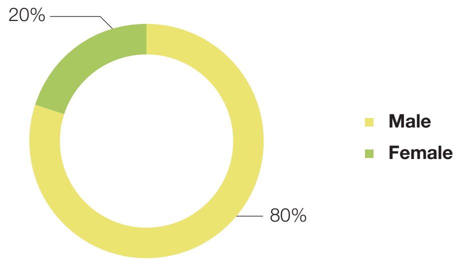
Based on its review, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the board diversity policy of the Company during the Year and as at the date of this report.

Up to the date of this report, composition of the Board is disclosed as below:



As at the date of this report, the Board consisted of two female Directors and five male Directors, the Board is of the view that gender diversity has been achieved at Board level. The Board shall continue to cooperate with the Nomination Committee to identify potential successors to the Board in accordance with the board diversity policy.

The below chart shows an overview of the Group's employment structure in terms of gender diversity (including senior management) as at 31 December 2024:



As at 31 December 2024, the Group's male and female staff accounted for approximately 80% and 20% of its total staff headcount, respectively. Given the nature of the Group's business and the industry the Group operates in, which remain heavily reliant on machine operation and manual labour, the Board is of the view that staff gender diversity has been attained. The Group is not aware of any factors and conditions that would render gender diversity for all employees (including senior management) more challenging or irrelevant.

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operation and financial performance. Measures have been taken to ensure the Board receives all necessary and up to standard information in a timely manner in order to effectively discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Topics discussed at these quarterly Board meetings included but not limited to: overall strategies, enterprise risk management and internal control, major acquisitions and disposals, annual budgets, interim and annual results, recommendations on appointment(s) or reappointment(s) of the Directors, matters relating to share capital, approval of major capital projects, dividend policies, and other significant operational and financial matters. All businesses transacted at individual Board meetings are recorded in the minutes of the respective meeting. All Board members have access to the advice and services of the company secretary of the Company. If necessary, the Directors also have resource to external professional advice at the Company's expense. During the intervals between Board meetings, individual Directors are provided with appraisals of all major changes that may affect the Group's businesses.

All new directors, if any, will receive a comprehensive, formal and tailored induction on appointment including but not limited to: their duties, responsibilities and obligations as a director of a listed company. Newly-appointed directors will also receive any briefing and professional development necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities as Directors under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. Newly-appointed directors are also encouraged to discuss with the chairmen of the Company any additional information or training they may require, in order to discharge their duties in a more effective manner.

In accordance with the Articles of Association, every member of the Board shall retire by rotation at the AGM at least once every three years. The retiring Directors shall be eligible for re-election at the same AGM.

Directors' training

Pursuant to the CG Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Year, the Directors have participated in the following trainings:

	Type of trainings	
	A	B
Executive Directors		
Wang Tieguang		✓
Kong Zhanpeng		✓
Li Fangcheng *(Appointed on 5 June 2024)*		✓
Wang Guicheng *(Resigned on 17 January 2024)*		✓
Non-executive Director		
Tai Shubin *(Re-designated from an executive Director to a non-executive Director on 18 January 2024)*		✓
Independent non-executive Directors		
Li Guichen *(Appointed on 18 January 2024)*		✓
Liu Ying *(Appointed on 18 January 2024)*		✓
Lo Kwing Yu		✓
Fan Yeran *(Resigned on 18 January 2024)*		✓
Fong Wai Ho *(Resigned on 18 January 2024)*		✓

A: Seminars/conferences relevant to the Directors' duties and responsibilities

B: Reading materials given by the Company relating to the Company's business and regular updates on the Listing Rules and other applicable regulatory requirements relevant to the Directors' duties and responsibilities

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer of the Company are separate and exercised by different persons. As at the date of this report, each of Mr. Wang Tieguang and Mr. Kong Zhanpeng is the joint chairman of the Company who are mainly responsible for providing leadership and directions to the Board. In addition, the roles of the Mr. Wang Tieguang and Mr. Kong Zhanpeng are clearly defined and segregated. Mr. Kong Zhanpeng primarily focuses on the business development strategy and direction of the Group, while Mr. Wang Tieguang primarily focuses on customer relationship and the development of products of the Group. Mr. Wang Hui is the chief executive officer of the Company and is responsible for the management of the operations of the Group. The Board believes that the establishment of joint chairmanship structure of the Board and the separation of the roles and responsibilities between Mr. Kong Zhanpeng and Mr. Wang Tieguang, collectively as the joint chairmen of the Board, and Mr. Wang Hui as the chief executive officer of the Company can enhance the Company's corporate governance. The Board will review the effectiveness of this joint chairmanship structure from time to time.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Ms. Li Guichen, Ms. Liu Ying and Mr. Lo Kwing Yu were appointed as the independent non-executive Directors for an initial term of two years. With effect from 18 January 2024, Mr. Tai Shubin was re-designated as a non-executive Director for an initial term of one year. The terms of the non-executive Director and the independent non-executive Directors are renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current terms of appointments, unless terminated by not less than three months' notice in writing served by either party at any time during the then existing term.

DIRECTORS' AND OFFICER'S LIABILITY INSURANCE AND INDEMNITY

The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the senior management team against any legal liability arising from the performance of their duties.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

During the Year, the Directors' remuneration were as follows:

	2024 HK$'000	2023 HK$'000
Fees	**2,004**	599
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	–
Pension scheme contributions	**–**	–
	2,004	599

(a) Independent non-executive Directors

The independent non-executive Directors' fees during the Year were as follows:

	2024 HK$'000	2023 HK$'000
Li Guichen (a)	62	–
Liu Ying (b)	114	–
Lo Kwing Yu	240	240
Fan Yeran (c)	9	107
Fong Wai Ho (d)	12	240
	437	587

Remarks:

(a) Ms. Li Guichen was appointed as an independent non-executive Director on 18 January 2024.

(b) Ms. Liu Ying was appointed as an independent non-executive Director on 18 January 2024.

(c) Mr. Fan Yeran resigned as an independent non-executive Director on 18 January 2024.

(d) Mr. Fong Wai Ho resigned as an independent non-executive Director on 18 January 2024.

There were no other emoluments paid or payable to the independent non-executive Directors during the Year (2023: Nil).

(b) Non-executive Director

The non-executive Director is not entitled to any fees, salaries or management bonuses. There were no emoluments payable to the non-executive Director during the Year (2023: Nil).

(c) Executive Directors

The amount of remuneration paid to the executive Directors during the Year were as follows:

	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Payment in lieu of notice HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2024					
Wang Tieguang	**600**	**–**	**–**	**12**	**612**
Kong Zhanpeng	**600**	**–**	**–**	**12**	**612**
Li Fangcheng (a)	**343**	**–**	**–**	**–**	**343**
Wang Guicheng (b) and (c)	**–**	**–**	**–**	**–**	**–**
Tai Shubin (b) and (d)	**–**	**–**	**–**	**–**	**–**
	1,543	**–**	**–**	**24**	**1,567**
2023					
Wang Tieguang (e)	6	–	–	–	6
Kong Zhanpeng (e)	6	–	–	–	6
Wang Guicheng (b)	–	–	–	–	–
Tai Shubin (b)	–	–	–	–	–
	12	–	–	–	12

Remarks:

(a) Mr. Li Fangcheng was appointed as an executive Director on 5 June 2024.

(b) According to the Director's service contracts entered into between the Company and each of Mr. Wang Guicheng and Mr. Tai Shubin, these executive Directors are not entitled to any salaries, allowances, performance bonuses, pension scheme contribution and any benefits in kind.

(c) Mr. Wang Guicheng resigned as an executive Director on 17 January 2024.

(d) Mr. Tai Shubin was re-designated from an executive Director to a non-executive Director on 18 January 2024.

(e) Mr. Wang Tieguang and Mr. Kong Zhanpeng were appointed as executive Directors on 28 December 2023.

(d) Senior management

The band of the remuneration of senior management personnel and related number of members of senior management personnel during the Year were as follows:

	2024 Number of individuals
Nil to HK$1,000,000	3

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the consolidated financial statements respectively.

ACCOUNTABILITY AND AUDIT

The management of the Company is responsible for providing all relevant information to the Board, giving the Board members with sufficient explanation and information they need to discharge their responsibilities. The Board members are provided with monthly updates, including sales updates, projects launched, upcoming projects and financial position, which give the Board members a balanced and understandable assessment of the performance, position and prospects of the Group.

The Directors are responsible for overseeing the preparation of financial statements of each financial year. In preparing the financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently, approved the adoption of all applicable Hong Kong Financial Reporting Standards in effect, made judgments and estimates that are appropriate, and prepared the financial statements on a going concern basis. While the Auditor has included in their report a paragraph in relation to material uncertainty related to going concern, the management is of the view that the Group will be able to continue its operation in foreseeable future for the following reasons:

ACCOUNTABILITY AND AUDIT *(continued)*

(1) Facilitating the debt restructuring on the Tiebei BOJ Loans and active negotiations with banks to obtain adequate banking facilities

The management of the Group has been actively negotiating with the banks in the PRC to obtain new banking facilities to meet the Group's capital requirements during the Year. The Group has drawn down additional bank borrowing of approximately RMB27.0 million (equivalent to approximately HK$28.7 million) during the Year. In addition, pursuant to the letter of intent given by Shanghai Nanyang dated 18 March 2025, Shanghai Nanyang is intended to grant further bank facilities in the aggregate amount of RMB50.0 million to Shanghai Haocheng, subject to final approval. The Directors believe that the new banking facilities could further improve the financial position and liquidity of the Group. Meanwhile, the Group has been actively negotiating with Tiebei BOJ in relation to the debt restructuring for the Tiebei BOJ Loans. Based on the latest negotiation between the Group and Tiebei BOJ, Tiebei BOJ is considering the option of undergoing a debt restructuring of the Tiebei BOJ Loans and the parties are exploring a possible restructuring arrangement. Despite such arrangement is currently under the internal procedures and discussion by Tiebei BOJ and the relevant parties, the management of the Group believes that a positive feedback upon internal discussion of Tiebei BOJ will be given before the third quarter of 2025. Once the debt restructuring of the Tiebei BOJ Loans takes place, the financial position of the Group will be improved significantly and the debts financing capacity of the Group will be restored. The management of the Group also believes that it will substantially increase the financial liquidity of the Group.

(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 flow during market turbulence. During the Year, the Group has continued to maximise the production capacity of the production facilities in its Shanghai production site and launched a series of high value-added products to increase market sales. In addition, the Group is negotiating with certain of its suppliers, employees and creditors to formulate settlement plans more favourable to the Group regarding some of its long standing payables in order to ease the burden on the Group's operating cash flows. On the other hand, the Group will resume the operation of its upstream production facilities in the Jinzhou production site in order to enhance operating cash flow in the near future.

(3) Financial supports from the Associates of Substantial Shareholders

The Group has received written confirmations dated 24 February 2025, 24 February 2025 and 14 March 2025 (the "**Confirmations**") from (i) DDT Supply Chain, an associate (as defined under the Listing Rules) of Mr. Wang Tieguang; (ii) Ruihao (Guangzhou), an associate (as defined under the Listing Rules) of Mr. Kong Zhanpeng; and (iii) Jilin Huasheng, an associate (as defined under Listing Rules) of Huasheng, (collectively, the "**Associates of Substantial Shareholders**"), respectively, confirming that they would provide financial assistance to the Group in the 12 months following the respective dates of the Confirmations on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

As at 31 December 2024, the Group's current liabilities (other than the Convertible Bonds) due to Mr. Kong Zhanpeng, Mr. Wang Tieguang and Huasheng (collectively, the "**Substantial Shareholders**") and the Associates of Substantial Shareholders amounted to approximately HK$104.7 million. The Associates of Substantial Shareholders 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 Associates of Substantial Shareholders would be able to support the operations of the Group by providing a stable coal, corn kernels, corn starch and corn syrup supply to the Group and by purchasing corn starch and other corn refinery products from the Group with better commercial terms pursuant to the 2024 Master Purchase Agreement and the 2024 Master Sales Agreement, respectively.

MANAGEMENT FUNCTIONS

The Board decides on corporate strategies, establishes and maintains appropriate and effective risk management and internal control systems, approves overall business plans and supervises the Group's financial performance, management and organisation on behalf of the Shareholders. Specific tasks that the Board delegates to the management of the Group include the preparation of annual and interim results for the Board's approval, the implementation of strategies approved by the Board, the monitoring of operating budgets, the assessment of risk management system, the implementation of internal control procedures, and ensuring compliance with relevant statutory requirements and other rules and regulations by the Group.

BOARD COMMITTEES

In compliance with the CG Code, the Company has set up the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee with clearly defined written terms of reference adopted in compliance with the CG Code.

AUDIT COMMITTEE

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. As at the date of this report, the members of the Audit Committee are Ms. Li Guichen (chairperson of the Audit Committee), Ms. Liu Ying and Mr. Lo Kwing Yu.

The duties of the Audit Committee are, among others, to review the Company's half yearly and annual financial statements and to make recommendations to the Board on appointment and removal of the Auditor. The Audit Committee meets regularly with the Company's senior management, internal audit team and the Auditor to review the Company's financial reporting process, the effectiveness of internal control, audit process and risk management.

The Audit Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company. Set out below is a summary of the work performed by the Audit Committee during the Year:

1. Reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgment, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval;

2. Reviewed, in conjunction with the Auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements;

3. Reviewed and monitored the Auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

4. Assessed the independence of the Auditor, prior to formally engaging the Auditor to carry out the audit for the Group's financial statements for the Year;

5. Discussed the proposed scope of work and approach of the audit with the Auditor prior to the actual commencement of the audit. Upon completion of the audit, the Audit Committee reviewed the results of the external audit, and discussed with the Auditor on any significant findings and audit issues;

6. Recommended to the Board regarding the appointment and remuneration of the Auditor;

7. Reviewed and approved the internal audit planning, and discussed any significant issues with the internal audit team and the Group's senior management;

8. Reviewed the independence of the internal audit function and the level of support and co-operation given by the Group's management to the internal audit team, as well as the resources of the internal audit team when undertaking its duties and responsibilities;

9. Reviewed the adequacy and effectiveness of the Group's systems of enterprise risk management and internal control through a review of the work undertaken by the Group's internal audit team and external consultant and discussions with the Board; and

10. Reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget through a review of the work undertaken by the Group's senior financial management and internal audit team, and discussions with the Board.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises one executive Director, Mr. Kong Zhanpeng (chairman of the Nomination Committee), and two independent non-executive Directors, being Ms. Liu Ying and Mr. Lo Kwing Yu. The Nomination Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Nomination Committee are, among others, determining policy for the nomination of the Directors, including the nomination procedures, processes and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the Year. The Nomination Committee also reviews the structure, size and composition of the Board, evaluates the nomination policy, assesses the independence of the independent non-executive Directors and makes recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships, and reviews the board diversity policy adopted by the Company. For more information on the Company's policy on board diversity, please refer to the section headed "Board diversity" on page 27 to page 30 of this report.

The Board has adopted written policy for the nomination of new directors. In evaluating and selecting candidates for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a candidate:

1. Succession planning of the Directors;

2. Leadership required for the Group to maintain or strengthen its competitive edges;

3. Changes in market environment and commercial needs of the market in which the Group operates;

4. Skills and expertise required for being a member of the Board;

5. Relevant requirements for a candidate to be a Director under the Listing Rules;

6. Character and integrity;

7. Commitment of sufficient time for performance of the duties as a member of the Board; and

8. The Board's diversity in all aspects as mentioned in page 27 to page 30 of this report.

The Board has adopted procedures for the nomination of new directors, pursuant to which (i) a meeting of the Nomination Committee in relation to the nominations of new directors to the Board will be held; and (ii) the Board will consider and, if thought fit, approve the appointment of the new directors by way of board meeting or written resolution. To ensure a proper understanding of the operations and businesses of the Company and that he or she is fully aware of his or her responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed directors will be provided with a comprehensive, tailored and formal introduction of the Company on the first occasion of his or her appointment.

REMUNERATION COMMITTEE

As at the date of this report, the members of the Remuneration Committee include one executive Director, Mr. Kong Zhanpeng, and two independent non-executive Directors, being Ms. Liu Ying (chairperson of the Remuneration Committee) and Mr. Lo Kwing Yu. The Remuneration Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the remuneration packages of the Directors and the senior management, as well as on the Group's policy and structure for the remuneration package of the Directors and the senior management. The Remuneration Committee also assesses performance of the Directors and approves the terms of the Directors' service contracts. The Board has adopted remuneration policy of the Directors on the basis of their merit, qualification and competence with reference to the market benchmarks.

The Remuneration Committee held regular meeting to review and make recommendations to the Board on the remuneration packages of the Directors and the senior management.

CORPORATE GOVERNANCE COMMITTEE

As at the date of this report, the Corporate Governance Committee comprises one executive Director, Mr. Kong Zhanpeng and two independent non-executive Directors, being Ms. Li Guichen (chairperson of the Corporate Governance Committee) and Ms. Liu Ying. The Corporate Governance Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The Corporate Governance Committee was established in accordance with the requirements of the CG Code for the purposes of determining, developing and reviewing the Company's policies and practices on corporate governance, and providing supervision over the Board and its committees' compliance with their respective terms of reference and relevant requirements under the CG Code, or other applicable laws, regulations, rules and codes.

During the Year, the Corporate Governance Committee has performed the following work:

1. Reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;

2. Reviewed and monitored the training and continuous professional development of the Directors and the senior management;

3. Reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements;

4. Reviewed the Company's compliance with the code provisions of the CG Code and corporate governance report issued by the Stock Exchange; and

5. Ensured that good corporate governance practices and procedures had been established and applied.

The Corporate Governance Committee considered that the Company has complied with all code provisions in part 2 of the CG Code during the Year.

AUDITOR'S REMUNERATION

The Auditor's remuneration amounted to HK$1,000,000 was incurred for the audit of the Group's consolidated financial statements for the Year.

During the Year, service fees for the review of interim report and circulars amounted to HK$355,000 were paid as professional fee to the Auditor for the provision of non-audit related services to the Group.

The statement about the Auditor's reporting responsibilities for the Company's financial statements is set out in the section headed "Independent Auditor's Report" on page 59 of this report.

COMPANY SECRETARY

The company secretary of the Company, Mr. Chan Sing Fai, is responsible for supporting the Board, ensuring good information flow within the Board and that the Board policies and procedures are followed, advising the Board on corporate governance matters, facilitating induction, and monitoring the training and continuous professional development of the Directors. He has attained no less than 15 hours of relevant professional training during the Year. Mr. Chan's biography is set out on page 23 of this report.

INVESTOR RELATIONS

The Group establishes and maintains different communication channels with the Shareholders through the publication of annual and interim reports, information on the Stock Exchange, a corporate website, and general and investor meetings held either face-to-face or via telephone conference calls where Shareholders are given chances to raise questions. The Group also maintains a corporate website "www.global-sweeteners.com" to disclose up-to-date information of the Group's business operations and developments, financial information, corporate governance practices and other information to the public. The Group reports the financial performance of the Company to the Shareholders twice a year and maintains a regular dialogue with investors.

The AGM provides a useful forum for the Shareholders to exchange views with the Board. The joint chairmen, all members of the Board committees and the Auditor will also attend the AGM to answer questions from the Shareholders.

The notice of AGM will be distributed to all the Shareholders at least 21 days prior to the AGM. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of the Directors. Details of the proposed resolutions will be contained, where necessary, in circulars of the Company. The chairperson of the AGM shall exercises his/her power under the Articles of Association to put each proposed resolution to the vote by way of poll. The procedures for demanding and conducting a poll will be explained at the meeting. Poll results will be posted on the websites of the Company and the Stock Exchange after the meeting.

Further details in relation to the Group's communication channels with the Shareholders are set out in the Shareholders' communication policy (the "**Policy**") adopted by the Company, which is available on the website of the Company, to maintain an on-going dialogue with the Shareholders, to encourage them to communicate actively with the Company and for the Company to solicit and understand the views of the Shareholders and stakeholders. The Company has reviewed and assessed the Policy and considered that it is effectively implemented during the Year on the basis that:

- All announcements, circulars, annual and interim reports are available on the website of the Company in a timely manner after publishing the same on the website of the Stock Exchange so that the Shareholders and investment community at large are provided with timely access to the latest information and current development about the Company;

- Physical AGM was held reaching out to individual Shareholders and stakeholders to encourage their participation and for them to raise questions; and

- Shareholders' request or enquiries, as received through the Company's branch share registrar in Hong Kong, were attended to by the Company promptly.

As of 31 December 2024, details of the Shareholders by type and aggregate shareholding are as follows:

	Number of Shares held	**Percentage of shareholding**	**Market capitalisation** (HK$ million)
Wang Tieguang	402,918,215	21.31	48.35
Rich Mark Profits Limited (a)	16,444,000	0.87	1.97
Kong Zhanpeng	359,654,215	19.03	43.16
Huasheng	362,788,856	19.19	43.53
GBT Group	260,313,000	13.77	31.24
Public float in Hong Kong	488,256,570	25.83	58.59
Total	1,890,374,856	100.00	226.84

Remark:

(a) The Shares are registered in the name of Rich Mark Profits Limited which is ultimately wholly-owned by Mr. Wang Tieguang.

The 2024 AGM was held on 28 June 2024 to approve the 2023 audited consolidated financial statements, grant of the new issue mandate, the repurchase mandate and the re-election of the Directors. All resolutions proposed were passed by way of poll.

An EGM in relation to the approval of the 2024 Master Purchase Agreement and the 2024 Master Sales Agreement was held on 20 December 2024. All resolutions proposed were passed by way of poll.

The 2025 AGM will be held on 9 May 2025 to approve, among others, the 2024 audited consolidated financial statements, grant of the new issue mandate and the repurchase mandate and the re-election of the Directors.

DIVIDEND POLICY

The Board has adopted a dividend policy to provide the Shareholders with regular dividends. The Company considers stable and sustainable returns to the Shareholders to be our goal and endeavours to maintain a progressive dividend policy. The Board shall take the following factors into account when considering the declaration and payment of dividends, inter alia:

1. Declaration of dividends will be subject to the discretion of the Directors, depending on factors including but not limited to the results, working capital, cash positions and capital requirements of the Group and statutory and regulatory restrictions.

2. Subject to the factors mentioned in paragraph 1, it is the Directors' present intention to recommend annual distribution to the Shareholders of not less than 15% of the annual profits attributable to equity holders of the Company as dividends in the foreseeable future.

3. The declaration of dividends is subject to the absolute discretion of the Board and any final dividend for the Year is subject to the approval of the Shareholders. The amounts of dividends actually declared and distributed to the Shareholders will be subject to the absolute discretion of the Board and will depend upon a number of factors, including but not limited to availability of the Company's cash and distributable reserves, investment requirements, and the cash flow and working capital requirements of the Group and any factors considered and thought fit by the Board.

4. The payment of dividends by the Company is also subject to the restrictions under the Laws of the Cayman Islands and the Articles of Association, if any.

RISK MANAGEMENT AND INTERNAL CONTROL

Group risk management

Risk is inherent in the Group's business and the markets in which it operates. It is of utmost importance for the management to identify, understand and manage these risks in order to minimise, transfer and avoid them. This demands a proactive approach to risk management and an effective risk management framework.

The Group's overall risk management is overseen by the Board and the senior management. The Company recognises that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management has been or will be integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

The Company established its risk management process with the 'three lines of defence' model to manage operational risks. Such approach makes clear everyone's duty and responsibility within the Group to manage operational risks on a daily basis. The first line of defence is the management of the Group that directly identifies, records, reports and manages any material risks encountered to mitigate such risks. The second line sets guidelines and regulations, and monitors and facilitates the implementation of effective risk management practices. The third line of defence is the Group's internal audit team's efforts, from risk identification, assessment and response to risk related communication.

The Company's risk appetite represents the amount of risk the Group is willing to undertake in pursuit of its strategic and business objectives. In line with the Company's value and expectations of its stakeholders, the Company will only take reasonable risks that fit its strategies and have been assessed, understood and therefore manageable; and such risks should not expose the Group to:

– material financial loss that substantially impacts the Group's ability to execute its business strategies and long-term financial well-being;

– consequence that affects the safety and health of our staff and the public;

– material breach of regulations and subsequently leading to the deterioration of the Group's reputation and brand name; and

– business/supply interruption leading to severe impact on the community, and severe environmental incidents.

The internal control department assists the management to establish the risk management systems with reference to the COSO (Committee of Sponsoring Organisations of the Treadway Commission) risk management framework, where major risks were identified and analysed. Management and employees with particular experience in the design and implementation of internal control systems, have evaluated our control environment and conducted risk assessments of businesses and processes, both at the entity level and the various processes/transactions levels. Such key risks and controls are continually reviewed and updated on an annual basis. High-risk key controls are tested annually by the management and internal audit team. Based on the results of those tests, process owners are able to present to the senior management that their internal controls are working as intended or that necessary corrections have been made where control weaknesses have been found. Internal audit team reports to the senior management and the Audit Committee that the internal controls have been working properly or that changes have been made to ensure the integrity of the financial statements. The Auditor also understands the key controls to the extent that they will be relied on for the audit. During the Year, the Board has identified a number of risks and uncertainties for the Group to deal with:

Principal risks and uncertainties

Risk description	Changes in 2024	Key risk mitigations
Financial Risks:		
Liquidity risk of inadequate funding	Completion of issuing the Convertible Bonds	Supported by the Shareholders for providing financial resource to resume Jinzhou production facilities to improve the operating cash flow
Inability to obtain new banking facilities	Facilitated debt restructuring and restored debt financing capacity in Shanghai production site	Ongoing negotiations with Tiebei BOJ to achieve debt restructuring of the Tiebei BOJ Loans and further restore the debt financing capacity
Strategic Risk:		
Market competition	Intense competition in domestic and export markets of the downstream products	Continuous research and development efforts to improve efficiency, introduce new products to explore new market and upgrade the production facilities to lower the production cost
Operation Risk:		
Ageing production facilities	Higher production cost with aged production facilities	Production facilities upgrade to improve production efficiency and product mix to cope with market changes

Internal control

The Board is entrusted with the overall responsibility of establishing, maintaining and assessing the Group's internal control and risk management systems and its effectiveness. The role of the Group's management is to implement all policies on risk and control laid down by the Board.

The Group's internal control and risk management systems are designed to provide reasonable protection to the Group's assets, and to safeguard these assets from unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems also ensure accounting records are sufficiently accurate for the preparation of financial information used for operation and reporting purposes.

The Group formulates code of conduct to state the Company's expectations on duty and integrity. Whistleblowing policy enables our employees to bring problems to the management which considers such policy necessary to make our internal control system effective.

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organisation structure exists which details different levels of authority and control responsibilities within each business unit of the Group. Certain specific matters are reserved for the Board's decision and are not delegated. These include, among others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditure, the Board structure and its composition and succession.

The role of the Audit Committee is, through discussion with the management to review at least annually the effectiveness of internal control and risk management systems, including financial, operational and compliance controls and risk management functions, and to report to the Board any significant risk issues (including ESG related risks). The annual review also covers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the ESG performance and reporting of the Group. No significant control failings or weaknesses that have been identified by the Audit Committee during the Year.

No matter how well an internal control system is designed and maintained, it can only provide reasonable, but not absolute, assurance. No system of control can totally eliminate the possibility of human errors and deliberate attempts to defraud the Company. As such, the Group maintains an effective internal audit function that is independent from operational management to carry out risk-based auditing concentrating on areas with significant risks or where significant changes have been made. The Board also endeavours to ensure internal audit team is fully empowered with access to all data and every operation of the Group, as well as provided with adequate resources and well qualified and capable staff.

Internal audit department

The Group established an internal audit department which plays a critical role in monitoring the governance of the Group. Internal audit department reports directly to the Audit Committee and it has unrestricted access to all areas of the Group's business units, assets, records and personnel in the course of conducting its work. The annual work plan and resources are reviewed and agreed with the Audit Committee.

Business unit audits are designed to provide assurance that the internal control systems of the Company are implemented properly and operating effectively, and that the risks associated with the achievement of business objectives are being properly identified, monitored and managed. The frequency of each audit is determined by internal audit department using its own risk assessment methodology, which is based on the COSO internal control framework, considering such factors as recognised risks, organisational change, overall materiality of each unit, previous internal audit results, the Auditor's comments, output from the work of the Audit Committee and management's views. Each major business unit is typically audited at least once every three years. Acquired businesses would normally be audited within 12 months.

Internal audit department assists the Audit Committee in assessing the effectiveness of the Group's internal controls through the review of the annual control self-assessment process. Internal audit department also conducts ad-hoc projects and investigative work as required by the management or the Audit Committee.

Copies of internal audit reports are sent to the Audit Committee, the senior management and the Auditor. Management is called upon to present action plans in response to internal audit team's recommendations.

During the Year, the internal audit department conducted a review on the effectiveness of the risk management and internal control systems of the Group, and where weaknesses are identified, means for improvement are recommended to the Audit Committee. The Board has reviewed the effectiveness of the Group's risk management and internal control systems based on the assessment of the Audit Committee and considered them effective and adequate. The Company has complied with the relevant code provisions as set out in part 2 of the CG Code on internal controls and risk management during the Year. As such, the Board considers that the Group's internal control procedures and risk management functions are both effective and adequate.

Inside information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to Company's attention and/or it is the subject of a decision unless it falls within the SFO safe harbours. Such disclosure should comply with the "Guidelines on Disclosure of Inside Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Securities and Futures Commission in June 2012 and the Stock Exchange in 2008 respectively. All these have been included in the Company's code of conduct. Employees or Directors possessing relevant inside information should report the same to the disinterested Directors, who will in turn report to the Board. The Board will then discuss and handle the relevant disclosures or dissemination of inside information accordingly. The senior management of the Group are then identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues. Unauthorised use of confidential or inside information is strictly prohibited. The Group has also established and implemented procedures for responding to external enquiries about the Group's affairs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has been publishing the ESG report (the "**ESG Report**") on the websites of the Company and the Stock Exchange on an annual basis. Please view and download the ESG Report from the Company's website at "www.global-sweeteners.com" under the heading "Investor Relations" and the website of the Stock Exchange.

CONSTITUTIONAL DOCUMENT

The Company did not make any change to its constitutional document during the Year. The Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

1. Procedures for the Shareholders to convene an EGM

1.1 The following procedures for the Shareholders to convene an EGM are prepared in accordance with article 64 of the Articles of Association:

(1) One or more Shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "**Requisition**"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at contact@global-sweeteners.com.

(3) The EGM shall be held within two months after the deposit of such Requisition.

(4) If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, the Requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

2.1 The Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this report.

2.2 The Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at contact@global-sweeteners.com.

2.3 The Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at Shareholders' meetings

3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information via email at the email address of the Company at contact@global-sweeteners.com.

3.2 The identity of that Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by that Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

3.3 The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholders concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 days in writing if the Proposal requires approval in an AGM or by a special resolution of the Company;

(2) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than (i) an AGM; or (ii) a meeting for the passing of a special resolution of the Company.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in the manufacture and sale of corn refined products and corn sweeteners. Details of the principal activities of the principal subsidiaries are set out in note 33 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group and an analysis of the Group's performance using financial key performance indicators during the Year are provided in the Message to Shareholders and Management Discussion and Analysis on page 10 to page 11 and page 12 to page 21 of this report, respectively. In addition, discussions on the Group's environmental policies and performance, are provided in the ESG Report.

The principal risks and uncertainties are disclosed in Corporate Governance Report under section headed "Risk management and internal control" on page 42 of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year are disclosed in Management Discussion and Analysis under section headed "Important events affecting the Group subsequent to the year under review" on page 20 of this report. An indication of likely future development of the Group is disclosed in Management Discussion and Analysis under section headed "Future plans and prospects" on page 21 of this report.

RESULTS AND DIVIDENDS

The Group's profit for the Year and the financial position of the Company and the Group at that date are set out in the consolidated financial statements on page 65 to page 151 of this report.

The Board has resolved not to recommend the payment of any dividend for the Year (2023: Nil). The Company adopts a dividend policy which is set out on page 41 of this report.

FINANCIAL INFORMATION SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the consolidated financial statements and restated/represented as appropriate, is set out on page 152 of this report. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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 Year.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 34(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company does not have reserves available for distribution, calculated in accordance with the provisions of the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) (the "**Companies Act**") of the Cayman Islands. Under the Companies Act, the share premium account of the Company of approximately HK$1,074,879,000 as at 31 December 2024 is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Under the continuing operations of the Group, sales to the Group's five largest customers accounted for approximately 47.2% of the total sales for the Year, and sales to the largest customer included therein accounted for approximately 17.9% of the total sales of the Year. Purchases from the Group's five largest suppliers accounted for approximately 75.3% of the total purchases for the Year, and purchases from the largest supplier included therein accounted for approximately 44.4% of the total purchases of the Year.

Save for Mr. Wang Tieguang and Mr. Kong Zhanpeng, both as executive Directors and substantial Shareholders, had material beneficial interest in two of the Group's five largest suppliers, namely, Ruihao (Guangzhou) and DDT Supply Chain, as detailed in the section headed "Continuing Connected Transactions" on page 55 to page 56 of this report, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5.0% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries established in the PRC and the Company was incorporated in the Cayman Islands and is a listed company on the Main Board of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of the Cayman Islands, Hong Kong and the PRC.

The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to comply with all prevailing laws and regulations in all its operating regions. During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from our key stakeholders which comprise employees, customers, suppliers and Shareholders.

Employees

The Group believes its employees serve as the backbone of the Group's development. 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.

Customers

The Group has established good and long-term business relationship with the customers, and believe that these customers will continue to place purchase orders to the Group. Meanwhile, the Group will actively seek for new customers, in order to minimise the possible negative impact on the Group's business and profitability resulting from the discontinuance of order from any major customer.

Suppliers

The Group holds supply chain management in high regard and strives to select quality suppliers through an open and transparent screening process to achieve mutual benefits. The Group will also review and assess the performance of suppliers annually to decide whether to continue cooperating with them, and such reviews will also be taken into consideration when identifying other suppliers.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to Shareholders. The Group is committed to fostering business developments for achieving the sustainable growth.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors:

Wang Tieguang	
Kong Zhanpeng	
Li Fangcheng	*(Appointed on 5 June 2024)*
Wang Guicheng	*(Resigned on 17 January 2024)*

Non-executive Director:

Tai Shubin	*(Re-designated from an executive Director to a non-executive Director on 18 January 2024)*

Independent non-executive Directors:

Li Guichen	*(Appointed on 18 January 2024)*
Liu Ying	*(Appointed on 18 January 2024)*
Lo Kwing Yu	
Fan Yeran	*(Resigned on 18 January 2024)*
Fong Wai Ho	*(Resigned on 18 January 2024)*

According to article 104(A) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each AGM. Any Director who retires under this article shall then be eligible for re-election as Directors. Mr. Tai Shubin, being a non-executive Director, Ms. Li Guichen and Ms. Liu Ying, being independent non-executive Directors, will retire as Directors and, being eligible, will offer themselves for re-election as Directors at the AGM.

The Company has received annual confirmations from each of Ms. Li Guichen, Ms. Liu Ying and Mr. Lo Kwing Yu of their independence pursuant to Rule 3.13 of the Listing Rules during the Year. As at the date of this report, the Company considers all independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on page 22 to page 23 of this report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Wang Tieguang, Mr. Kong Zhanpeng and Mr. Li Fangcheng have each entered into service contracts with the Company for an initial term of one year which commenced on 28 December 2023, 28 December 2023 and 5 June 2024, respectively. The service contracts are renewable automatically for successive term of one year. Each of the above service contracts may be terminated by either party by giving not less than three months' written notice.

Mr. Tai Shubin had entered into a service contract with the Company for an initial term of one year as an executive Director which commenced on 17 December 2020, which was renewable automatically for successive term of one year. Mr. Tai Shubin has been re-designated as a non-executive Director and has entered into an appointment letter with the Company for an initial term of one year which commenced on 18 January 2024, which is renewable automatically for successive term of one year. The above appointment letter may be terminated by either party by giving not less than three months' written notice.

The independent non-executive Directors, Ms. Li Guichen, Ms. Liu Ying and Mr. Lo Kwing Yu have each entered into appointment letters with the Company for an initial term of two years which commenced on 18 January 2024, 18 January 2024 and 3 March 2014, respectively, and are renewable automatically for successive term of one year. Each of the above appointment letters may be terminated by either party by giving not less than three months' written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to the Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Set out below is the interest of the Directors in the transactions, arrangements or contracts of significance to the Group during the Year:

– Mr. Kong Zhanpeng and Mr. Wang Tieguang, each being an executive Director, has interest in the Existing Master Purchase Agreements, the 2024 Master Purchase Agreement and the 2024 Master Sales Agreement. Ruihao (Guangzhou) is ultimately owned as to 65% by Mr. Kong Zhanpeng, and 35% by Mr. Wang Tieguang, whereas DDT Supply Chain is owned as to 51% by Mr. Wang Tieguang and his family member and 49% by Mr. Kong Zhanpeng's family member and relative. For further details in respect of the aforementioned agreements, please refer to the section headed "Continuing Connected Transactions" on page 55 to page 56 of this report.

- Mr. Li Fangcheng, being an executive Director and the director of Huasheng, a wholly-owned subsidiary of Jilin Huasheng, and a substantial Shareholder, has interest in the 2024 Master Purchase Agreement and the 2024 Master Sales Agreement. For further details in respect of the aforementioned agreements, please refer to the section headed "Continuing Connected Transactions" on page 55 to page 56 of this report.

Save as disclosed, none of the Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in the Articles of Association being in force. The Company has maintained directors' and officers' liability insurance throughout the Year, which provides appropriate cover on certain legal actions brought against its directors and officers arising out of corporate activities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" on page 55 to page 56 of this report, there was no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the Year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Capacity/ Nature of interest	Number and class of securities of the Company held (a)	Percentage of the relevant class of issued share capital of the Company (b)
Wang Tieguang	Beneficial owner	720,514,123 Shares (L) (c)	38.11
	Interest of a controlled corporation	16,444,000 Shares (L) (d)	0.87
Kong Zhanpeng	Beneficial owner	677,250,123 Shares (L) (e)	35.83

Remarks:

(a) The letter "L" represents the Director's interests in the Shares and underlying Shares of the Company or its associated corporation.

(b) Calculated on the basis of 1,890,374,856 Shares in issue as at 31 December 2024.

(c) Amongst 720,514,123 Shares in which Mr. Wang Tieguang was interested in as of 31 December 2024, 317,595,908 Shares represented Shares which may be issued to him upon full conversion of the Convertible Bonds with principal amount of RMB29.0 million he held, adopting an illustrative exchange rate of HK$1.0 to RMB0.91311 as announced by the People's Bank of China on the date of issuance of the relevant Convertible Bonds to Mr. Wang Tieguang. The remaining 402,918,215 Shares were beneficially owned by Mr. Wang Tieguang, representing approximately 21.31% of the issued share capital of the Company.

(d) These Shares are registered in the name of Rich Mark Profits Limited, which is ultimately wholly-owned by Mr. Wang Tieguang.

(e) Amongst 677,250,123 Shares in which Mr. Kong Zhanpeng was interested in as of 31 December 2024, 317,595,908 Shares represented Shares which may be issued to him upon full conversion of the Convertible Bonds with principal amount of RMB29.0 million he held, adopting an illustrative exchange rate of HK$1.0 to RMB0.91311 as announced by the People's Bank of China on the date of issuance of the relevant Convertible Bonds to Mr. Kong. The remaining 359,654,215 Shares were beneficially owned by Mr. Kong Zhanpeng, representing approximately 19.03% of the issued share capital of the Company.

Save as disclosed above, as at 31 December 2024, none of the Directors and the chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the interest held by Mr. Wang Tieguang and Mr. Kong Zhanpeng in the Convertible Bonds, the further details of which have been disclosed under the paragraph headed "Management Discussion and Analysis — Convertible Bonds" on page 16 in this report, at no time during the Year were rights to acquired benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or any person in whose Shares and debentures any Directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares held (a)	Percentage of the Company's issued share capital (b)
Global Corn Bio-Chem	Beneficial owner	259,813,000 Shares (L)	13.74
GBT	Interest of a controlled corporation (c)	259,813,000 Shares (L)	13.74
	Beneficial owner	500,000 Shares (L)	0.03
Modern Agricultural	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
Modern Agricultural Holdings	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
PRC LLP	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
GP	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
Nongfa	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
Jilin SASAC	Interest of a controlled corporation (d)	260,313,000 Shares (L)	13.77
Huasheng	Beneficial owner (e)	680,384,764 (L)	35.99
Jilin Huasheng	Interest of a controlled corporation (f)	680,384,764 (L)	35.99
Li Tingsheng	Interest of a controlled corporation (f)	680,384,764 (L)	35.99

Remarks:

(a) The letter "L" denotes the person's interest in the share capital of the Company.

(b) Calculated on the basis of 1,890,374,856 Shares in issue as at 31 December 2024.

(c) These Shares are registered in the name of Global Corn Bio-Chem, which is a wholly-owned subsidiary of GBT. Therefore, GBT is deemed to be interested in all the Shares in which Global Corn Bio-Chem is interested according to the SFO.

(d) These Shares comprised 259,813,000 Shares registered in the name of Global Corn Bio-Chem and 500,000 Shares registered in the name of GBT, whose issued share capital is beneficially owned as to approximately 35.2% by Modern Agricultural as at the date of this report. The entire issued capital of Modern Agricultural is held by Modern Agricultural Holdings which is in turn wholly-owned by PRC LLP. The sole general partner of PRC LLP is GP. As at the date of this report, the investment capital of PRC LLP is owned as to 60.0% by Nongfa (Nongfa is controlled by Jilin SASAC), as to 26.7% by 銀華長安資本管理(北京)有限公司 (Yinhua Wealth Capital Management (Beijing) Co., Ltd.*) and as to 13.3% by 長春市新興產業股權投資基金有限公司 (Changchun Emerging Industry Equity Investment Fund Co., Ltd.*). Accordingly, each of Modern Agricultural, Modern Agricultural Holdings, PRC LLP, GP, Nongfa and Jilin SASAC is deemed to be interested in the Shares held by GBT under the SFO.

(e) Amongst 680,384,764 Shares in which Huasheng was interested in as of 31 December 2024, 317,595,908 Shares represented Shares which may be issued to it upon full conversion of the Convertible Bonds with principal amount of RMB29.0 million, adopting an illustrative exchange rate of HK$1.0 to RMB0.91311 as announced by the People's Bank of China on the date of transfer of the Convertible Bonds to Huasheng. The remaining 362,788,856 Shares were beneficially owned by Huasheng upon its conversion of the Convertible Bonds with principal amount of RMB33.0 million on 24 May 2024, representing approximately 19.19% of the issued share capital of the Company. For details of the conversion of the Convertible Bonds, please refer to the announcement of the Company dated 24 May 2024.

(f) The entire issued capital of Huasheng is held by Jilin Huasheng which is owned as to 1.0% by Mr. Li Fangcheng, an executive Director, and as to 99.0% by Mr. Li Tingsheng, Mr. Li Fangcheng's father. Accordingly, each of Jilin Huasheng and Mr. Li Tingsheng is deemed to be interested in the Shares held by Huasheng under the SFO.

Saved as disclosed above, as at 31 December 2024, the Directors are not aware of any persons who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Existing Master Purchase Agreements, Shanghai Haocheng, as purchaser, agreed to purchase, and each of Ruihao (Guangzhou) and DDT Supply Chain, as supplier, agreed to supply to Shanghai Haocheng 240,000 MT of corn starch and 50,000 MT of sugar syrup respectively. The Existing Master Purchase Agreements became effective on 1 January 2023 and expired on 31 December 2024. Shanghai Haocheng shall enter into purchase contracts with each of Ruihao (Guangzhou) and DDT Supply Chain from time to time during the terms of the Existing Master Purchase Agreements for the purpose of confirming the purchase by Shanghai Haocheng as well as the unit prices of corn starch and sugar syrup. The unit prices of the corn starch and sugar syrup shall be determined based on the prevailing market price, and parties to the Existing Master Purchase Agreements shall, before the 25th of each calendar month, determine the unit price(s) of the products to be delivered in the upcoming one or three months.

Ruihao (Guangzhou) is ultimately owned as to 65% by Mr. Kong Zhanpeng, and 35% by Mr. Wang Tieguang, whereas DDT Supply Chain is owned as to 51% by Mr. Wang Tieguang, and his family member and 49% by Mr. Kong Zhanpeng's family member and relative. Therefore Ruihao (Guangzhou) is an associate of Mr. Kong Zhanpeng and DDT Supply Chain is an associate of Mr. Wang Tieguang and both are connected persons of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Existing Master Purchase Agreements became continuing connected transactions of the Company following the GSH Completion. Pursuant to Rule 14A.60(1) of the Listing Rules, the Existing Master Purchase Agreements are subject to the annual review and disclosure requirements (including publishing an announcement and annual reporting).

During the Year, Shanghai Haocheng purchased an aggregate of approximately 76,000 MT (amounted to approximately HK$269.4 million) of corn starch and approximately 2,200 MT (amounted to approximately HK$6.6 million) of sugar syrup from DDT Supply Chain and approximately 5,000 MT (amounted to approximately HK$16.4 million) of corn starch and 37,000 MT (amounted to approximately HK$116.8 million) of sugar syrup from Ruihao (Guangzhou), respectively.

The independent non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that the terms of the Existing Master Purchase Agreements are fair and reasonable, and the continuing connected transactions as contemplated under the Existing Master Purchase Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. The Auditor has confirmed that the continuing connected transactions have complied with the matters as set out in Rule 14A.56 of the Listing Rules. The Company also confirms that the Group has followed the relevant pricing policies and guidelines (where applicable) as set out in the respective agreements governing the above-mentioned continuing connected transactions when determining the prices and terms of the transactions conducted during the Year.

Save for the aforementioned continuing connected transactions, the other related party transactions disclosed in note 30 to the consolidated financial statements also constituted connected/continuing connected transactions of the Company under Chapter 14A of the Listing Rules and such transactions are fully exempt from the Shareholder's approval, annual review and all disclosure requirements under Chapter 14A of Listing Rules.

On 17 October 2024, the Company entered into (i) the 2024 Master Purchase Agreement with Ruihao (Guangzhou), DDT Supply Chain and Jilin Huasheng for the procurement of raw materials including coal, corn kernels, corn starch and sugar syrup by the Group from Ruihao (Guangzhou) Group, DDT Supply Chain Group, Jilin Huasheng Group and their respective associated companies from time to time on an ongoing basis for a period of three years from 1 January 2025 to 31 December 2027; and (ii) the 2024 Master Sales Agreement with Ruihao (Guangzhou), DDT Supply Chain and Jilin Huasheng for the sale of corn starch and other corn refined products, including but not limited to gluten meal, corn steep liquor, fibre-based feeds, corn oil and corn germ meals from the Group to Ruihao (Guangzhou) Group, DDT Supply Chain Group, Jilin Huasheng Group and their respective associated companies from time to time on an ongoing basis for a period of three years from 1 January 2025 to 31 December 2027. The 2024 Master Purchase Agreement and the 2024 Master Sales Agreement have become effective on 1 January 2025.

For details of the 2024 Master Purchase Agreement and the 2024 Master Sales Agreement, please refer to the announcement of the Company dated 17 October 2024 and the circular of the Company dated 2 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, no Director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the Directors were appointed as the Directors to represent the interests of the Company and/or the Group.

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 provided by the Company to Dihao Foodstuff in respect of the obligations and liabilities that Dihao Foodstuff may incur and suffer under the guarantees provided by Dihao Foodstuff to Tiebei BOJ in respect of the debts owed by Jinzhou Yuancheng to Tiebei BOJ under the guarantee agreements dated 11 June 2021 and 27 December 2021). As at the date of this report, the outstanding principal amount under the Tiebei BOJ Loans is RMB212.5 million, with outstanding interests. The Group is currently facilitating the debt restructuring in relation to the Tiebei BOJ Loans to further relieve the financial pressure of the Group.

FUNDRAISING ACTIVITIES

The CB Subscription

During the Year, the CB First Completion and CB Second Completion have taken place on 3 May 2024 and 19 July 2024, respectively. For further details of the CB Subscription, please refer to the paragraphs headed "Management Discussion and Analysis - Convertible Bonds" on page 16 of this report.

The Shares Subscriptions

On 20 December 2024, the Company has entered into separate Shares Subscription Agreements with each of the Shares Subscribers, for further details of the Shares Subscriptions, please refer to the paragraphs headed "Management Discussion and Analysis - Important events affecting the Group subsequent to the Year under review - The Shares Subscriptions" on page 20 of this report.

For further details of the Shares Subscriptions, please refer to the announcements of the Company dated 20 December 2024, 24 December 2024 and 10 January 2025.

AUDITOR

Forvis Mazars CPA Limited will retire and a resolution for their re-appointment as the Auditor will be proposed at the AGM.

ON BEHALF OF THE BOARD

Wang Tieguang
Joint chairman

Hong Kong
28 March 2025

Forvis Mazars CPA Limited
富睿瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info.hk@forvismazars.com
Website 網址: www.forvismazars.com/hk

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Sweeteners Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on page 65 to page 151, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA.

Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the "Going concern" section in note 2.2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2024, the Group had net current liabilities and net liabilities of approximately HK$652.4 million and HK$218.3 million respectively. These conditions, along with other matters as set forth in note 2.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company, having considered the measures being taken by the Group as disclosed in note 2.2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
Fair value of leasehold buildings	
Refer to notes 2.5 and 13 to the consolidated financial statements	
The Group's leasehold buildings with carrying amount of HK$243,456,000 at 31 December 2024 were carried at fair value. During the year, the Group has appointed an independent professional qualified valuer to assess the fair values of the Group's leasehold buildings and a gain on properties revaluation of approximately HK$33,503,000 (before deferred tax) was recognised in other comprehensive income and credited to properties revaluation reserve during the year ended 31 December 2024. Significant estimation and judgement are applied by management to determine the fair value of the leasehold buildings, including the determination of valuation techniques and the selection of different inputs in the models. Therefore, it is considered as a key audit matter.	Our key procedures, among others, included: – Assessing the appropriateness of valuation methodology in estimating the fair values of the leasehold buildings; – Assessing the appropriateness of the work of the valuers by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; – Engaging auditor's expert to assist us in assessing the reasonableness of assumptions and judgements used by management and the valuers; and – Assessing the competence, capabilities and objectivity of the valuers appointed by the management and the auditor's expert.
Gain on debt restructuring	
Refer to note 6 to the consolidated financial statements	
The Group has entered into debt restructuring agreement with creditors in order to improve the Group's financial position. During the year ended 31 December 2024, the debt restructuring processes have been substantially completed and the Group has recognised a gain on debt restructuring of HK$167,615,000 accordingly. We have identified the gain on debt restructuring as key audit matter because of its significance to the consolidated financial statements.	Our key procedures, among others, included: – Obtaining the debt restructuring agreement and reviewing the terms therein to assess the appropriateness of accounting treatment made by the management; – Reviewing the arithmetical accuracy of the calculation of gain on debt restructuring; and – Obtaining the confirmations from the creditors to confirm the outstanding balances as at 31 December 2024.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How the matter was addressed in our audit
Valuation of convertible bonds	
Refer to note 29 to the consolidated financial statements	
The Group engaged an independent professional valuer to determine the fair value of the Convertible Bonds (as defined therein) as at issuance dates (i.e. 3 May 2024 and 19 July 2024) and as at 31 December 2024. As at the date of the issuance of the Convertible Bonds, the fair value of liability component (net of deferred day-one loss) and the derivative component of the Convertible Bonds amounted to HK$62,404,000 and HK$65,942,000 respectively. A fair value gain of HK$14,839,000 in relation to change in fair value of derivative component of the Convertible Bonds since the issuance dates has been recognised in profit or loss during the year ended 31 December 2024. We have identified the valuation of the Convertible Bonds as a key audit matter because of its significance to the consolidated financial statements and the fair value calculation, in particular the use of significant unobservable inputs, involved subjective judgements and assumptions.	Our key procedures, among others, included: – Obtaining and examining the agreements in relation to the Convertible Bonds; – Assessing the competence, capabilities, objectivity and results of the work of independent professional valuer that was appointed by the management and assisted management to determine the fair value of the Convertible Bonds; – Evaluating and challenging the reasonableness of key assumptions based on our knowledge of the business and industry; – Evaluating and challenging the reasonableness of key parameters and source data used based on our knowledge and understanding of the Convertible Bonds; and – Checking and evaluating arithmetic accuracy and relevance of the input data (including the comparable transactions) used.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

28 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
So Chun Wai
Practising Certificate number: P07513

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**623,460**	440,813
Cost of sales		**(592,157)**	(404,195)
Gross profit		**31,303**	36,618
Other income and gains	5	**74,659**	11,476
Gain on debt restructuring	6(b)	**167,615**	–
Selling and distribution costs		**(33,758)**	(29,282)
Administrative expenses		**(66,728)**	(62,427)
Other expenses		**(81,290)**	(58,130)
Finance costs	7	**(34,552)**	(42,442)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	**57,249**	(144,187)
Income tax credit	10	**9,369**	4,367
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**66,618**	(139,820)
DISCONTINUED OPERATIONS			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		**–**	429,336
PROFIT FOR THE YEAR		**66,618**	289,516
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon disposal of discontinued operations		**–**	(60,752)
Release of exchange reserve upon disposal of subsidiaries	28	**(14,952)**	–
Exchange differences on translation of financial statements of operations outside Hong Kong		**44,599**	46,965
		29,647	(13,787)
Items that will not be reclassified subsequently to profit or loss:			
– Gain on properties revaluation, net	13	**33,503**	31,178
– Income tax effect		**(8,376)**	(7,795)
		25,127	23,383
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**54,774**	9,596
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**121,392**	299,112

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		**66,618**	289,516
Non-controlling interests		**–**	–
		66,618	289,516
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY ARISING FROM:			
Continuing operations		**66,618**	(139,820)
Discontinued operations		**–**	429,336
		66,618	289,516
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**121,392**	299,112
Non-controlling interests		**–**	–
		121,392	299,112
EARNINGS (LOSS) PER SHARE, ARISING FROM	12		
Basic			
Continuing operations		**HK3.8 cents**	HK(9.2) cents
Discontinued operations		**–**	HK28.1 cents
		HK3.8 cents	HK18.9 cents
Diluted			
Continuing operations		**HK2.8 cents**	HK(9.2) cents
Discontinued operations		**–**	HK28.1 cents
		HK2.8 cents	HK18.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**398,408**	312,325
Right-of-use assets	14	**34,317**	38,813
Intangible assets	15	**1,704**	1,704
		434,429	352,842
CURRENT ASSETS			
Inventories	16	**34,221**	34,154
Trade and bills receivables	17	**70,439**	67,952
Prepayments, deposits and other receivables	18	**24,648**	106,857
Cash and bank balances	19	**5,100**	13,552
		134,408	222,515
CURRENT LIABILITIES			
Trade payables	20	**134,308**	138,045
Other payables and accruals	21	**228,065**	323,446
Lease liabilities	14	**119**	172
Interest-bearing bank and other borrowings	22	**254,734**	440,910
Due to the GBT Group	30(ii)	**44,608**	54,038
Due to shareholders	30(ii)	**39,151**	–
Convertible bonds (the "**Convertible Bonds**")	29	**44,728**	–
Derivative financial instruments	29	**40,803**	–
Tax payables		**249**	249
		786,765	956,860
NET CURRENT LIABILITIES		**(652,357)**	(734,345)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(217,928)**	(381,503)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	14	**156**	–
Deferred income	23	**170**	352
		326	352
NET LIABILITIES		**(218,254)**	(381,855)
CAPITAL AND RESERVES			
Share capital	25	**189,037**	152,759
Reserves		**(407,291)**	(528,683)
Deficit attributable to owners of the Company		**(218,254)**	(375,924)
Non-controlling interests		**–**	(5,931)
TOTAL DEFICIT		**(218,254)**	(381,855)

These consolidated financial statements on page 65 to page 151 were approved and authorised for issue by the board (the "**Board**") of directors (the "**Directors**") of the Company on 28 March 2025 and signed on its behalf by

Wang Tieguang
Director

Kong Zhanpeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total deficit HK$'000
At 1 January 2024	152,759	1,074,879	102,862	41,513	326,684	(2,074,621)	(375,924)	(5,931)	(381,855)
Profit for the year	–	–	–	–	–	66,618	66,618	–	66,618
Other comprehensive income (loss)									
Item that are reclassified or may be reclassified subsequently to profit or loss:									
– Release of exchange reserve upon disposal of subsidiaries (note 28)	–	–	–	–	(14,952)	–	(14,952)	–	(14,952)
– Exchange differences on translation of financial statements of operations outside Hong Kong	–	–	–	–	44,599	–	44,599	–	44,599
	–	–	–	–	29,647	–	29,647	–	29,647
Items that will not be reclassified subsequently to profit or loss:									
Gain on properties revaluation, net (note 13)	–	–	33,503	–	–	–	33,503	–	33,503
Income tax effect	–	–	(8,376)	–	–	–	(8,376)	–	(8,376)
	–	–	25,127	–	–	–	25,127	–	25,127
Total other comprehensive income for the year, net of tax	–	–	25,127	–	29,647	–	54,774	–	54,774
Total comprehensive income for the year	–	–	25,127	–	29,647	66,618	121,392	–	121,392
Transactions with owners of the Company									
Disposal of subsidiaries	–	–	–	(18)	–	18	–	5,931	5,931
Conversion of the Convertible Bonds	36,278	–	–	–	–	–	36,278	–	36,278
Total transaction with owners	36,278	–	–	(18)	–	18	36,278	5,931	42,209
At 31 December 2024	189,037	1,074,879*	127,989*	41,495*	356,331*	(2,007,985)*	(218,254)	–	(218,254)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total deficit HK$'000
At 1 January 2023	152,759	1,074,879	124,644	67,684	340,471	(2,435,473)	(675,036)	(5,931)	(680,967)
Profit for the year	–	–	–	–	–	289,516	289,516	–	289,516
Other comprehensive (loss) income									
Item that are reclassified or may be reclassified subsequently to profit or loss:									
– Release of exchange reserve upon disposal of discontinued operations	–	–	–	–	(60,752)	–	(60,752)	–	(60,752)
– Exchange differences on translation of financial statements of operations outside Hong Kong	–	–	–	–	46,965	–	46,965	–	46,965
	–	–	–	–	(13,787)	–	(13,787)	–	(13,787)
Items that will not be reclassified subsequently to profit or loss:									
Gain on properties revaluation, net (note 13)	–	–	31,178	–	–	–	31,178	–	31,178
Income tax effect	–	–	(7,795)	–	–	–	(7,795)	–	(7,795)
	–	–	23,383	–	–	–	23,383	–	23,383
Total other comprehensive income (loss) for the year, net of tax	–	–	23,383	–	(13,787)	–	9,596	–	9,596
Total comprehensive income (loss) for the year	–	–	23,383	–	(13,787)	289,516	299,112	–	299,112
Transactions with owners of the Company									
Reserve released upon disposal of discontinued operations	–	–	(45,165)	(26,171)	–	71,336	–	–	–
At 31 December 2023	152,759	1,074,879*	102,862*	41,513*	326,684*	(2,074,621)*	(375,924)	(5,931)	(381,855)

* These reserve accounts comprise the negative reserves of HK$407,291,000 (2023: HK$528,683,000) in the consolidated statement of financial position.

SHARE PREMIUM

In accordance with the Companies Act (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

PROPERTIES REVALUATION RESERVE/EXCHANGE RESERVE

These reserves are dealt with in accordance with the respective accounting policies as set out in note 2.5 to the consolidated financial statements.

STATUTORY RESERVE FUND

Certain subsidiaries of the Company which were established in the People's Republic of China (the "**PRC**" or "**China**") are required to transfer 10% of their profits after tax calculated in accordance with the PRC accounting regulations to their respective statutory reserve funds until they reach 50% of their respective registered capital, upon which any further appropriation is at the directors' recommendation. These reserve funds may be used to reduce any losses incurred by the subsidiaries or may be capitalised as paid-up capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) generated from operations	27(i)	**(114,545)**	88,356
Interest received		**39**	34
Net cash (used in) generated from operating activities		**(114,506)**	88,390
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(77,875)**	(588)
Proceeds from disposal of property, plant and equipment		**1,371**	–
Net cash outflow arising from disposal of subsidiaries	28	**(8)**	–
Net cash outflow arising from disposal of discontinued operations		**–**	(1)
Net cash used in investing activities		**(76,512)**	(589)
CASH FLOWS FROM FINANCING ACTIVITIES	27(ii)		
New bank borrowings raised		**28,670**	–
Repayment of interest-bearing bank and other borrowings		**–**	(5,685)
Interest paid		**(153)**	(516)
Prepayment to creditor for settlement of loans		**–**	(96,703)
(Decrease) Increase in an amount due to the GBT Group		**(10,457)**	24,608
Increase in amount due to shareholders		**36,412**	–
Proceeds from issuance of Convertible Bonds		**128,346**	–
Net cash generated from (used in) financing activities		**182,818**	(78,296)
Net (decrease) increase in cash and cash equivalents		**(8,200)**	9,505
Cash and cash equivalents at beginning of year		**13,552**	4,275
Effect of foreign exchange rate changes, net		**(252)**	(228)
Cash and cash equivalents at end of year	19	**5,100**	13,552

1. GENERAL INFORMATION

Global Sweeteners Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") 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 on 13 June 2006. 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 were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024 (the "**Year**").

On 6 April 2023, Global Corn Bio-Chem Technology Company Limited ("**Global Corn Bio-Chem**"), a wholly-owned subsidiary of Global Bio-chem Technology Group Company Limited ("**GBT**", the former immediate and ultimate holding company of the Group, and together with its subsidiaries, the "**GBT Group**"), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), entered into a sale and purchase agreement (the "**GSH SPA**") with Mr. Kong Zhanpeng and Mr. Wang Tieguang (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 of the Company, representing approximately 47.00% of the entire issued shares of the Company (the "**Shares**") as at the date of the GSH SPA (the "**GSH Disposal**"). On 21 December 2023, all the conditions precedent under the GSH SPA in respect of the GSH Disposal were fulfilled or waived and completion of the GSH Disposal (the "**GSH Completion**") took place. Immediately upon the GSH Completion, GBT and Global Corn Bio-Chem are no longer the ultimate and immediate holding company, respectively, of the Group.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment and derivative financial instruments which are measured at revalued amounts/fair value as further explained in note 2.5 to the consolidated financial statements. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except where otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2.3 to the consolidated financial statements. A summary of the principal accounting policies adopted by the Group is set out in note 2.5 to the consolidated financial statements.

2.2 GOING CONCERN

As at 31 December 2024, the Group had net current liabilities of approximately HK$652.4 million (31 December 2023: approximately HK$734.3 million) and net liabilities of approximately HK$218.3 million (31 December 2023: approximately HK$381.9 million). In preparing these 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) Facilitating the debt restructuring on the Tiebei BOJ Loans and active negotiations with banks to obtain adequate banking facilities

The management of the Group has been actively negotiating with the banks in the PRC to obtain new banking facilities to meet the Group's capital requirements during the Year. The Group has drawn down additional bank borrowing of approximately RMB27.0 million (equivalent to approximately HK$28.7 million) during the Year. In addition, pursuant to the letter of intent given by 南洋商業銀行(中國)有限公司上海分行 (Nanyang Commercial Bank (China), Limited Shanghai Branch*) ("**Shanghai Nanyang**") dated 18 March 2025, Shanghai Nanyang is intended to grant further bank facilities in the aggregate amount of RMB50.0 million to 上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co., Ltd.*) ("**Shanghai Haocheng**"), subject to final approval. The Directors believe that the new banking facilities could further improve the financial position and liquidity of the Group. Meanwhile, the Group has been actively negotiating 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**") in relation to the debt restructuring for the loans from Tiebei BOJ to 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**") with the aggregate principal amount being RMB212.5 million together with outstanding interests (the "**Tiebei BOJ Loans**"). Based on the latest negotiation between the Group and Tiebei BOJ, Tiebei BOJ is considering the option of undergoing a debt restructuring of the Tiebei BOJ Loans and the parties are exploring a possible restructuring arrangement. Despite such arrangement is currently under the internal procedures and discussion by Tiebei BOJ and the relevant parties, the management of the Group believes that a positive feedback upon internal discussion of Tiebei BOJ will be given before the third quarter of 2025. Once the debt restructuring of the Tiebei BOJ Loans takes place, the financial position of the Group will be improved significantly and the debts financing capacity of the Group will be restored. The management of the Group also believes that it will substantially increase the financial liquidity of the Group.

(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 flow during market turbulence. During the Year, the Group has continued to maximise the production capacity of the production facilities in its Shanghai production site and launched a series of high value-added products to increase market sales. In addition, the Group is negotiating with certain of its suppliers, employees and creditors to formulate settlement plans more favourable to the Group regarding some of its long standing payables in order to ease the burden on the Group's operating cash flows. On the other hand, the Group will resume the operation of its upstream production facilities in the Jinzhou production site in order to enhance operating cash flow in the near future.

2.2 GOING CONCERN *(continued)*

(3) Financial supports from the Associates of Substantial Shareholders

The Group has received written confirmations dated 24 February 2025, 24 February 2025 and 14 March 2025 (the "**Confirmations**") from (i) 點點通供應鏈科技(深圳)有限公司 (DDT Supply Chain Technology (Shenzhen) Co., Ltd.*) ("**DDT Supply Chain**", together with its subsidiaries, the "**DDT Supply Chain Group**"), an associate (as defined under the Listing Rules) of Mr. Wang Tieguang; (ii) 銳豪科創商貿(廣州)有限公司 (Ruihao Property (Guangzhou) Co., Ltd.*) ("**Ruihao (Guangzhou)**"), together with its subsidiaries, the "**Ruihao (Guangzhou) Group**"), an associate (as defined under the Listing Rules) of Mr. Kong Zhanpeng; and (iii) 吉林省華生商貿有限公司 (Jilin Huasheng Trading Limited*) ("**Jilin Huasheng**", together with its subsidiaries, the "**Jilin Huasheng Group**"), an associate (as defined under the Listing Rules) of Hong Kong Huasheng Company Limited ("**Huasheng**") (collectively, the "**Associates of Substantial Shareholders**"), respectively, confirming that they would provide financial assistance to the Group in the 12 months following the respective dates of the Confirmations on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

As at 31 December 2024, the Group's current liabilities (other than the Convertible Bonds) due to Mr. Kong Zhanpeng, Mr. Wang Tieguang and Huasheng (collectively, the "**Substantial Shareholders**") and the Associates of Substantial Shareholders amounted to approximately HK$104.7 million. The Associates of Substantial Shareholders 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 Associates of Substantial Shareholders would be able to support the operations of the Group by providing a stable coal, corn kernels, corn starch and corn syrup supply to the Group and by purchasing corn starch and other corn refinery products from the Group with better commercial terms pursuant to the agreements dated 17 October 2024 entered into between the Company (for itself and on behalf of its subsidiaries from time to time), and Ruihao (Guangzhou) (for itself and Ruihao (Guangzhou) Group and its associated companies from time to time), DDT Supply Chain (for itself and DDT Supply Chain Group and its associated companies from time to time) and Jilin Huasheng (for itself and Jilin Huasheng Group and its associated companies from time to time) (collectively, the "**Contract Parties**"), in relation to (i) the purchase of coal, corn kernels, corn starch and sugar syrup by the Group from the Contract Parties for the term commencing from 1 January 2025 and ending on 31 December 2027; and (ii) the purchase of corn starch and other corn refined products including but not limited to gluten meal, corn steep liquor, fibre-based feeds, corn oil and corn germ meals by the Contract Parties from the Group for the term commencing from 1 January 2025 and ending on 31 December 2027, respectively.

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 31 December 2024.

Accordingly, the Directors consider that it is appropriate to prepare the 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 consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

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

Amendments to HKAS 1: Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES *(continued)*

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of the above amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2.4 NEW AND REVISED HKFRSs NOT YET ADOPTED

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the Year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRSs	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The effective date to be determined

The management of the Company is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on the results of the Group.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, and (ii) the carrying amount of any non-controlling interest and recognises (i) the fair value of the consideration received, and (ii) the fair value of any investment retained. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. Investments in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position which is presented within these notes. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("**CGU(s)**"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposal of and the portion of the CGU retained.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures certain of its property, plant and equipment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use ("**VIU**") and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued assets.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Discontinued operation

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property are dealt with as movements in the properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the properties revaluation reserve realised in respect of previous valuations is transferred to accumulated losses as a movement in reserves.

An item of property, plant and equipment, is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Depreciation is calculated on the straight-line basis to write off the cost or valuation less accumulated impairment of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold buildings	2.0% to 4.5%
Plant and machinery	6.7%
Leasehold improvements, furniture, office equipment and motor vehicles	20.0%

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Construction in progress represents plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets – Golf club membership

Golf club membership is stated at cost less impairment losses, if any. The carrying amount of individual golf club membership is reviewed at the end of each reporting period to assess whether the recoverable amount has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such golf club membership is reduced to its recoverable amount. The amount of the reduction is recognised as an expense in profit or loss.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

***As lessee** (continued)*

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option– in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leasehold land	2.0% to 3.7%
Factories and office	25.0% to 33.3%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessee *(continued)*

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire; or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include cash and bank balances, trade and bills receivables and financial assets included in prepayments, deposits and other receivables.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities *(continued)*

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, amount due to the GBT Group and shareholders, derivative financial instruments and lease liabilities. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial liabilities at FVPL include financial liabilities held for trading, financial liabilities designated upon initial recognition as at FVPL and financial liabilities that are contingent consideration of an acquirer in a business combination to which HKFRS 3 applies. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, except for the portion of fair value changes of financial liabilities designated at FVPL that are attributable to the credit risk of the liabilities which is presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss. The amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

A financial liability is classified as held for trading if it is:

(i) incurred principally for the purpose of repurchasing it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial liabilities are designated at initial recognition as at FVPL only if:

(i) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;

(ii) they are part of a group of financial liabilities or financial assets and financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

(iii) they contain one or more embedded derivatives, in which case the entire hybrid contract may be designated as a financial liability at FVPL, except where the embedded derivatives do not significantly modify the cash flows or it is clear that separation of the embedded derivatives is prohibited.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities *(continued)*

Classification and measurement (continued)

Derivatives embedded in a hybrid contract with a host that is not an asset within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host, and the hybrid contract is not measured at FVPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payables at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated).

Subsequently, the financial guarantee is measured at the higher of (i) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with HKFRS 15 and (ii) the amount of the loss allowance determined in accordance with the expected credit losses ("**ECL**") model under HKFRS 9, unless the financial guarantee is measured at FVPL or arises from a transfer of a financial asset.

Impairment of financial assets and other items

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items *(continued)*

Measurement of ECL (continued)

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped on one or more of the following bases of shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral, if any

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items *(continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

As detailed in note 31 to the consolidated financial statements, financial instruments including bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade and bills receivables without a significant financing component, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items *(continued)*

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any recovery made is recognised in profit or loss.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Convertible bond

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt and derivative components (derivative financial instruments) are recognised at fair value. In subsequent periods, the debt component of the Convertible Bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the Convertible Bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the Convertible Bonds using the effective interest method.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income or a reduction of the related expense item, as appropriate, on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue

Revenue from contracts with customers within HKFRS 15

Nature of goods

The Group engages in the manufacture and sale of corn refined products and corn sweeteners.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue *(continued)*

Revenue from contracts with customers within HKFRS 15 *(continued)*

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good (or a bundle of goods) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good either on its own or together with other resources that are readily available to the customer (i.e. the good is capable of being distinct); and

(b) the Group's promise to transfer the good to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of corn refined products and corn sweeteners is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue *(continued)*

Revenue from contracts with customers within HKFRS 15 *(continued)*

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credited-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

In accordance with the standard payment terms of the Group, payments are normally not due or received from the customer until when the goods are delivered, although the Group may request from the customer the whole or some of the contractual payments before the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Contract costs

Contract costs are either incremental costs of obtaining or costs (other than those that are accounted for as inventories, property, plant and equipment, or intangible assets) to fulfil contracts with customers. Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses.

The costs to obtain contracts are capitalised if they are incremental and recoverable, except to the extent that the practical expedient in paragraph 94 of HKFRS 15 is applied. The capitalised costs are amortised on a straight-line basis over the term of the specific existing and anticipated contracts to which the costs relate. The Group applies the practical expedient in HKFRS 15 and recognises the incremental costs as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

The costs to fulfil contracts are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, generate or enhance resources that will be used to provide goods in the future, and are expected to be recovered. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred. The costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods under the specific existing and anticipated contracts to which the costs relate.

An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive in exchange for the goods to which the asset relates; less (b) the costs that relate directly to providing those goods and that have not been recognised as expenses. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved provided the increased carrying amount of the asset shall not exceed the amount that would have been determined if no impairment loss had been recognised previously.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Under the MPF Scheme, no forfeited contributions for the MPF Scheme may be used by the employer to reduce the existing level of contributions as the contributions are fully vested to the employees upon payments to the MPF Scheme.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Retirement benefits *(continued)*

The employees of the Group's subsidiaries which operate in the PRC are required to participate in the retirement benefit schemes (the "**PRC RB Schemes**") operated by the respective local municipal governments in provinces of the PRC where the Group's entities operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to profit or loss as they become payable in accordance with the rules of the PRC RB Schemes.

Under the PRC RB Schemes, no forfeited contributions may be used by the employer to reduce the existing level of contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation rate is based on the actual cost of the related borrowings. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries are currencies other than HK$. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Deferred tax liability for withholding taxes

The Group determines that no dividends are to be distributed by the PRC subsidiaries to the Company or any subsidiary outside the PRC in the foreseeable future. Therefore, no deferred tax liability for withholding taxes has been recognised in these consolidated financial statements. Please refer to note 24 to the consolidated financial statements for more details of the unrecognised deferred tax liability for withholding taxes.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the operating results of the Group's operations and financing plans assessed using cash flows forecasts as detailed in note 2.2 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Estimation uncertainty *(continued)*

Fair value of property, plant and equipment

The Group estimates the fair value of its leasehold buildings and other property, plant and equipment (for impairment purpose) with reference to valuations performed by an independent professional valuer.

The valuation of leasehold buildings is performed using the direct comparison approach or the depreciated replacement cost (the "**DRC**") approach. The direct comparison approach requires adjustments to transaction price of similar properties regarding differences in key valuation attributes such as size, age and location etc. between the properties under appraisal and the comparable. The DRC approach requires an estimation of the new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

The valuation of property, plant and equipment (other than leasehold buildings) is performed using the market approach or where no second hand prices are available, the cost approach. The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative. The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation, which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of property, plant and equipment, the Group considers various factors such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with a similar asset that is used in a similar way. Additional depreciation is required if the estimated useful lives and/or the residual values of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Impairment of property, plant and equipment and right-of-use assets

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of relevant property, plant and equipment, right-of-use assets or the respective CGU to which the property, plant and equipment and right-of-use assets belong, which is the higher of VIU and fair value less cost of disposal. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an additional impairment loss may arise.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Estimation uncertainty *(continued)*

Loss allowance for ECL

The Group's management estimates the loss allowance for trade, bill and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade, bill and other receivables. Details of the key assumptions and inputs used in estimating ECL are set out in note 31 to the consolidated financial statements.

Write-down of inventories

The Group reviews ageing analysis and condition of inventories at the end of each reporting period and makes allowance for obsolete and slow-moving items that are no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

Income taxes

At 31 December 2024, deferred tax assets of approximately HK$53.8 million (2023: HK$42.4 million) in relation to deductible temporary differences and tax losses were recognised in the consolidated statement of financial position to the extent of the recognised taxable temporary difference. No deferred tax asset has been recognised on the remaining tax losses of HK$175.9 million (2023: HK$230.1 million) and the remaining deductible temporary difference of HK$233.0 million (2023: HK$234.8 million) due to unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits or taxable temporary differences are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

4. OPERATING SEGMENT INFORMATION

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

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

(b) 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 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.*) (collectively, the "**Dihao Companies**") took place, the corn sweeteners business in Jilin Province, the PRC which were operated by Dihao Companies were therefore classified as discontinued operations of the Group.

4. OPERATING SEGMENT INFORMATION *(continued)*

The management, being 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.

(i) Segment results

Year ended 31 December 2024

	(Continuing operations)		(Discontinued operations)	
	Corn refined products HK$'000	Corn sweeteners HK$'000	Corn sweeteners HK$'000	Total HK$'000
Segment revenue				
Revenue from external customers	–	623,460	–	623,460
Segment results	(112,694)	(5,808)	–	(118,502)
Reconciliation:				
Unallocated bank interest income				39
Corporate and other unallocated expenses				(14,412)
Gain on fair value change of derivative components of the Convertible Bonds				14,839
Gain on debt restructuring				167,615
Gain on disposal of subsidiaries				42,222
Finance costs				(34,552)
Profit before tax				57,249
Income tax credit				9,369
Profit for the year				66,618

4. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results *(continued)*

Year ended 31 December 2023

	(Continuing operations)		(Discontinued operations)	
	Corn refined products HK$'000	Corn sweeteners HK$'000	Corn sweeteners HK$'000	Total HK$'000
Segment revenue				
Revenue from external customers	–	440,813	–	440,813
Segment results	(72,791)	(18,076)	(35,785)	(126,652)
Reconciliation:				
Unallocated bank interest income				34
Corporate and other unallocated expenses				(10,912)
Gain on disposal of discontinued operations				476,997
Finance costs				(68,361)
Profit before tax				271,106
Income tax credit				18,410
Profit for the year				289,516

4. OPERATING SEGMENT INFORMATION *(continued)*

(ii) Other segment information

Year ended 31 December 2024

	(Continuing operations)		(Discontinued operations)	
	Corn refined products HK$'000	Corn sweeteners HK$'000	Corn sweeteners HK$'000	Total HK$'000
Capital expenditure	96,985	12,528	–	109,513
Sale of scrap raw materials, net of cost	(1,709)	–	–	(1,709)
Depreciation				
– Property, plant and equipment	12,044	12,389	–	24,433
– Right-of-use assets (a)	3,519	142	–	3,661
Reversal of write-down of inventories	(1,063)	–	–	(1,063)
Reversal of impairment of trade and bills receivables	–	(6)	–	(6)
(Reversal of impairment) Impairment of prepayments, deposits and other receivables, net	(1,547)	544	–	(1,003)
(Gain) Deficit on properties revaluation, net	(34,906)	1,403	–	(33,503)
Reversal of overprovision of other tax payables	–	(4,554)	–	(4,554)
Loss on disposal of property, plant and equipment	9,910	415	–	10,325

4. OPERATING SEGMENT INFORMATION *(continued)*

(ii) Other segment information *(continued)*

Year ended 31 December 2023

	(Continuing operations)		(Discontinued operations)	
	Corn refined products HK$'000	Corn sweeteners HK$'000	Corn sweeteners HK$'000	Total HK$'000
Capital expenditure	–	588	–	588
Sale of scrap raw materials, net of cost	(678)	–	–	(678)
Depreciation				
– Property, plant and equipment	18,183	39,683	14,884	72,750
– Right-of-use assets (a)	3,597	145	1,256	4,998
Reversal of write-down of inventories, net	(4)	–	–	(4)
Impairment of property, plant and equipment	21,276	–	–	21,276
Reversal of impairment of trade receivables, net	–	(83)	–	(83)
Impairment (Reversal of impairment) of prepayments, deposits and other receivables, net	91	496	(93)	494
Impairment of amount due from the GBT Group	–	1,277	1,818	3,095
(Gain) Deficit on properties revaluation, net	(16,591)	2,767	(17,354)	(31,178)
Reversal of overprovision of other tax payables	–	(4,385)	–	(4,385)

Remark:

(a) Depreciation of right-of-use assets of continuing operations that was not attributable to any of the above segments amounted to HK$378,000 (2023: HK$875,000) was included in corporate and other unallocated expenses.

(iii) Geographical information

Revenue information based on locations of customers

Continuing operations	**2024 HK$'000**	2023 HK$'000
The PRC	**616,908**	430,580
Asian region and others	**6,552**	10,233
	623,460	440,813

No revenue generated from discontinued operations during the year ended 31 December 2023.

4. OPERATING SEGMENT INFORMATION *(continued)*

(iii) Geographical information *(continued)*

Non-current assets information based on locations of assets

	2024 HK$'000	2023 HK$'000
Continuing operations		
The PRC	434,170	352,550
Hong Kong	259	292
	434,429	352,842
Discontinued operations		
The PRC	–	–

(iv) Information about major customers

No revenue from any customer from the corn refined products segment individually accounted for 10% or more of the Group's revenue for the Year (2023: Nil).

Revenue from customers from the corn sweeteners segment individually accounted for 10% or more of the Group's revenue are as follows:

Continuing operations	2024 HK$'000	2023 HK$'000
Corn sweeteners:		
Customer A	71,675	*
Customer B	*	72,015
Customer C	*	49,008
	71,675	121,023

* These customers individually contributed less than 10% of the total revenue from the Group's corn sweeteners segment during the years ended 31 December 2024 and 2023.

5. REVENUE, OTHER INCOME AND GAINS

	2024 HK$'000	2023 HK$'000
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	623,460	440,813

	Notes	2024 HK$'000	2023 HK$'000
Other income and gains			
Amortisation of deferred income	23	174	178
Bank interest income		39	34
Foreign exchange gain, net		2,540	157
Government grants (b)		250	623
Rental income		1,035	1,119
Reversal of overprovision of other tax payables		4,554	4,385
Reversal of impairment of trade and bills receivables, net		6	83
Reversal of impairment of prepayment, deposit and other receivables, net		1,003	–
Reversal of write-down of inventories, net		1,063	4
Subcontracting income		5,223	3,676
Sale of scrap raw materials, net of cost		1,709	678
Gain on disposal of subsidiaries	28	42,222	–
Gain on fair value change of derivative components of the Convertible Bonds	29	14,839	–
Others		2	539
		74,659	11,476

Remarks:

(a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time. The amount of revenue recognised for the Year that was included in the contract liabilities at the beginning of the Year was approximately HK$45,733,000 (2023: HK$15,639,000) (note 21 (a)).

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

6. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	Notes	2024 HK$'000	2023 HK$'000
Employee benefits expenses (excluding Directors' remuneration)			
– Wages and salaries		**44,586**	46,870
– Pension scheme contributions		**14,065**	16,714
		58,651	63,584
Cost of inventories sold (a)		**592,157**	404,195
Auditor's remuneration			
– Annual audit		**1,000**	1,000
– Non-audit service fee		**355**	546
Amortisation of deferred day one loss	29	**4,461**	–
Foreign exchange gain, net		**(2,540)**	(157)
Depreciation			
– Property, plant and equipment		**24,433**	57,866
– Right-of-use assets		**4,039**	4,617
Reversal of write-down of inventories, net		**(1,063)**	(4)
Reversal of impairment of trade and bills receivables, net	31	**(6)**	(83)
(Reversal of impairment) Impairment of prepayments, deposits and other receivables, net		**(1,003)**	587
Impairment of property, plant and equipment (included in other expenses)	13	**–**	21,276
Loss on disposal of property, plant and equipment		**10,325**	–
Impairment of amount due from the GBT Group		**–**	1,277
Reversal of overprovision of other tax payables		**(4,554)**	(4,385)
Gain on debt restructuring (b)		**(167,615)**	–
Gain on fair value change of derivative components of the Convertible Bonds	29	**(14,839)**	–

6. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS *(continued)*

Remarks:

(a) Cost of inventories sold includes employee benefits expenses and depreciation amounted to approximately HK$18,730,000 (2023: HK$18,306,000), which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.

(b) 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 the debt restructuring agreement (the "**Debt Restructuring Agreement**"), pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) 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*) to Jinzhou Yuancheng with the aggregate principal amount being RMB188.7 million together with outstanding interest ("**Yuancheng CCB Loans**") prior to transfer to Jilin Cinda. The Group has transferred a total of RMB88.0 million (equivalent to approximately HK$93,617,000), to Jilin Cinda in advance for the purpose of the settlement of Yuancheng CCB Loans as at 31 December 2023.

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 Year.

7. FINANCE COSTS

	Notes	2024 HK$'000	2023 HK$'000
Continuing operations			
Interest on bank and other borrowings		**25,723**	39,886
Interest on amount due to shareholders	30(i)	**199**	–
Interest on amount payable to the GBT Group	30(i)	**2,327**	2,549
Interest on lease liabilities		**14**	7
Imputed interest on the Convertible Bonds	29, 30(i)	**6,289**	–
		34,552	42,442

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The aggregate amounts of emoluments paid and payable to the Directors by the Group during the years are as follows:

	2024			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Wang Tieguang	600	–	12	612
Mr. Kong Zhanpeng	600	–	12	612
Mr. Li Fangcheng (appointed on 5 June 2024)	343	–	–	343
Mr. Wang Guicheng (a) (resigned on 17 January 2024)	–	–	–	–
	1,543	–	24	1,567
Non-executive Director				
Mr. Tai Shubin (a) (re-designated from an executive Director to a non-executive Director on 18 January 2024)	–	–	–	–
Independent non-executive Directors				
Mr. Lo Kwing Yu	240	–	–	240
Ms. Liu Ying (appointed on 18 January 2024)	114	–	–	114
Ms. Li Guichen (appointed on 18 January 2024)	62	–	–	62
Mr. Fong Wai Ho (resigned on 18 January 2024)	12	–	–	12
Mr. Fan Yeran (resigned on 18 January 2024)	9	–	–	9
	437	–	–	437
Chief executive				
Mr. Wang Hui (appointed on 8 May 2024)	293	–	–	293

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

	2023			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Wang Tieguang (appointed on 28 December 2023)	6	–	–	6
Mr. Kong Zhanpeng (appointed on 28 December 2023)	6	–	–	6
Mr. Wang Guicheng (a)	–	–	–	–
Mr. Tai Shubin (a)	–	–	–	–
	12	–	–	12
Independent non-executive Directors				
Mr. Lo Kwing Yu	240	–	–	240
Mr. Fong Wai Ho	240	–	–	240
Mr. Fan Yeran	107	–	–	107
	587	–	–	587
Chief executive				
Mr. Wang Guicheng (b)	–	–	–	–

Remarks:

(a) According to the Director's service contracts entered into between the Company and each of Mr. Wang Guicheng and Mr. Tai Shubin, these executive/non-executive Directors were not entitled to any salaries, allowances, performance bonuses, pension scheme contribution and any benefits in kind.

(b) The salaries, allowance, performance bonuses, pension scheme contribution and any benefits in kind of chief operating officer of the Group, Mr. Wang Guicheng who ceased as chief operating officer of the Group on 28 December 2023, were paid by the GBT Group for the year ended 31 December 2023.

No performance related bonus was paid or payable by the Group to any of the Directors during the years ended 31 December 2024 and 2023. No emolument was paid by the Group to any of the directors and chief executive of the Company as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. None of the Directors and chief executive of the Company waived any emoluments during the years ended 31 December 2024 and 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Year included two Directors (2023: Nil), details of whose remuneration are set out in note 8 above. Details of the remuneration of the three (2023: five) highest paid employees who are not Directors nor chief executives of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	1,772	2,054
Pension scheme contributions	194	571
	1,966	2,625

The highest paid employees fell within the following band:

	2024	2023
Nil to HK$1,000,000	3	5

No performance related bonus was paid or payable by the Group to any of the highest paid non-Director employees during the years ended 31 December 2024 and 2023. No emolument was paid or payable by the Group to the highest paid non-Director employees as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. The highest paid non-Director employees did not waive any emoluments during the years ended 31 December 2024 and 2023.

10. INCOME TAX CREDIT

Hong Kong profits tax rate is 16.5%. Since 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2.0 million and 16.5% for any assessable profits in excess of HK$2.0 million.

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

PRC enterprise income tax was made on the estimated assessable profits of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general PRC enterprise income tax rate is 25% for the Year (2023: 25%).

No provision for the PRC enterprise income tax has been made as the subsidiaries operating in the PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the years ended 31 December 2024 and 2023.

10. INCOME TAX CREDIT *(continued)*

	Note	2024 HK$'000	2023 HK$'000
Continuing operations			
Deferred tax			
– Origination and reversal of temporary differences, net	24	**(9,369)**	(4,367)
Income tax credit		**(9,369)**	(4,367)

A reconciliation of tax credit to profit (loss) before tax from continuing operations using the applicable tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Profit (Loss) before tax from continuing operations	**57,249**	(144,187)
Income tax at applicable tax rate	**8,341**	(35,072)
Non-deductible expenses	**9,288**	6,543
Tax-exempt revenue	**(19,814)**	(17)
Recognition of previously unrecognised deferred taxes and reversal of deferred taxes	**(9,369)**	(5,325)
Unrecognised tax losses	**2,185**	29,504
Income tax credit	**(9,369)**	(4,367)

The applicable tax rate is the weighted average of the prevailing tax rates in the locations where the Group's entities operate.

11. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2023: Nil).

12. EARNINGS (LOSS) PER SHARE

	2024	2023
Basic earnings (loss) per Share		
Profit (Loss) attributable to owners of the Company arising from (in HK$'000):		
– Continuing operations	66,618	(139,820)
– Discontinued operations	–	429,336
	66,618	289,516
Number of Shares		
Weighted average of ordinary Shares in issue	1,748,241,140	1,527,586,000
Basic earnings (loss) per Share		
– Continuing operations	HK 3.8 cents	HK (9.2) cents
– Discontinued operations	–	HK 28.1 cents
	HK 3.8 cents	HK 18.9 cents

12. EARNINGS (LOSS) PER SHARE *(continued)*

	2024	2023
Diluted earnings (loss) per Share		
Profit (Loss) attributable to owners of the Company arising from (in HK$'000):		
– Continuing operations	**66,618**	(139,820)
– Discontinued operations	**–**	429,336
	66,618	289,516
Continuing operations		
Gain on fair value change of derivative components of the Convertible Bonds (in HK$'000)	**(14,839)**	–
Imputed interest on the Convertible Bonds (in HK$'000)	**6,289**	–
Amortisation on deferred day one loss (in HK$'000)	**4,461**	–
	(4,089)	–
Adjusted profit (loss) attributable to owners of the Company arising from (in HK$'000):		
– Continuing operations	**62,529**	(139,820)
– Discontinued operations	**–**	429,336
	62,529	289,516
Number of Shares		
Weighted average of ordinary Shares in issue	**1,748,241,140**	1,527,586,000
Effect of conversion of the Convertible Bonds	**502,681,434**	–
Weighted average number of ordinary Shares for the purpose of diluted earnings (loss) per Share	**2,250,922,574**	1,527,586,000
Diluted earnings (loss) per Share		
– Continuing operations	**HK 2.8 cents**	HK (9.2) cents
– Discontinued operations	**–**	HK 28.1 cents
	HK 2.8 cents	HK 18.9 cents

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

Diluted earnings (loss) per Share is the same as basic earnings (loss) per Share as there were no potential dilutive ordinary Shares outstanding during the year ended 31 December 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2023					
At 1 January 2023	346,201	153,835	1,458	6,371	507,865
Additions	–	219	46	323	588
Depreciation	(44,451)	(27,125)	(1,174)	–	(72,750)
Disposal of discontinued operations	(90,755)	(36,488)	–	(2,383)	(129,626)
Gain on properties valuation	31,178	–	–	–	31,178
Impairment	–	(18,229)	–	(3,047)	(21,276)
Exchange realignment	(2,080)	(1,345)	(26)	(203)	(3,654)
At 31 December 2023	240,093	70,867	304	1,061	312,325
At 31 December 2023					
At cost	–	438,250	23,312	34,271	495,833
At valuation	259,879	–	–	–	259,879
Accumulated depreciation and impairment losses	(19,786)	(367,383)	(23,008)	(33,210)	(443,387)
Net carrying amount	240,093	70,867	304	1,061	312,325
Reconciliation of carrying amount – year ended 31 December 2024					
At 1 January 2024	**240,093**	**70,867**	**304**	**1,061**	**312,325**
Additions	**–**	**65,249**	**1,051**	**43,213**	**109,513**
Depreciation	**(13,199)**	**(11,092)**	**(142)**	**–**	**(24,433)**
Disposal	**–**	**(11,593)**	**(103)**	**–**	**(11,696)**
Gain on properties valuation	**33,503**	**–**	**–**	**–**	**33,503**
Exchange realignment	**(16,941)**	**(2,158)**	**(22)**	**(1,683)**	**(20,804)**
At 31 December 2024	**243,456**	**111,273**	**1,088**	**42,591**	**398,408**
At 31 December 2024					
At cost	**–**	**378,611**	**21,927**	**74,741**	**475,279**
At valuation	**243,456**	**–**	**–**	**–**	**243,456**
Accumulated depreciation and impairment losses	**–**	**(267,338)**	**(20,839)**	**(32,150)**	**(320,327)**
Net carrying amount	**243,456**	**111,273**	**1,088**	**42,591**	**398,408**

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Plant and machinery

At 31 December 2023, the Directors have reviewed the carrying value of plant and machinery under corn refined segment which operation has been suspended since 2020 and determined that the recoverable amounts from the use or sale of certain of these assets have significantly declined below their carrying amounts. Accordingly, the carrying amounts of these assets have been reduced by HK$18,229,000 to reflect this impairment loss. The recoverable amounts of these assets amounted to HK$16,487,000 are determined by reference to the fair value less costs of disposal by reference to the market price of an active market.

The key assumptions used in estimating the fair value of the plant and machinery under market approach include prices recently paid for similar assets, adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative, adjustments to the market price of each asset to reflect the differences in age, condition and utility between the items under appraisal and the comparable. The valuation of plant and machinery was categorized as Level 3 fair value measurement.

The Directors were of the opinion that there was no material difference between the carrying amount and fair value of the plant and machinery at 31 December 2024 after considering the depreciation of plant and machinery in relevant months.

Leasehold buildings

The leasehold buildings are situated on parcels of land of the Group in the PRC with remaining lease terms ranging from 7 to 48 years (2023: 8 to 49 years).

At 31 December 2024, the applications for building certificates for certain leasehold buildings of the Group with a total carrying amount of HK$72,727,000 (2023: HK$69,280,000) were still in progress.

Had the Group's leasehold buildings been carried under the cost model, their carrying amount at 31 December 2024 would have been approximately HK$136,286,000 (2023: HK$155,058,000).

The Group's leasehold buildings were revalued at 31 December 2024 by an independent professionally qualified valuer at an aggregate open market value of HK$243,456,000 (2023: HK$240,093,000) based on their existing use. A gain on properties revaluation of approximately HK$33,503,000 (before deferred tax) (2023: HK$31,178,000) was recognised in other comprehensive income and credited to properties revaluation reserve during the Year.

Valuation processes

The Group reviews the estimation of fair value of the leasehold buildings at the end of each reporting period. Valuation of leasehold buildings is normally performed by an independent professional qualified valuer on a bi-annual basis, unless the Directors are of the opinion that there is a significant change in fair value or a more frequent valuation is necessary. Discussion of the valuation process and results with the Audit Committee is held twice a year to coincide with the reporting dates.

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Leasehold buildings *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold buildings stated at revalued amounts:

	Fair value measurement at 31 December 2024 using			
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Industrial properties	–	–	223,988	223,988
Residential properties	–	–	19,468	19,468
	–	–	243,456	243,456

	Fair value measurement at 31 December 2023 using			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Industrial properties	–	–	221,175	221,175
Residential properties	–	–	18,918	18,918
	–	–	240,093	240,093

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Leasehold buildings *(continued)*

Fair value hierarchy *(continued)*

The movements in Level 3 fair value measurements during the years are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**240,093**	346,201
Gain on properties valuation	**33,503**	31,178
Disposal of discontinued operations	**–**	(90,755)
Depreciation	**(13,199)**	(44,451)
Exchange realignment	**(16,941)**	(2,080)
At 31 December	**243,456**	240,093

The gain on properties revaluation for the Year represented the total gain for the year included in other comprehensive income for leasehold buildings held at 31 December 2024.

Below is a summary of the valuation technique and the key inputs used in the valuation of the leasehold buildings at 31 December 2024:

Valuation technique	Significant unobservable input	Industrial properties	Residential properties
DRC approach	Construction cost (RMB square meter)	RMB540-RMB1,920	RMB650-RMB2,100

A significant positive adjustment to the above significant unobservable inputs would result in a significant increase in fair value of the leasehold buildings, and vice versa.

The Group has determined that the highest and best use of the buildings at the measurement date would be their existing use.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Leasehold land HK$'000	Office HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2023			
At 1 January 2023	54,126	1,167	55,293
Depreciation	(4,998)	(875)	(5,873)
Disposal of discontinued operations	(7,878)	–	(7,878)
Exchange realignment	(2,729)	–	(2,729)
At 31 December 2023	38,521	292	38,813
Reconciliation of carrying amount – year ended 31 December 2024			
At 1 January 2024	38,521	292	38,813
Additions	–	345	345
Depreciation	(3,661)	(378)	(4,039)
Exchange realignment	(802)	–	(802)
At 31 December 2024	34,058	259	34,317
At 31 December 2023			
Cost	125,131	9,271	134,402
Accumulated depreciation and impairment losses	(86,610)	(8,979)	(95,589)
	38,521	292	38,813
At 31 December 2024			
Cost	121,137	345	121,482
Accumulated depreciation and impairment losses	(87,079)	(86)	(87,165)
	34,058	259	34,317

The leasehold land is granted with remaining lease terms ranging from 7 to 48 years (2023: 8 to 49 years) and is situated in the PRC.

The Group leases an office premise (2023: office premises) for its daily operations with lease term of 3 years (2023: 1 to 3 years).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

Restrictions or covenants

For leases of office premises, the lease imposes a restriction that, unless approval is obtained from the lessor, the premises can only be used by the Group and the Group is prohibited from selling or pledging the underlying premises. In addition, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Lease liabilities

	2024 HK$'000	2023 HK$'000
Current portion	119	172
Non-current portion	156	–
	275	172

The Group has recognised the following amounts for the years:

	2024 HK$'000	2023 HK$'000
Lease payments:		
Short-term leases	–	2,291
Expenses recognised in profit or loss	–	2,291
Payment of lease liabilities	256	958

15. INTANGIBLE ASSETS

	Golf club membership HK$'000
Reconciliation of carrying amount – years ended 31 December 2024 and 2023	
At 1 January 2024 and 2023 and 31 December 2024 and 2023	**1,704**
At 31 December 2024 and 31 December 2023	
At cost	**3,243**
Accumulated impairment losses	**(1,539)**
	1,704

16. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**33,064**	14,300
Finished goods	**1,157**	19,854
	34,221	34,154

17. TRADE AND BILLS RECEIVABLES

	Note	2024 HK$'000	2023 HK$'000
Trade receivables		**77,243**	138,038
Bills receivable		**3**	–
		77,246	138,038
Loss allowance	31	**(6,807)**	(70,086)
		70,439	67,952

The Group normally grants credit terms of 30 to 90 days (2023: 30 to 90 days) to established customers. The trade and bills receivables are mainly denominated in Renminbi ("**RMB**").

17. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2024 HK$'000	2023 HK$'000
Within 1 month	**53,447**	46,582
1 to 2 months	**12,755**	15,519
2 to 3 months	**2,846**	4,213
Over 3 months	**1,391**	1,638
	70,439	67,952

Information about the Group's exposure to credit risks and loss allowance for trade and bills receivables is included in note 31 to the consolidated financial statements.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2024 HK$'000	2023 HK$'000
Prepayments		**16,100**	6,006
Prepayments to Jilin Cinda	6(b)	**–**	96,703
Deposits and other debtors		**7,117**	2,314
The PRC value-added tax ("**VAT**") and other tax receivables		**1,431**	1,834
		24,648	106,857

Information about the Group's exposure to credit risks and loss allowance for other receivables is included in note 31 to the consolidated financial statements.

19. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**5,100**	13,552

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$4,866,000 (2023: HK$7,060,000). RMB held by subsidiaries in the PRC is not freely convertible into other currencies. However, under relevant regulations in the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

	Notes	2024 HK$'000	2023 HK$'000
Trade payables			
To related parties			
Ruihao (Guangzhou)	30(ii)	**6,348**	64,293
DDT Supply Chain	30(ii)	**59,205**	14,472
		65,553	78,765
To third parties		**68,755**	59,280
		134,308	138,045

The Group normally obtains credit terms ranging from 30 to 90 days (2023: 30 to 90 days) from its suppliers. The trade payables are mainly denominated in RMB.

20. TRADE PAYABLES *(continued)*

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:

	2024 HK$'000	2023 HK$'000
Within 1 month	**65,701**	46,860
1 to 2 months	**14,561**	8,253
2 to 3 months	**27,851**	1,303
Over 3 months	**26,195**	81,629
	134,308	138,045

21. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Payables for purchases of machinery	**31,727**	89
Customer deposits and receipts in advance (a)	**15,194**	45,733
VAT and other duties payable	**18,118**	70,496
Accruals for employee benefits	**54,797**	73,802
Accrued expenses	**39,926**	29,374
Interest payables	**68,303**	103,952
	228,065	323,446

Remark:

(a) The balance represents the contract liabilities from contracts with customers within HKFRS 15 at the end of the reporting period and the movements (excluding those arising from increases and decreases both occurred within the same year) of the contract liabilities during the years are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**45,733**	15,639
Recognised as revenue	**(45,733)**	(15,639)
Receipt of advances or recognition of receivables	**15,194**	45,733
At 31 December	**15,194**	45,733

21. OTHER PAYABLES AND ACCRUALS *(continued)*

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2024 and 2023 were part of contracts that had an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate	Maturity	Amount HK$'000	Effective interest rate	Maturity	Amount HK$'000
Bank borrowings						
– Secured	4.9%-12.0%	On demand/ 2025	254,734	10.5%-12.0%	On demand/ 2024	233,517
Other borrowings						
– Unsecured	N/A	N/A	–	8.2%	On demand/ 2024	207,393
			254,734			440,910

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year or on demand	254,734	440,910

At 31 December 2024, the Group's bank and other borrowings amounting to approximately HK$254,734,000 (2023: HK$233,517,000) were secured by pledge of certain property, plant and equipment of the Group amounted to approximately HK$262,313,000 (2023: HK$191,836,000).

The other borrowings as at 31 December 2023 were guaranteed by GBT and Dihao Foodstuff. The bank borrowings of approximately HK$226,064,000 (2023: HK$233,517,000) are guaranteed by Dihao Foodstuff. The Company also provide counter guarantee to Dihao Foodstuff (2023: GBT and Dihao Foodstuff) in respect of such loans.

At 31 December 2024 and 2023, all of the Group's bank and other borrowings were denominated in RMB.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Certain banking facilities are subject to the fulfillment of covenants relating to certain ratios based on the borrowing subsidiaries' statement of financial position, as are commonly found in lending arrangements with financial institutions. If the entities were to breach the covenants, the drawn down facilities would become repayable on demand. These borrowings were classified as current liabilities even though the Directors do not expect that the lenders would exercise their rights to demand immediate repayment.

Further details of the Group's management of liquidity risk are set out in note 31 to the consolidated financial statements. At 31 December 2024, the Group has defaulted in the repayment of certain bank and other borrowings of aggregate outstanding principal amount of approximately HK$226.1 million (2023: HK$440.9 million), which had been included in the breach of covenant, such breach of covenants and default in repayment may also trigger cross default provisions in other loan agreements.

23. DEFERRED INCOME

	Note	2024 HK$'000	2023 HK$'000
At 1 January		**352**	21,511
Amortisation from continuing operations	5	**(174)**	(178)
Amortisation from discontinued operations		**–**	(2,000)
Disposal of discontinued operations		**–**	(18,297)
Exchange realignment		**(8)**	(684)
At 31 December		**170**	352

Deferred income represents government grants received by the Group for purchasing and constructing property, plant and equipment, which is amortised to profit or loss on a straight-line basis over the estimated useful lives of the relevant assets.

24. DEFERRED TAX

	Note	2024 HK$'000	2023 HK$'000
At 1 January		**–**	17,362
Credited to profit or loss			
– Continuing operations	10	**(9,369)**	(4,367)
– Discontinued operations		**–**	(14,043)
Charged to other comprehensive income/equity		**8,376**	7,795
Disposal of discontinued operations		**–**	(7,242)
Exchange realignment		**993**	495
At 31 December		**–**	–

Recognised deferred tax assets and liabilities:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Depreciation allowances	**42,388**	33,483	**12,241**	9,164
Revaluation of leasehold buildings	**–**	–	**41,536**	33,266
Tax losses	**11,389**	8,947	**–**	–
	53,777	42,430	**53,777**	42,430
Offsetting	**(53,777)**	(42,430)	**(53,777)**	(42,430)
Deferred tax liabilities, net	**–**	–	**–**	–

24. DEFERRED TAX *(continued)*

Unrecognised deferred tax assets arising from:

	2024 HK$'000	2023 HK$'000
Before multiplied by the applicable tax rates:		
Deductible temporary differences	**233,039**	234,833
Tax losses	**175,900**	230,033
	408,939	464,866

Deductible temporary differences of approximately HK$233.0 million (2023: HK$234.8 million) and tax losses arising in Hong Kong of approximately HK$47.8 million (2023: HK$47.8 million) have no expiry date under current tax legislations. Tax losses arising in the PRC of approximately HK$128.1 million (2023: HK$182.3 million) which are available for offsetting against future taxable profits of the subsidiaries in which the losses arose will expire in one to five years. The Directors consider that no deferred tax assets should be recognised as it is uncertain whether future taxable profits can be generated by these subsidiaries to utilise these tax losses and deductible temporary differences. The unrecognised tax losses will be expired as follows:

	2024 HK$'000	2023 HK$'000
Year of expiry		
2025	**804**	23,120
2026	**780**	22,255
2027	**696**	18,879
2028	**117,407**	118,018
2029	**8,432**	–
	128,119	182,272

Deferred tax has not been recognised for withholding taxes and other taxes of 10% that would be payable on the unremitted earnings of certain subsidiaries totaling HK$176.6 million at 31 December 2024 (2023: HK$174.7 million). The Directors consider that it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

25. SHARE CAPITAL

	2024 Number of Shares	2024 HK$'000	2023 Number of Shares	2023 HK$'000
Authorised:				
100,000,000,000 (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 Shares of HK$0.1 each:				
At beginning of the years	**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 years	**1,890,374,856**	**189,037**	1,527,586,000	152,759

Remark:

(a) As disclosed in the announcement of the Company dated 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 (the "**Conversion Share(s)**") at the conversion price (the "**Convertible Price**") of HK$0.10 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 (the "**Conversion**"). 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.

26. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Contracted, but not provided for:		
Purchase or construction of property, plant and equipment	**59,410**	92

27. OTHER CASH FLOW INFORMATION

(i) Cash flows from operations

	Notes	2024 HK$'000	2023 HK$'000
Profit (Loss) before tax			
– From continuing operations		**57,249**	(144,187)
– From discontinued operations		**–**	415,293
Profit before tax including discontinued operations		**57,249**	271,106
Bank interest income		**(39)**	(34)
Finance costs		**34,552**	68,361
Depreciation			
– Property, plant and equipment	13	**24,433**	72,750
– Right-of-use assets	14	**4,039**	5,873
Amortisation of deferred day one loss	29	**4,461**	–
Amortisation of deferred income		**(174)**	(2,178)
Gain on disposal of subsidiaries	28	**(42,222)**	–
Gain on disposal of discontinued operations		**–**	(476,997)
Gain on debt restructuring	6(b)	**(167,615)**	–
Gain on fair value change of derivative components of the Convertible Bonds	29	**(14,839)**	–
Impairment of property, plant and equipment	13	**–**	21,276
Reversal of impairment of trade and bills receivables, net	31	**(6)**	(83)
Impairment of amount due from the GBT Group		**–**	3,095
(Reversal of impairment) Impairment of prepayments, deposits and other receivables, net		**(1,003)**	494
Loss on disposal of property, plant and equipment		**10,325**	–
Reversal of overprovision of other tax payables		**(4,554)**	(4,385)
Reversal of write-down of inventories, net		**(1,063)**	(4)
		(96,456)	(40,726)
Changes in working capital:			
Inventories		**(119)**	6,622
Trade and bills receivables		**(4,751)**	(20,752)
Prepayments, deposits and other receivables		**(12,787)**	1,635
Trade payables		**19,511**	72,447
Other payables and accruals		**(19,943)**	69,130
Cash (used in) generated from operations		**(114,545)**	88,356

27. OTHER CASH FLOW INFORMATION *(continued)*

(ii) Changes in liabilities arising from financing activities

	Convertible Bonds HK$'000	Due to shareholders HK$'000	Due to the GBT Group HK$'000	Amount payable to the GBT Group HK$'000	Interest-bearing bank and other borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2024	–	–	15,686	38,352	440,910	172	495,120
Changes from financing cash flows:							
Proceeds from issue of Convertible Bonds	128,346	–	–	–	–	–	128,346
Increase in amount due to shareholders	–	36,412	–	–	–	–	36,412
Decrease in amount due to the GBT Group	–	–	(10,457)	–	–	–	(10,457)
Proceeds from new interest-bearing bank and other borrowings	–	–	–	–	28,670	–	28,670
Interest paid	–	–	–	–	(153)	–	(153)
Total changes from financing cash flows	128,346	36,412	(10,457)	–	28,517	–	182,818
Exchange realignment	(703)	–	(332)	(1,224)	(11,742)	–	(14,001)
Other changes:							
Debt restructuring	–	–	–	–	(109,487)	–	(109,487)
New lease	–	–	–	–	–	345	345
Change in lease liabilities	–	–	256	–	–	(256)	–
Interest expenses	6,289	199	2,327	–	153	14	8,982
Amortisation of deferred day one loss	4,461	–	–	–	–	–	4,461
Interest payable	(2,540)	2,540	–	–	–	–	–
Net-off with the prepayments to Jilin Cinda (note 6(b))	–	–	–	–	(93,617)	–	(93,617)
Recognition of derivative component of the Convertible Bonds	(65,942)	–	–	–	–	–	(65,942)
Conversion of the Convertible Bonds	(25,183)	–	–	–	–	–	(25,183)
Total other changes	(82,915)	2,739	2,583	–	(202,951)	103	(280,441)
At 31 December 2024	44,728	39,151	7,480	37,128	254,734	275	383,496

27. OTHER CASH FLOW INFORMATION *(continued)*

(ii) Changes in liabilities arising from financing activities *(continued)*

	Due to the GBT Group HK$'000	Amount payable to the GBT Group HK$'000	Interest–bearing bank and other borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	(5,547)	39,660	795,353	1,123	830,589
Changes from financing cash flows:					
Decrease in amount due to the GBT Group	24,608	–	–	–	24,608
Repayment of interest-bearing bank and other borrowings	–	–	(5,685)	–	(5,685)
Interest paid	–	–	(516)	–	(516)
Total changes from financing cash flows	24,608	–	(6,201)	–	18,407
Exchange realignment	(7,428)	(1,308)	(26,220)	–	(34,956)
Other changes:					
Disposal of subsidiaries	–	–	(322,538)	–	(322,538)
Impairment of amount due from the GBT Group	3,095	–	–	–	3,095
Change in lease liabilities	958	–	–	(958)	–
Interest expenses	–	–	516	7	523
Total other changes	4,053	–	(322,022)	(951)	(318,920)
At 31 December 2023	15,686	38,352	440,910	172	495,120

28. DISPOSAL OF SUBSIDIARIES

On 17 April 2024, the Company (as seller) entered into a sale and purchase agreement 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$42.2 million in relation to the Retail Group Disposal.

Details of the Retail Group Disposal

	HK$'000
Cash consideration received (equivalent to HK$1.0)	–
Carrying amount of net liabilities disposed of	33,201
Release of exchange reserve upon disposal of subsidiaries	14,952
Release of non-controlling interests upon disposal of subsidiaries	(5,931)
	42,222

The details of the net liabilities disposed of are summarised below:

	HK$'000
Non-current asset	
Property, plant and equipment	–
Current assets	
Prepayments, deposits and other receivables	685
Cash and bank balances	8
	693
Current liabilities	
Trade payables	(18,828)
Other payables and accruals	(15,066)
	(33,894)
NET LIABILITIES DISPOSED OF	(33,201)

28. DISPOSAL OF SUBSIDIARIES *(continued)*

An analysis of net cash flow in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration received (equivalent to HK$1.0)	–
Cash and cash balances disposed of	(8)
Total cash outflow from disposal	(8)

29. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

On 6 April 2023 (after trading hours), the Company entered into the conditional subscription agreement (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 rights pursuant to the terms and conditions of the Convertible Bonds (the "**Conversion Rights**") attached to the Convertible Bonds at an initial Conversion Price of HK$0.1 per Conversion Share, with an aggregate nominal value of HK$138,000,000 based on the nominal value of HK$0.1 per 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 represented a premium of approximately 16.3% over the closing price of HK$0.086 per Share as quoted on the Stock Exchange on 6 April 2023, being the date of the CB Subscription Agreement.

First Batch of CB

On 3 May 2024, the Company and the Joint Offerors had agreed in writing that the completion of the issuance of the first batch of Convertible Bonds in the aggregate principal amount of RMB60.0 million (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 (the "**First Batch of CB**") had been issued to the Joint Offerors, with each of them holding the Convertible Bonds in the principal amount of RMB30.0 million upon the CB First Completion.

Subsequent to the CB First Completion, each of the Joint Offerors 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 respectively. On 24 May 2024, Huasheng exercised the Conversion Rights 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 as announced by the People's Bank of China on the date of Conversion pursuant to the terms and conditions of the Convertible Bonds. All Conversion Shares rank pari passu in all respects among themselves and with all other existing Shares in issue.

29. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Second Batch of CB

On 18 July 2024, the Company and the Joint Offerors had agreed in writing that the completion of the issuance of the second batch of Convertible Bonds in the aggregate principal amount of RMB60.0 million (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 (the "**Second Batch of CB**") had been issued to the Joint Offerors with each of them acquiring additional Convertible Bonds in the principal amount of RMB30.0 million. Upon the CB Second Completion, each of the Joint Offerors held outstanding Convertible Bonds in the principal amount of RMB39.0 million each. Subsequent to the CB Second Completion, the Company was notified by the Joint Offerors that each of them had 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.

As a result, the Convertible Bonds issued upon the CB First Completion and the CB Second Completion which remained outstanding as at 31 December 2024 were divided into liability component and derivative component which amounted to approximately HK$44.7 million and HK$40.8 million (31 December 2023: Nil and Nil) respectively and effective imputed interest of approximately HK$6.3 million (2023: Nil) was charged as at 31 December 2024.

The effective interest rate of the liability component of the First Batch of CB and Second Batch of CB are 18.74% and 18.74% per annum respectively.

The fair value of above-mentioned Convertible Bonds recognised at the date of issuance were calculated as follows:

	First Batch of CB HK$'000	Second Batch of CB HK$'000	Total HK$'000
Fair value of the entire Convertible Bonds, at the date of issuance	64,516	92,515	157,031
Fair value of the derivative financial instruments, at the date of issuance	(18,728)	(47,214)	(65,942)
Fair value of the liability component, at the date of issuance	45,788	45,301	91,089

29. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The movements of liability component of the Convertible Bonds are as follows:

	Liability component		Deferred day-one loss		
	First Batch of CB HK$'000	Second Batch of CB HK$'000	First Batch of CB HK$'000	Second Batch of CB HK$'000	Total HK$'000
Fair value of the liability component	45,788	45,301	–	–	91,089
Day-one loss of newly issued the Convertible Bonds not recognised in profit or loss (a)	–	–	–	(28,685)	(28,685)
Conversion of the Convertible Bonds	(25,183)	–	–	–	(25,183)
Interest payables	(1,077)	(1,463)	–	–	(2,540)
Imputed interest	2,608	3,681	–	–	6,289
Amortisation of deferred day one loss (a)	–	–	–	4,461	4,461
Exchange realignment	(528)	(80)	–	(95)	(703)
At the end of the Year	21,608	47,439	–	(24,319)	44,728

Remark:

(a) As the fair value of the Convertible Bonds is determined using valuation models for which involved unobservable inputs, the day-one loss, which represented difference between the nominal value and the fair value of the Convertible Bonds at the date of issuance, is not recognised in profit or loss immediately but is deferred.

The movements of derivative components of the Convertible Bonds are as follows:

	First Batch of CB HK$'000	Second Batch of CB HK$'000	Total HK$'000
At the date of issuance	18,728	47,214	65,942
Conversion of the Convertible Bonds	(10,300)	–	(10,300)
(Gain) Loss on fair value change, net	4,291	(19,130)	(14,839)
At the end of the Year	12,719	28,084	40,803

The fair value of the derivative components of the Convertible Bonds was estimated by an independent professional valuer using Binomial Option Pricing Model at the date of issuance and at the end of the reporting period, which is categorised as Level 3 fair value measurement.

The significant unobservable input used in the fair value measurement is the expected volatility of the First Batch of CB and Second Batch of CB of 80.95% and 82.54% respectively.

As at 31 December 2024, if the expected volatility of the First Batch of CB had been 8.09% higher/lower while all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$660,000.

29. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

As at 31 December 2024, if the expected volatility of the Second Batch of CB had been 8.25% higher/lower respectively while all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$1,700,000.

30. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the years:

(i) Transactions with related parties

	2024 HK$'000	2023 HK$'000
Purchases from the GBT Group		
– Lysine and other raw materials (a)	**1,941**	–
Reimbursement of cost of utilities provided by the GBT Group (b)	**–**	61
Purchase from DDT Supply Chain		
– Corn starch (c)	**269,444**	13,453
– Sugar syrup (c)	**6,596**	–
Purchase from Ruihao (Guangzhou)		
– Corn starch (c)	**16,432**	–
– Sugar syrup (c)	**116,758**	7,146
Interest on amount payable to the GBT Group (d)	**2,327**	2,549
Rental to the GBT Group (e)	**–**	2,291
Licence fee paid to the GBT Group (f)	**256**	958
Interest on amount due to shareholders	**199**	–
Imputed interest on the Convertible Bonds	**6,289**	–

Remarks:

(a) There had been insignificant amount of continuing connected transactions in relation to the purchase of other raw materials from the GBT Group which were fully exempted from shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2024.

(b) There have been insignificant amount of continuing connected transactions in relation to reimbursement of cost of utilities provided by the GBT Group which were fully exempted from the shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2023.

(c) The Group sourced corn starch and sugar syrup from connected parties. These purchases were made at prices based on the agreements between the parties. These transactions were complied with the requirements under Chapter 14A of the Listing Rules.

(d) The amount payable to the GBT Group is unsecured, interest bearing at 6.0% – 8.0% per annum (31 December 2023: 6.0% to 8.0% per annum) and has no fixed terms of repayment.

30. RELATED PARTY TRANSACTIONS *(continued)*

(i) Transactions with related parties *(continued)*

(e) The Group leases certain land and premises in the PRC from the GBT Group. The rental expenses were charged based on lease agreements signed between the parties. The amount disclosed represents the lease payments made by crediting the current account with the parties.

(f) The Group shares a premises in Hong Kong with the GBT Group. The licence fee was charged based on the licence agreement signed between the parties.

(ii) Balances with related parties

	Notes	2024 HK$'000	2023 HK$'000
Due to the GBT Group			
Due to the GBT Group (a)		**(7,480)**	(15,686)
Amount payable to the GBT Group		**(37,128)**	(38,352)
		(44,608)	(54,038)
Trade payables to DDT Supply Chain (b)	20	**(59,205)**	(14,472)
Trade payables to Ruihao (Guangzhou) (b)	20	**(6,348)**	(64,293)
		(65,553)	(78,765)
Due to shareholders			
Loans from shareholders (c)		**(36,012)**	–
Interest payables to shareholders (c)		**(199)**	–
Due to shareholders (d)		**(400)**	–
Interest payable on the Convertible Bonds	29	**(2,540)**	–
		(39,151)	–

Remarks:

(a) The amount due to the GBT Group are unsecured, interest-free and repayable on demand.

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

(c) The amount due to shareholders are unsecured, fixed interest rate at 5.5% (2023: Nil) and repayable within 1 year from the end of the reporting period.

(d) The amount due to shareholders are unsecured, interest-free, and have no fixed term of repayment.

(iii) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group who are the directors and chief executives of the Company is set out in note 8 to the consolidated financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amounts of each category of financial instruments of the Group at the end of the reporting period are as follows:

	2024 HK$'000	2023 HK$'000
Financial assets at amortised cost		
Trade and bills receivables	70,439	67,952
Financial assets included in prepayments, deposits and other receivables	7,117	99,017
Cash and bank balances	5,100	13,552
	82,656	180,521

	2024 HK$'000	2023 HK$'000
Financial liabilities at amortised cost		
Trade payables	134,308	138,045
Financial liabilities included in other payables and accruals	139,956	133,415
Amount payable to the GBT Group	37,128	38,352
Due to the GBT Group	7,480	15,686
Due to shareholders	39,151	–
Interest-bearing bank and other borrowings	254,734	440,910
Lease liabilities	275	172
Convertible Bonds	44,728	–
	657,760	766,580

	2024 HK$'000	2023 HK$'000
Financial liabilities measured at FVPL		
Derivative financial instruments	40,803	–

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The Directors consider that the carrying amounts of the financial assets and financial liabilities in the consolidated financial statements approximate to their fair values.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing bank and other borrowings with floating interest rates.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flow position of the Group and the debt market, and the Group would refinance its borrowings at a lower cost of debt when considered appropriate.

At the end of the reporting period, if interest rates had been 100 basis point higher/lower with all other variables held constant, the Group's profit before tax would have decreased/increased by HK$51,000/HK$5,000 (2023: HK$136,000/HK$27,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for all financial instruments in existence at that date. The 100 basis points (2023: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2023.

Credit risk

The Group's credit risk is primarily attributable to cash and bank balances, trade and bills receivables and financial assets included in prepayments, deposits and other receivables.

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Bank balances

Substantially all of the Group's bank balances were deposited in creditworthy global financial institutions and state-controlled financial institutions in Hong Kong and the PRC, which management considers they are without significant credit risk.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Trade and bills receivables

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group normally allows credit terms of 30 to 90 days (2023: 30 to 90 days) to established customers. Overdue balances are reviewed regularly by the management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances and the trade and bills receivables are non-interest-bearing.

At the end of the reporting period, the Group had a concentration of credit risk as 17.9% (2023: 17.8%) and 47.2% (2023: 58.4%) of the Group's total trade and bills receivables were due from the Group's largest customer and the five largest customers respectively.

The Group's customer base consists of a variety of customers and the trade and bills receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade and bills receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions during the Year.

The information about the exposure to credit risk and ECL for trade and bills receivables using a provision matrix is summarised below.

At 31 December 2024

	Expected loss rate %	Gross carrying amount HK$'000	Loss Allowance HK$'000	Credit–impaired HK$'000
Not past due	0.4	69,291	(243)	No
Less than 1 month past due	0.6	1,396	(8)	No
1 to 9 months past due	–	3	–	No
Over 9 months past due	100.0	6,556	(6,556)	Yes
		77,246	(6,807)	

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Trade receivables *(continued)*

At 31 December 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss Allowance HK$'000	Credit–impaired HK$'000
Not past due	0.4	66,548	(234)	No
Less than 1 month past due	0.6	1,637	(9)	No
1 to 9 months past due	–	10	–	No
Over 9 months past due	100.0	69,843	(69,843)	Yes
		138,038	(70,086)	

The Group does not hold any collateral over trade and bills receivables at 31 December 2024 and 2023.

At 31 December 2024, the Group recognised loss allowance of HK$6,807,000 (2023: HK$70,086,000) on the trade and bills receivables. The movements in the loss allowance for trade and bills receivables during the years are summarised below.

	Note	2024 HK$'000	2023 HK$'000
At 1 January		**70,086**	76,145
Reversal of allowance	6	**(6)**	(83)
Disposal of discontinued operations		**–**	(3,467)
Disposal of subsidiaries		**(61,053)**	–
Exchange realignment		**(2,220)**	(2,509)
At 31 December		**6,807**	70,086

Other receivables

The Group performs impairment assessment on other receivables from various parties based on 12-month or lifetime ECL based on assessed credit risk. The credit risk of other receivables arises from default of the counterparties, with maximum exposure equal to the carrying amounts of these receivables. Individual credit limits are set based on the assessments of the credit quality.

In estimating the ECL, the Group has taken into account the historical actual credit loss experience and the financial position of the counterparties, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made for the Year.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Other receivables *(continued)*

	2024 HK$'000	2023 HK$'000
Deposits and other receivables	7,181	100,647
Loss allowance	(64)	(1,630)
	7,117	99,017

At 31 December 2024, the Group recognised loss allowance of HK$64,000 (2023: HK$1,630,000) on the other receivables based on lifetime ECL. The movements in the loss allowance on other receivables are summarised below.

	2024 HK$'000	2023 HK$'000
At 1 January	1,630	1,594
(Decrease) Increase in allowance	(1,547)	89
Exchange realignment	(19)	(53)
At 31 December	64	1,630

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's policy is to maintain adequate cash and cash equivalents or available funding through an adequate amount of committed annual borrowing facilities from banks to meet its commitments over the following years in accordance with its strategic plan.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand HK$'000	Less than 3 months HK$'000	More than 3 months but less than 12 months HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000
At 31 December 2024						
Trade payables	–	65,701	68,607	–	–	134,308
Financial liabilities included in other payables and accruals	139,956	–	–	–	–	139,956
Interest-bearing bank and other borrowings	250,654	12,961	16,273	–	–	279,888
Amount payable from the GBT Group	39,356	–	–	–	–	39,356
Due to the GBT Group	7,480	–	–	–	–	7,480
Due to shareholders	1,477	1,463	37,947	–	–	40,887
Convertible Bonds (including interest)	–	1,157	3,471	4,627	71,298	80,553
Lease liabilities	–	29	90	124	32	275
	438,923	81,311	126,388	4,751	71,330	722,703
At 31 December 2023						
Trade payables	–	46,860	91,185	–	–	138,045
Financial liabilities included in other payables and accruals	133,415	–	–	–	–	133,415
Interest-bearing bank and other borrowings	466,611	–	–	–	–	466,611
Amount payable from the GBT Group	38,352	–	–	–		38,352
Due to the GBT Group	15,686	–	–	–	–	15,686
Lease liabilities	–	174	–	–	–	174
	654,064	47,034	91,185	–	–	792,283

32. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new Shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

33. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Kind of legal entity	Registered/ paid up capital	Percentage of equity attributable to the Company	Principal activities
Directly held:					
Global Sweeteners (HK) Limited	Hong Kong	Limited liability company	HK$1,000	100% (2023: 100%)	General administration
Indirectly held:					
Jinzhou Yuancheng*	The PRC	Limited liability company	United States Dollars ("**US$**") 62,504,000	100% (2023: 100%)	Manufacture and sale of corn refined products
Jinzhou Dacheng Food Development Co., Ltd.*	The PRC	Limited liability company	US$7,770,000	100% (2023: 100%)	Manufacture and sale of corn sweeteners
Shanghai Haocheng*	The PRC	Limited liability company	US$9,668,000	100% (2023: 100%)	Manufacture and sale of corn sweeteners

* Wholly-foreign-owned enterprise

The English names of the above companies represent the best effort made by the Directors to translate the Chinese names as their names have not been registered officially in English.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the financial performance of the Group for the Year or formed a substantial portion of the net liabilities/assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries issue debt securities.

34. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Investments in subsidiaries		–	–
Right-of-use asset		–	292
		–	292
Current assets			
Due from subsidiaries	34(a)	539,474	273,207
Prepayments, deposits and other receivables		590	383
Cash and cash equivalents		8	5
		540,072	273,595
Current liabilities			
Due to subsidiaries	34(a)	431,245	431,245
Due to shareholders		26,077	–
Other payables and accruals		2,707	4,329
Lease liabilities		–	172
Financial guarantee contracts		212,766	219,780
Derivative financial instruments		40,803	–
Convertible Bonds		44,728	–
		758,326	655,526
Net current liabilities		(218,254)	(381,931)
Total assets less current liabilities		(218,254)	(381,639)
NET LIABILITIES		(218,254)	(381,639)
Capital and reserves			
Share capital	25	189,037	152,759
Reserves	34(b)	(407,291)	(534,398)
TOTAL DEFICIT		(218,254)	(381,639)

This statement of financial position was approved and authorised for issue by the Board on 28 March 2025 and signed on its behalf by

Wang Tieguang
Director

Kong Zhanpeng
Director

34. THE COMPANY'S STATEMENT OF FINANCIAL POSITION *(continued)*

(a) Due from (to) the fellow subsidiaries

The amounts due are unsecured, non-interest bearing and repayable on demand.

(b) Reserves

	Contributed surplus HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	491,695	1,074,879	(2,399,760)	(833,186)
Profit and total comprehensive income for the year	–	–	298,788	298,788
At 31 December 2023 and 1 January 2024	491,695	1,074,879	(2,100,972)	(534,398)
Profit and total comprehensive income for the year	**–**	**–**	**127,107**	**127,107**
At 31 December 2024	**491,695**	**1,074,879**	**(1,973,865)**	**(407,291)**

The contributed surplus of the Company represents the difference between the cost of investments in subsidiaries pursuant to a reorganisation in a prior year and the nominal value of the Company's Shares issued therefor.

In accordance with the Companies Act (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus Shares.

35. EVENTS AFTER THE REPORTING PERIOD

In order to raise fund for general working capital purposes and relieve immediately financial pressure of the Company, the Company entered into separate share subscription agreements (the "**Shares Subscription Agreement(s)**") with each of the six independent subscribers (the "**Shares Subscriber(s)**") on 20 December 2024. Pursuant to the Shares Subscription Agreements, the Shares Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 41,000,000 new Shares (the "**Subscription Shares**") at the shares subscription price of HK$0.1 (the "**Shares Subscriptions**"), which is the same as the closing price of HK$0.1 per Share as quoted on the Stock Exchange on 20 December 2024, being the date of the Shares Subscription Agreements. The Subscription Shares, with a nominal value of HK$4,100,000 based on the nominal value of HK$0.10 per Share, represent 2.17% of the total issued share capital of the Company immediately before the completion of the Shares Subscriptions and approximately 2.12% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds from the Shares Subscriptions amounts to approximately HK$4,100,000. The net proceeds from the Shares Subscriptions (after deduction of the relevant expenses) is approximately HK$4,000,000, representing a net issue price of approximately HK$0.098 per Subscription Share. The Company intends to use the net proceeds from the Shares Subscriptions as follows: approximately (i) HK$2.0 million for repayment of other payables due to the equipment supplier of the Group's Jinzhou production site; and (ii) HK$2.0 million to fund for general administration expenses of the Group, i.e. salaries and professional fees. The completion of the Shares Subscriptions has taken place on 10 January 2025. As at the date of this report, the net proceeds from the Share Subscriptions had been utilised in full in accordance with the intentions previously disclosed by the Company. For further details of the Shares Subscriptions, please refer to the announcements of the Company dated 20 December 2024, 24 December 2024 and 10 January 2025.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted (and as restated and reclassified) from the published audited consolidated financial statements are set out below.

	Year ended 31 December				
	2024@ HK$'000	2023@ HK$'000	2022^ HK$'000 (Re-presented)	2021^ HK$'000	2020^ HK$'000
RESULTS					
REVENUE	**623,460**	440,813	359,567	728,099	769,024
Cost of sales	**(592,157)**	(404,195)	(332,300)	(686,511)	(691,158)
Gross profit	**31,303**	36,618	27,267	41,588	77,866
Other income and gains	**74,659**	11,476	14,078	145,690	309,129
Gain on debt restructuring	**167,615**	–	–	–	–
Selling and distribution costs	**(33,758)**	(29,282)	(30,453)	(53,087)	(61,252)
Administrative expenses	**(66,728)**	(62,427)	(69,899)	(92,582)	(94,741)
Other expenses	**(81,290)**	(58,130)	(48,791)	(61,640)	(111,413)
Finance costs	**(34,552)**	(42,442)	(41,040)	(77,898)	(110,103)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**57,249**	(144,187)	(148,838)	(97,929)	9,486
Income tax credit (loss)	**9,369**	4,367	7,431	1,667	(18,212)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**66,618**	(139,820)	(141,407)	(96,262)	(8,726)
Profit (Loss) for the year from discontinued operations	**–**	429,336	(71,084)	–	–
Profit (Loss) for the year	**66,618**	289,516	(212,491)	(96,262)	(8,726)
Profit (Loss) attributable to:					
Owners of the Company	**66,618**	289,516	(212,491)	(96,262)	(8,726)
Non-controlling interests	**–**	–	–	–	–
	66,618	289,516	(212,491)	(96,262)	(8,726)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
TOTAL ASSETS	**568,837**	575,357	687,107	935,077	1,304,524
TOTAL LIABILITIES	**(787,091)**	(957,212)	(1,368,074)	(1,435,652)	(1,729,382)
NON-CONTROLLING INTERESTS	**–**	5,931	5,931	6,382	6,225
	(218,254)	(375,924)	(675,036)	(494,193)	(418,633)

@ Unmodified audit opinion with a paragraph in relation to material uncertainty related to going concern was issued in respect of the Group's consolidated financial statements for the years ended 31 December 2024 and 2023. Please refer to the independent auditor's report on page 59 to page 64 of this report and the Company's 2023 annual reports for details.

^ Disclaimer of audit opinion was issued in respect of the Group's consolidated financial statements for the years ended 31 December 2022, 2021 and 2020. Please refer to the Company's 2022, 2021 and 2020 annual reports for details.