GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

ANNOUNCEMENT OF THE UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS	2021 (Unaudited)	2020 (Audited)	Change %
Revenue (HK$'Mn)	**746.6**	848.9	(12.1)
Gross profit (HK$'Mn)	**48.4**	74.1	(34.7)
Loss for the year (HK$'Mn)	**(435.4)**	(2,433.3)	N/A
Loss attributable to owners of the Company (HK$'Mn)	**(400.8)**	(2,429.9)	N/A
Basic loss per share (HK cents)	**(4.5)**	(28.6)	N/A
Proposed final dividend per share (HK cents)	—	—	N/A

* *For identification purposes only*

Reference is made to the announcement of Global Bio-chem Technology Group Company Limited (the "**Company**") dated 29 March 2022 in relation to, among other things, (i) the delay in completion of the audit procedures for the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Year**"), and (ii) the delay in publication of the audited annual results of the Year. Due to the recent outbreak of the coronavirus disease (the "**COVID-19**") in the People's Republic of China (the "**PRC**" or "**China**") and Hong Kong, travel, logistics and other restrictions were imposed by the relevant government authorities which limited the ability of the Group to collect and provide certain necessary audit information in a timely manner. The Group's audit process, which mainly includes the issuing and receiving of audit confirmations for banks, creditors or debtors of the Group, has not been completed as scheduled. The suspension of express delivery services in some of the Group's major operating cities in China and Hong Kong, as well as the quarantine of staff or closure of office sites at the Group's main operational facilities in Changchun, Harbin, Jinzhou and Shanghai, resulted in delays in the receipt of audit confirmations.

In view of the above, the board (the "**Board**") of directors (the "**Directors**") of the Company hereby announces the unaudited annual results of the Group for the Year, together with the audited comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
REVENUE	*4*	**746,551**	848,867
Cost of sales		**(698,200)**	(774,767)
Gross profit		**48,351**	74,100
Other income and gains	*4*	**1,406,507**	389,748
Selling and distribution costs		**(63,450)**	(85,876)
Administrative expenses		**(372,761)**	(362,313)
Other expenses		**(635,527)**	(971,237)
Loss on modification of convertible bonds		**—**	(728,190)
Share of loss of a joint venture		**(2,004)**	(2,332)
Finance costs	*6*	**(790,585)**	(724,826)
LOSS BEFORE TAX	*5*	**(409,469)**	(2,410,926)
Income tax expenses	*7*	**(25,920)**	(22,340)
LOSS FOR THE YEAR		**(435,389)**	(2,433,266)
OTHER COMPREHENSIVE (LOSS) INCOME			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(128,279)**	(350,555)
Reclassification adjustment in respect of exchange reserve upon deregistration of a subsidiary		**—**	401
		(128,279)	(350,154)
Items that will not be reclassified subsequently to profit or loss:			
Loss on properties revaluation, net		**(160,110)**	—
Income tax effect		**40,028**	—
		(120,082)	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(248,361)**	(350,154)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(683,750)**	(2,783,420)

	Notes	**2021**	2020
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(400,801)**	(2,429,949)
Non-controlling interests		**(34,588)**	(3,317)
		(435,389)	(2,433,266)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(656,559)**	(2,775,616)
Non-controlling interests		**(27,191)**	(7,804)
		(683,750)	(2,783,420)
LOSS PER SHARE			
Basic	*9*	**HK(4.5) cents**	HK(28.6) cents
Diluted	*9*	**HK(4.5) cents**	HK(28.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,381,367**	5,797,334
Right-of-use assets		**504,279**	511,082
Deposits paid for acquisition of property, plant and equipment		**902**	45,208
Intangible assets		**3,751**	3,751
Interests in an associate		**—**	—
Interests in a joint venture		**—**	2,004
Equity investment at fair value through other comprehensive income ("**Designated FVOCI**")		**208**	208
		5,890,507	6,359,587
CURRENT ASSETS			
Inventories	*10*	**81,418**	143,367
Trade and bills receivables	*11*	**112,211**	134,766
Prepayments, deposits and other receivables	*12*	**376,239**	780,677
Pledged bank deposits	*13*	**530**	29,874
Cash and bank balances	*13*	**21,810**	153,323
		592,208	1,242,007
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,172,159**	1,357,959
Other payables and accruals	*15*	**3,252,963**	2,962,845
Due to an associate		**990**	1,410
Due to a joint venture		**145**	4,719
Tax payables		**106,256**	105,569
Interest-bearing bank and other borrowings		**7,501,280**	7,925,118
Lease liabilities		**1,891**	2,188
		12,035,684	12,359,808
NET CURRENT LIABILITIES		**(11,443,476)**	(11,117,801)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(5,552,969)**	(4,758,214)

	Notes	2021 *HK$'000* (Unaudited)	2020 *HK$'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		—	184,524
Lease liabilities		**2,247**	—
Deferred income		**115,232**	120,839
Deferred tax liabilities		**91,522**	103,877
Convertible bonds		**938,855**	849,621
		1,147,856	1,258,861
NET LIABILITIES		**(6,700,825)**	(6,017,075)
CAPITAL AND RESERVES			
Share capital	*16*	**890,741**	890,741
Reserves		**(7,408,445)**	(6,751,886)
Deficit attributable to owners of the Company		**(6,517,704)**	(5,861,145)
Non-controlling interests		**(183,121)**	(155,930)
TOTAL DEFICIT		**(6,700,825)**	(6,017,075)

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability. The principal activity of the Company is investment holding. The registered office address 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 Suite 1002, 10th Floor, Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong.

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products. There were no significant changes in the nature of the Group's principal activities during the Year.

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 Hong Kong Financial Reporting Standards, 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 of Hong Kong Limited (the "**Stock Exchange**") and the Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment and Designated FVOCI which are measured at revalued amounts/fair value. 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 2020 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.

2.2 GOING CONCERN

The Group recorded a loss of approximately HK$435.4 million (2020: approximately HK$2,433.3 million) for the Year and as at 31 December 2021, the Group had net current liabilities of approximately HK$11,443.5 million (31 December 2020: approximately HK$11,117.8 million) and net liabilities of approximately HK$6,700.8 million (31 December 2020: approximately HK$6,017.1 million). There is a material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of these circumstances and based on the recommendations of the audit committee (the "**Audit Committee**") of the Company after its critical review of the management's position, the management of the Company has taken the following steps to improve the financial position of the Group:

(a) Active negotiations with banks and creditors for the debt restructuring plan of the Group to improve its financial position

As announced by the Company and Global Sweeteners Holdings Limited ("**GSH**", together with its subsidiaries, the "**GSH Group**") on 23 December 2020, each of 中國農業銀行股份有限公司吉林省分行 (Jilin Branch of Agricultural Bank of China Co., Ltd.*) ("**Jilin Branch ABC**") and 中國建設銀行股份有限公司吉林省分行 (Jilin Branch of China Construction Bank Corporation*) ("**Jilin Branch CCB**") announced that they have each reached a transfer agreement with 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.*) ("**China Cinda**") to transfer all rights and benefits of certain loans. Jilin Branch ABC has transferred all of its rights and benefits of the loans owed by, among others, the Group and the GSH Group with an aggregate outstanding principal amount of approximately RMB1,400.0 million and the aggregate outstanding interest of approximately RMB42.8 million (the "**ABC Transferred Loans**") to China Cinda at a consideration of approximately RMB414.7 million; and Jilin Branch CCB has transferred all of its rights and benefits of the loans owed by the Group with an aggregate outstanding principal amount of approximately RMB1,983.5 million and the aggregate outstanding interest of approximately RMB128.5 million (the "**CCB Transferred Loans**") to China Cinda at a consideration of approximately RMB583.6 million.

In addition, as disclosed in the joint announcement of the Company and GSH dated 26 March 2021, each of the GSH Group, the Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.*) ("**Dajincang**") (collectively, the "**BOC Borrowers**") entered into repurchase agreements (collectively, the "**Repurchase Agreements**" and each, a "**Repurchase Agreement**") with 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) ("**Changchun Rudder**"), pursuant to which Changchun Rudder had agreed to sell to each of the BOC Borrowers, and each of the BOC Borrowers had agreed to purchase, all of the rights and benefits of the loans owed to Changchun Rudder, which included, among others, the loans owed by the GSH Group in the amount of approximately RMB198.6 million with outstanding interest (the "**GSH Indebtedness**"), the loans owed by the Group (excluding the GSH Group) in the amount of approximately RMB1.3 billion with outstanding interest (the "**GBT Indebtedness**") and the indebtedness of Dajincang with an aggregate outstanding principal amount of RMB2.49 billion together with outstanding interest (the "**Dajincang Indebtedness**"), which were guaranteed by certain subsidiaries of the Group and the GSH Group (collectively, the "**Guarantor Subsidiaries**"). The completion of the Repurchase Agreements took place on 31 March 2021. Upon the completion of the Repurchase Agreement between Dajincang and Changchun Rudder, all the obligations of the Guarantor Subsidiaries pursuant to the financial guarantee contracts (the "**Financial Guarantee Contracts**") in respect of the Dajincang Indebtedness have been discharged. For details of the Repurchase Agreements, please refer to the joint announcements of the Company and GSH dated 26 March 2021 and 31 March 2021.

As a result of the completion of the Repurchase Agreements and the discharge of the GBT Indebtedness, the GSH Indebtedness and the Dajincang Indebtedness as set out above, the Group and the GSH Group together recorded a one-off gain on debt restructuring of approximately HK$1,325.0 million, being the difference between the considerations payable to Changchun Rudder and the amounts of the GBT Indebtedness and the GSH Indebtedness; and the write-back of accrued guarantee interest in relation to the discharge of financial guarantees obligations pursuant to the Financial Guarantee Contracts.

Moreover, as announced by the Company on 8 March 2022, 中國進出口銀行 (The Export-Import Bank of China*) ("**Export-Import Bank**") has entered into transfer agreements with China Cinda to transfer all rights and benefits of certain loans owed by the Group with an aggregate outstanding principal amount of approximately RMB1,184.4 million together with outstanding interest (the "**Export-Import Bank Transferred Loans**") to China Cinda.

The Company will endeavour to facilitate the implementation of the next stage of the debt restructuring plan. It is currently expected that the debt restructuring plan in relation to a portion of the loans owed by the Group and the GSH Group could be completed by the end of 2022, pending and subject to the internal approval from the respective creditors and relevant local government authorities. The Directors expect that upon the completion of the debt restructuring plan, the financial position of the Group will improve significantly.

(b) Resumption of land and buildings located in Luyuan District, Changchun

The first phase of resumption of land and buildings owned by the Group which are located in Luyuan District, Changchun, the PRC (the "**Relevant Properties**") under the PRC's Slum Redevelopment Policy involved the properties owned by a subsidiary of GSH (the "**Dihao Resumption**") with an aggregate area of land of approximately 149,249 square metres and total gross floor area of approximately 67,000 square metres (the "**Dihao Properties**"). The completion of the Dihao Resumption took place in 2020 and all the compensation in the amount of approximately RMB443.0 million had been received during the first half of the Year. For details of the Dihao Resumption, please refer to the joint announcements made by the Company and GSH on 24 August 2020 and 30 September 2020.

It is expected that the resumption of the remaining part of the Relevant Properties by the local government will be conducted in stages according to the relevant government policy. The management expects that a substantial part of the remaining Relevant Properties with an aggregate area of not less than 400,000 square metres will be resumed by the local government in 2022. The Directors believe that the proceeds from the resumption of the Relevant Properties will help to relieve the financial and cash flow pressure of the Group during the period of suspension.

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

The Group has taken various measures to minimise operating cash outflow and secure financial resources during market turbulence as a result of, among others, the COVID-19 pandemic. During the Year, the Group has suspended the production operation of most of the Group's production facilities and consolidated its resources in higher efficiency segments.

(d) Financial support from the indirect major shareholder

The Group has received a written confirmation dated 30 March 2021 from 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.) ("**Nongtou**", together with its subsidiaries, the "**Nongtou Group**") that it would continue to provide financial support to the Group in the following 24 months on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

Nongtou, being a state-owned enterprise, was established in August 2016 and its unaudited net assets value as at 31 December 2021 amounted to approximately RMB2,323.5 million (31 December 2020: approximately RMB2,347.4 million). It is tasked to consolidate the state-owned investments in the agricultural sector in Jilin Province. The management of the Company is of the view that Nongtou would be able to support the operations of the Group, provide synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support to the Group.

(e) Introducing potential investors to the Company

The management of the Company has been looking for opportunities for co-operation and potential investment with different industrial players or investors in order to strengthen the financial positions and the business profile of the Group. As announced by the Company on 19 January 2022, the Company entered into the subscription agreement with Rationale (Holdings) Investment Limited ("**Rationale Holdings**") on 19 January 2022, pursuant to which Rationale Holdings has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,781,481,143 new ordinary shares (the "**2022 Subscription Shares**") at the subscription price of HK$0.1345 per 2022 Subscription Share (the "**2022 Subscription**"). The gross proceeds from the 2022 Subscription will amount to approximately HK$239,610,000 and it is estimated that the net proceeds from the 2022 Subscription, after the deduction of relevant expenses, will be approximately HK$239,500,000. The Group will utilise a portion of the proceeds from the 2022 Subscription for the resumption of operation of the Group's upstream production facilities in the Xinglongshan site. The Directors believe that the resumption of operation in the Xinglongshan site will bring in operating cash inflow to the Group in 2022.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the management of the Company and the development of the events as described above. The Directors proposed to procure additional working capital through the steps mentioned above. After taking into account the above steps, the internal resources, the present and expected banking facilities available, the Group will have sufficient working capital for at least 12 months from the date of this announcement. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 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 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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 current year, which the Group has not early adopted.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 [1]
Amendments to HKAS 16	Proceeds before Intended Use [2]
Amendments to HKAS 37	Cost of Fulfilling a Contract [2]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Annual Improvements to HKFRSs	2018–2020 Cycle [2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [3]
Amendments to HKAS 1	Disclosure of Accounting Policies [3]
Amendments to HKAS 8	Definition of Accounting Estimates [3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [3]
HKFRS 17	Insurance Contracts [3]
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative information[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 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 The effective date to be determined

Except for the amendments to HKFRS 3, the amendments to HKAS 1 and the amendments to HKFRS 10 and HKAS 28 which are explained below, the other new/revised HKFRSs are not expected to be relevant to the Group.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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 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.

Amendments to HKFRS 10 and HKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The standards are amended such that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four (2020: four) reportable operating segments as follows:

(a) the upstream products segment engages in the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products;

(b) the amino acids segment engages in the manufacture and sale of corn based biochemical products, including lysine and threonine;

(c) the corn sweeteners segment engages in the manufacture and sale of corn sweeteners, including glucose, maltose, high fructose corn syrup and maltodextrin; and

(d) the polyol chemicals segment engages in the manufacture and sale of corn based biochemical products, including polyol chemicals, anti-freeze products, hydrogen and ammonia.

The management, who is the chief operating decision-maker, monitors the results of the Group's operating segments separately for the purpose of making decisions in relation to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs as well as corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the then prevailing selling prices used for sales made to third parties.

(a) Segment results

Year ended 31 December 2021

	Upstream products *HK$'000* (Unaudited)	Amino acids *HK$'000* (Unaudited)	Corn sweeteners *HK$'000* (Unaudited)	Polyol chemicals *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from:						
External customers	791	1,492	727,325	16,943	—	746,551
Intersegment	579	1,151	—	1,372	(3,102)	—
Revenue	1,370	2,643	727,325	18,315	(3,102)	746,551
Segment results	(369,106)	(340,459)	(84,747)	(78,304)	—	(872,616)
Bank interest income						271
Unallocated income						53,447
Corporate and other unallocated expenses						(123,013)
Gain on debt restructuring						1,325,031
Share of loss of a joint venture						(2,004)
Finance costs						(790,585)
Loss before tax						(409,469)
Income tax expenses						(25,920)
Loss for the year						(435,389)

Year ended 31 December 2020

	Upstream products *HK$'000* (Audited)	Amino acids *HK$'000* (Audited)	Corn sweeteners *HK$'000* (Audited)	Polyol chemicals *HK$'000* (Audited)	Elimination *HK$'000* (Audited)	Total *HK$'000* (Audited)
Revenue from:						
External customers	248,620	36,570	558,094	5,583	—	848,867
Intersegment	10,832	5,317	—	651	(16,800)	—
Revenue	259,452	41,887	558,094	6,234	(16,800)	848,867
Segment results	(554,679)	(433,801)	202,509	(88,422)	—	(874,393)
Bank interest income						403
Unallocated income						39,965
Corporate and other unallocated expenses						(121,553)
Loss on modification of convertible bonds						(728,190)
Share of loss of a joint venture						(2,332)
Finance costs						(724,826)
Loss before tax						(2,410,926)
Income tax expenses						(22,340)
Loss for the year						(2,433,266)

(b) Other segment information

Year ended 31 December 2021

	Upstream products *HK$'000* (Unaudited)	Amino acids *HK$'000* (Unaudited)	Corn sweeteners *HK$'000* (Unaudited)	Polyol chemicals *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Capital expenditure	**10,277**	**13,985**	**1,543**	**7**	**25,812**
Depreciation of property, plant and equipment	**135,348**	**191,723**	**41,406**	**9,781**	**378,258**
Depreciation of right-of-use assets (a)	**10,428**	**8,335**	**1,516**	**671**	**20,950**
Loss on disposal of property, plant and equipment, net	**—**	**—**	**379**	**—**	**379**
Write-down of inventories, net	**558**	**19,796**	**3,085**	**5,152**	**28,591**
Reversal of impairment of deposits paid for acquisition of property, plant and equipment, net	**(4,074)**	**—**	**—**	**(8,799)**	**(12,873)**
(Reversal of impairment) Impairment of trade and bills receivables, net	**(709)**	**(323)**	**27**	**594**	**(411)**
(Reversal of impairment) Impairment of other receivables, net	**(6,530)**	**830**	**(4,957)**	**—**	**(10,657)**
Impairment (Reversal of impairment) of prepayments and deposits, net	**21,409**	**(27,401)**	**—**	**—**	**(5,992)**
Loss on properties revaluation, net	**3,869**	**32,588**	**—**	**—**	**36,457**

Year ended 31 December 2020

	Upstream products *HK$'000* (Audited)	Amino acids *HK$'000* (Audited)	Corn sweeteners *HK$'000* (Audited)	Polyol chemicals *HK$'000* (Audited)	Total *HK$'000* (Audited)
Capital expenditure	21,754	1,577	7,053	685	31,069
Depreciation of property, plant and equipment	196,286	184,362	40,907	10,208	431,763
Depreciation of right-of-use assets (a)	9,725	7,893	3,212	671	21,501
(Gain) Loss on disposal of property, plant and equipment, net	(11,501)	—	4,479	—	(7,022)
Gain on resumption of the Dihao Properties	—	—	(289,356)	—	(289,356)
Write-down (Reversal of write-down) of inventories, net	3,428	(7,213)	(2,586)	1,259	(5,112)
Impairment of property, plant and equipment	26,679	98,204	—	—	124,883
Write-off of property, plant and equipment	—	—	2,404	—	2,404
Impairment of deposits paid for acquisition of property, plant and equipment, net	15,802	—	—	—	15,802
Impairment (Reversal of impairment) of trade and bills receivables, net	19,327	12,517	23	(799)	31,068
(Reversal of impairment) Impairment of other receivables, net	(28,899)	582	3,852	112	(24,353)
Impairment of prepayments and deposits, net	60,280	1,675	—	458	62,413
Waiver of payables	(1,286)	—	—	—	(1,286)

Remark:

(a) Depreciation of right-of-use assets that was not attributable to any of the above segments which amounted to HK$3,305,000 (2020: HK$3,664,000) was included in corporate and other unallocated expenses.

(c) Geographical information

Revenue information based on locations of customers

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**731,878**	810,306
Asia, the Americas and other regions	**14,673**	38,561
	746,551	848,867

Non-current assets information based on locations of assets

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**5,886,216**	6,355,236
Hong Kong	**4,083**	2,139
	5,890,299	6,357,375

(d) Information about major customers

Revenue from customer individually accounted for 10% or more of the Group's revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Corn sweeteners		
Customer A	**111,504**	N/A

The revenue from Customer A was less than 10% of the Group's revenue for the year ended 31 December 2020.

4. REVENUE, OTHER INCOME AND GAINS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**746,551**	848,867
Other income and gains		
Amortisation of deferred income	**9,417**	7,886
Bank interest income	**271**	403
Government grants (b)	**5,345**	31,334
Gain on disposal of property, plant and equipment, net	—	7,022
Gain on resumption of the Dihao Properties	—	289,356
Foreign exchange gain, net	—	13,888
Reversal of impairment of deposits paid for acquisition of property, plant and equipment, net	**12,873**	—
Reversal of impairment of other receivables, net	**10,657**	—
Reversal of impairment of prepayments and deposits, net	**5,992**	—
Reversal of impairment of trade and bills receivables, net	**411**	—
Waiver of payables	—	1,286
Gain on debt restructuring (c)	**1,325,031**	—
Subcontracting income	**5,385**	20,382
Others	**31,125**	18,191
	1,406,507	389,748

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 HK$116,597,000 (2020: HK$132,926,000).

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

(c) The details of debt restructuring were set out in note 2.2(a).

5. LOSS BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Employee benefits expenses (excluding Directors' remuneration):		
Wages and salaries	**196,868**	223,034
Pension scheme contributions (a)	**72,940**	53,852
	269,808	276,886
Cost of inventories sold (b)	**698,200**	774,749
Depreciation of property, plant and equipment	**378,258**	431,763
Depreciation of right-of-use assets	**24,255**	25,165
Amortisation of deferred income	**(9,417)**	(7,886)
Auditor's remuneration	**4,400**	5,500
Impairment of property, plant and equipment	—	124,883
Write-off of property, plant and equipment	—	2,404
(Reversal of impairment) Impairment of deposits paid for acquisition of property, plant and equipment, net	**(12,873)**	15,802
Reversal of impairment of other receivables, net	**(10,657)**	(24,353)
(Reversal of impairment) Impairment of prepayments and deposits, net	**(5,992)**	62,413
Research and development costs	**13,348**	14,786
(Reversal of impairment) Impairment of trade and bills receivables, net	**(411)**	31,068
Loss (Gain) on disposal of property, plant and equipment, net	**379**	(7,022)
Gain on resumption of the Dihao Properties	—	(289,356)
Gain on debt restructuring	**(1,325,031)**	—
Foreign exchange gain, net	**(1,020)**	(13,888)
Write-down (Reversal of write-down) of inventories, net (c)	**28,591**	(5,112)
Loss on properties revaluation, net	**36,457**	—
Loss on deregistration of a subsidiary	—	4,928

Remarks:

(a) During the year ended 31 December 2020, the government of the PRC granted reductions or exemptions from pension scheme contributions to certain subsidiaries operating in the PRC due to the COVID-19 pandemic.

(b) Cost of inventories sold includes employee benefits expenses, depreciation and write-down/reversal of write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.

(c) Write-down of inventories comprised write-down of inventories included in other expenses and cost of sales of HK$23,087,000 and HK$5,504,000, respectively, during the Year. (2020: Reversal of write-down of inventories comprised write-down of inventories included in other expenses and reversal of write-down of inventories included in cost of sales of HK$5,104,000 and HK$10,216,000 respectively.)

6. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on bank and other borrowings	**519,545**	484,066
Finance costs for discounted bills receivables	**—**	558
Interest on financial guarantees given by Nongtou	**20,385**	19,643
Interest on payables to suppliers	**161,348**	161,178
Imputed interest on convertible bonds	**89,234**	59,241
Interest on lease liabilities	**73**	140
	790,585	724,826

7. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Year (2020: Nil). 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 2021 and 2020.

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deferred tax		
Origination and reversal of temporary differences, net	**25,920**	22,340
Income tax expenses	**25,920**	22,340

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2020: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the Year attributable to owners of the Company of approximately HK$400,801,000 (2020: HK$2,429,949,000), and the weighted average number of ordinary shares in issue during the Year of 8,907,405,717 (2020: 8,507,940,377) shares.

As the assumed conversion of the convertible bonds has an anti-dilutive effect, the diluted loss per share was equal to the basic loss per share for the years ended 31 December 2021 and 2020.

10. INVENTORIES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Raw materials	**67,810**	122,832
Finished goods	**13,608**	20,535
	81,418	143,367

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**558,188**	573,288
Bills receivables	**—**	595
	558,188	573,883
Loss allowance	**(445,977)**	(439,117)
	112,211	134,766

The Group normally allows credit terms of 30 to 90 days (2020: 30 to 90 days) to established customers. An ageing analysis of the trade and bills receivables at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**70,991**	94,662
1 to 2 months	**24,910**	23,275
2 to 3 months	**11,980**	6,556
3 to 6 months	**1,187**	8,617
Over 6 months	**3,143**	1,656
	112,211	134,766

The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management of the Group.

Trade and bills receivables are non-interest-bearing. At the end of the reporting period, the Group had a concentration of credit risk as 21.1% (2020: 7.6%) and 48.7% (2020: 22.9%) of the total trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments	**45,365**	32,809
Deposits and other debtors	**87,321**	95,494
PRC value-added tax ("**VAT**") and other tax receivables	**99,506**	103,441
Receivables from disposal of assets (a)	**144,047**	140,617
Receivables from resumption of the Dihao Properties	**—**	408,316
	376,239	780,677

Remark:

(a) Included in the receivables from disposal of assets was the remaining consideration receivable in respect of the disposal of certain buildings, machineries and fixtures erected on a piece of land located in Luyuan District in Changchun during the year ended 31 December 2014, which amounted to approximately HK$121,951,000 (31 December 2020: HK$119,048,000) at 31 December 2021.

13. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cash and bank balances	**21,810**	153,323
Pledged bank deposits	**530**	29,874
	22,340	183,197
Less: pledged bank deposits for issuance of bills payables	**(530)**	(29,874)
	21,810	153,323

At the end of the reporting period, the cash and bank balances and pledged bank deposits of the Group denominated in Renminbi amounted to HK$7,979,000 (2020: HK$156,279,000). Renminbi held by subsidiaries in the PRC is not freely convertible into other currencies. However, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi 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 and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

In respect of the loans in the aggregate principal amount of RMB189.9 million and outstanding interest accrued thereon due to 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank*) ("**Jinzhou CCB**"), preservation of the bank balances (or assets of equivalent value) of approximately RMB213.9 million (2020: Nil) of certain members of the Group and the GSH Group was granted by the order of the court in the PRC in favour of Jinzhou CCB.

In respect of the loans in the aggregate principal amount of RMB49.8 million and outstanding interest accrued thereon due to 中國銀行股份有限公司錦州港支行 (Jinzhou Port Branch of Bank of China*) ("**Jinzhou BOC**"), preservation of the bank balances (or assets of equivalent value) of approximately RMB55.5 million (2020: nil) of the GSH Group was granted by the order of the court in the PRC in favour of Jinzhou BOC. The Group has reached settlement agreement with Jinzhou BOC as at the date of this announcement.

14. TRADE AND BILLS PAYABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
— To third parties	**875,581**	991,094
— To the Nongtou Group (a)	**296,578**	343,055
	1,172,159	1,334,149
Bills payables	**—**	23,810
	1,172,159	1,357,959

The Group normally obtains credit terms ranging from 30 to 90 days (2020: 30 to 90 days) from its suppliers.

Remark:

(a) The trade payables to the Nongtou Group are unsecured and interest-bearing at 7.2% to 12.0% per annum (2020: 7.2% to 12.0% per annum) after the lapse of the credit periods.

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**64,993**	44,092
1 to 2 months	**8,912**	19,021
2 to 3 months	**3,024**	7,412
Over 3 months	**1,095,230**	1,287,434
	1,172,159	1,357,959

15. OTHER PAYABLES AND ACCRUALS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accruals for employee benefits	**571,447**	416,656
Payables for purchases of machinery	**124,349**	126,825
Receipts in advance (a)	**92,211**	114,377
Payables to the Nongtou Group (b)	**684,019**	713,766
VAT and other duties payables	**213,474**	196,008
Accruals and other creditors	**1,567,463**	1,395,213
	3,252,963	2,962,845

Remarks:

(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:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**114,377**	131,449
Recognised as revenue	**(116,597)**	(132,926)
Receipt of advances or recognition of receivables	**92,211**	114,377
Exchange realignment	**2,220**	1,477
At 31 December	**92,211**	114,377

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that were unsatisfied (or partially unsatisfied) at 31 December 2021 are parts of contracts that have 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.

(b) The payables represent advances from the subsidiaries of Nongtou which are unsecured, interest-bearing at 7.2% to 12.0% per annum (2020: 7.2% to 12.0% per annum) and are repayable on demand and guarantee charge payables to Nongtou which bear interest at 3.5% per annum (2020: 3.5% per annum).

16. SHARE CAPITAL

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
20,000,000,000 (2020: 20,000,000,000) ordinary shares of HK$0.1 each	**2,000,000**	2,000,000

	2021 (Unaudited)		2020 (Audited)	
Issued and fully paid:	***No. of shares***	***HK$'000***	*No. of shares*	*HK$'000*
At 1 January	**8,907,405,717**	**890,741**	7,678,798,032	767,880
New shares issued	**—**	**—**	1,228,607,685	122,861
At 31 December	**8,907,405,717**	**890,741**	8,907,405,717	890,741

17. FINANCIAL GUARANTEE CONTRACTS

The Guarantor Subsidiaries have jointly provided corporate guarantees in respect of the financing facilities granted to Dajincang since 2010. The maximum amount of the financing facilities was RMB2.5 billion at 31 December 2020. Since the management of the Company was unable to obtain sufficient and reliable financial information of Dajincang, the professional valuer was unable to complete the valuation. Therefore, no financial guarantee liability in respect of the Financial Guarantee Contracts has been recognised in the Group's annual consolidated financial statements for the year ended 31 December 2020.

During the Year, the Guarantor Subsidiaries have recognised interest of approximately HK$41.1 million (2020: HK$153.5 million) in respect of the Financial Guarantee Contracts, which was recorded in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

As mentioned in note 2.2(a), upon the completion of the Repurchase Agreement between Dajincang and Changchun Rudder on 31 March 2021, the financial guarantee obligation of the Guarantor Subsidiaries pursuant to the Financial Guarantee Contracts had been discharged under the applicable law in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture and sale of corn refined products, amino acids, corn sweeteners and polyol chemicals. The upstream corn refinery serves as a feedstock which breaks down corn kernels into corn starch, gluten meal, fibre and corn oil; and corn starch is further refined through a series of biochemical and/or chemical processes into a wide range of high value-added downstream products.

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 the products and their respective substitutes in the market and the variety of product specifications.

During the Year, the COVID-19 pandemic continued to put pressure on the global economic environment. During the first half of the Year, infection cases in most countries started to drop from their peaks as different countries rolled out COVID-19 vaccination programmes. There were signs of economic recovery in the major economies. Nevertheless, with the emergence of the highly contagious Omicron variant, infection cases rebounded since the fourth quarter of the Year, especially in Europe and the United States (the "**US**"). In the PRC, the stringent pandemic control measures have kept the infection cases low during the Year. Although China has recorded a strong economic growth of 18.3% during the first quarter of the Year, with the uncertainty in the global economic environment, the PRC economy continued to face challenges from shrinking demand, supply shock and power shortage. Coupled with the real estate crisis, economic growth rate of the PRC slowed down in the second half of the Year. Despite this, China still exceeded its initial growth target of 6% and recorded an annual economic growth of 8.1% in 2021. Although the PRC economy is on the trajectory of recovery, investment in the manufacturing sector and employment rate have yet to return to the levels before the outbreak of COVID-19. In addition, surging commodity prices and energy prices together with shrunken demand continued to put pressure on many businesses. The operating environment of the Group continued to be challenging during the Year.

In light of the challenging operating environment, the Group has continued to suspend its production operations in the Harbin, Dehui, Xinglongshan and Jinzhou sites to reduce operating cash outflow and secure sufficient financial resources until the market conditions turn favourable. For details of the abovementioned suspensions, please refer to the Company's announcements dated 24 September 2019, 16 December 2019, 10 February 2020 and 29 May 2020 (collectively, the "**Suspension of Operation Announcements**").

With respect to corn supply, global corn production for the year 2021/22 is estimated at 1,205.4 million metric tonnes ("**MT**") (2020/21: 1,133.9 million MT), according to the estimates from the United States Department of Agriculture in February 2022. During the Year, increased corn imports from China, the increase in demand from the corn based ethanol sector in the US, and droughts in major corn producing countries have driven up the international corn price. As a result, international corn price reached 773 US cents per bushel (equivalent to RMB1,958 per MT) in May 2021, which was the highest level since 2012. With the expectation of increased production in 2022, international corn price gradually cooled off to 593 US cents per bushel (equivalent to RMB1,487 per MT) (end of 2020: 718 US cents per bushel (equivalent to RMB1,844 per MT)) by the end of 2021. In the PRC, due to reduced corn production in the 2020/21 harvest and the concerns about food security in light of the continued impact of the COVID-19 pandemic on the global economy, China has increased its corn imports by 152% to approximately 28.4 million MT in 2021. On the other hand, domestic corn harvest in 2021/22 is estimated to produce approximately 272.6 million MT (2020/21: approximately 264.7 million MT) of corn, with consumption volume estimated at 285.1 million MT (2021: 288.2 million MT) for 2022. It is expected that China will continue to import corn to make up for the shortfall in corn supply in 2022. All these factors have contributed to the surge in domestic corn price during the Year. As a result, corn price in the PRC rose to RMB2,734 per MT (end of 2020: RMB2,529 per MT) by the end of 2021. However, the recovery pace in the downstream user market has been lagging behind the rising corn cost. During the Year, the overall capacity utilisation of the upstream corn refinery in the PRC was about 50%. As such, it is not commercially viable for the Group to resume its upstream operation. As a result, the Group has continued to suspend its upstream operation during the Year. Consequently, the performance of the Group's upstream corn-refinery business was adversely affected during the Year.

During the Year, the PRC supportive policy has successfully boosted pork production in China. Despite the outbreaks of the African Swine Fever (the "**ASF**") in various hog producing regions in China in the first quarter of the Year, pork production still increased by 29% year-on-year. The rebound of the PRC husbandry industry, coupled with high corn costs and global supply shortage have driven up the demand for lysine products. As a result, lysine price in China has once hit RMB13,500 per MT (2020: RMB10,500 per MT) during the Year. However, the resumption of the Group's lysine production operation would incur huge working capital and require the resumption of upstream operation for the production of feedstock based on the designed capacity of the Group's lysine production lines. The Group needs to secure sufficient fund to ensure the continuous operation of its lysine segment. As such, the Group has continued to suspend its lysine operation during the Year. Consequently, the Group recorded insignificant revenue for its lysine segment during the Year.

As for the sugar market, global economic recovery has boosted the demand for sugar. As a result, international sugar price increased to 18.88 US cents per pound (equivalent to RMB2,658 per MT) (end of 2020: 15.49 US cents per pound (equivalent to RMB2,232 per MT)) by the end of 2021. It is estimated that global sugar production in 2021/22 will reach 181.0 million MT (2020/21: 179.0 million MT) with consumption growth estimated at 1.9%. Industry estimates increased production will narrow the sugar deficit from 3.1 million MT in the 2020/21 season to 1.8 million MT in the 2021/22 season. Sugar price will still be supported with the expectation of high energy prices in 2022. In the PRC, domestic sugar production remained at similar level at 10.7 million MT (2019/20: 10.4 million MT) in the 2020/21 harvest, while consumption stayed at around 15.4 million MT. In addition, high international sugar price together with high freight costs have provided support for domestic sugar prices during the Year. As a result, domestic sugar price increased to RMB5,835 per MT (end of 2020: RMB5,356 per MT) by the end of 2021. Nevertheless, people's consumption patterns have changed as a result of COVID-19 prevention measures, they have reduced their frequency of dining out. The recovery pace of catering and related industries has been slow, putting pressure on the demand recovery of the sweeteners market. In addition, the rising corn cost has further reduced the profit margins of the Group's sweetener products. As such, the Group has continued to suspend the operation of the sweeteners production facilities in the Jinzhou and Xinglongshan sites and consolidated its resources into the Shanghai production site which has higher operational efficiency during the Year.

The operating environment for the Group's polyol chemical business continued to be challenging during the Year. The Group's research and development team is proactively looking at the possibility to restructure its product portfolio to include high value-added products in response to changing market needs. The Group will continue to observe the market and take a prudent approach before resuming its polyol chemical business.

The operating environment of the Group in 2022 will continue to be challenging as corn price is expected to remain high in 2022. On top of this, the COVID-19 pandemic will continue to impact the global economy. In the short run, the Group will continue to monitor closely the development of the COVID-19 pandemic, the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the operation of the Group's production facilities to maintain relatively healthy cash flow while balancing its market presence. In the long run, the Group will continue to strengthen its market position by utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, further improve cost effectiveness and product mix through continuous research and development efforts, and at the same time, optimise utilisation rate to achieve operational efficiency in response to market changes. With respect to the Group's financial position, the Group will continue to leverage on the synergies with its resourceful shareholders with state-owned enterprise background and devote its energy in facilitating the implementation of the Group's debt restructuring plan to achieve significant improvement of the Group's financial position, and seek opportunities with other potential investors that will bring both financial and business synergies to the Group.

FINANCIAL PERFORMANCE

During the Year, due to the continued impact of the outbreak of COVID-19 and the tight operating cash flow of the Group as a result of the prolonged challenging operating environment, the Group has continued to suspend most of its production facilities. The suspension of operations together with the exhaustion of most of the Group's inventories in prior year have led to a drop in sales volume. Consequently, the consolidated revenue of the Group for the Year dropped by 12.1% to approximately HK$746.6 million (2020: HK$848.9 million). Gross profit for the Year decreased by approximately 34.7% to approximately HK$48.4 million (2020: HK$74.1 million), with gross profit margin dropped by 2.2 percentage points to 6.5% (2020: 8.7%).

Due to the completion of the Repurchase Agreements dated 26 March 2021 between certain subsidiaries of the Company and GSH and Changchun Rudder and the completion of the Repurchase Agreement dated 26 March 2021 entered into between Dajincang and Changchun Rudder, all of which took place on 31 March 2021, the Group (including the GSH Group) recognised a one-off gain on debt restructuring of approximately HK$1,325.0 million, which comprises the difference between the considerations to be paid by the Group (including the GSH Group) and the amount of the debt owed to Changchun Rudder and the write-back of accrued guarantee interest in relation to the financial guarantees granted by the Guarantor Subsidiaries under the Financial Guarantee Contracts in respect of the Dajincang Indebtedness. In contrast, during the previous financial year, the Company recognised a one-off loss amounted to approximately HK$728.2 million subsequent to the modification of the convertible bonds (the "**Convertible Bonds**") issued by the Company to Modern Agricultural Industry Investment Limited ("**Modern Agricultural**") in October 2015 with the maturity date extended from 15 October 2020 to 15 June 2023. As a result, the Group recorded a significant decrease in net loss to approximately HK$435.4 million (2020: HK$2,433.3 million) with EBITDA (i.e. earnings before interest, taxation, depreciation and amortisation) of approximately HK$783.6 million (2020: LBITDA (i.e. loss before interest, taxation, depreciation and amortisation): HK$1,229.2 million) during the Year.

The management of the Group will continue its efforts to further improve the financial performance of the Group through (1) speeding up the process of resumption of the remaining part of the Relevant Properties owned by the Group and GSH Group in order to reduce the financial burden of the Group; (2) actively negotiating with banks/creditors to push forward the debt restructuring plan to lower the debt level of the Group; (3) closely monitoring market changes to streamline the production processes and identify the opportunity for partial resumption of production operations to improve the Group's financial conditions and operational efficiency; and (4) introducing potential investors to further strengthen the working capital and financial position of the Group.

Upstream products

(Revenue: HK$0.8 million (2020: HK$248.6 million))
(Gross profit: HK$0.1 million (2020: HK$18.3 million))

During the Year, the suspension of the Group's upstream operations and the exhaustion of most of the inventories in prior year have led to a significant drop in sales volume. As a result, the revenue of the Group's upstream business dropped by approximately 99.7% to approximately HK$0.8 million (2020: HK$248.6 million). No revenue from the sale of corn starch (2020: HK$189.1 million) was recorded during the Year. The revenue from the sale of other corn refined products amounted to approximately HK$0.8 million (2020: HK$59.5 million) with sales volume of approximately 200 MT (2020: 29,000 MT). No internal consumption of corn starch (2020: 8,000 MT) was recorded during the Year.

Consequently, the Group's upstream products recorded an insignificant gross profit of approximately HK$0.1 million (2020: HK$18.3 million) with gross profit margin of approximately 12.5% (2020: 7.4%).

Amino acids

(Revenue: HK$1.5 million (2020: HK$36.6 million))
(Gross profit: HK$0.1 million (2020: HK$1.4 million))

The amino acids segment consists of lysine, protein lysine and threonine products. During the Year, the Group continued the suspension of its amino acids operation to minimise the cash flow pressure of the Group. The amino acids segment recorded insignificant sales volume as most of the inventory had been sold in the previous year. As a result, the revenue of the amino acids segment amounted to approximately HK$1.5 million (2020: HK$36.6 million) with sales volume of approximately 180 MT (2020: 7,000 MT) for the Year. However, as lysine price has improved during the Year, the amino acids segment still recorded an insignificant gross profit of HK$0.1

million (2020: HK$1.4 million), with a gross profit margin of 6.7% (2020: 3.8%). Although it is expected that pork production in China will continue its recovery momentum in 2022 with the support of the PRC government, pork price is expected to be under pressure as demand recovery has been slow. In addition, corn price is expected to remain high throughout 2022, together with the uncertainty over the mutation and the possible outbreak of the ASF in China, the Group will continue to closely monitor the development of the market conditions as well as the financial conditions of the Group to secure adequate working capital to resume and sustain the continuous production operation of the amino acids segment as soon as possible to the extent practicable. In the meantime, the Group's research and development team will continue to dedicate its effort to lower production cost, proactively look for opportunities to develop other amino acid products complementary to the current product mix of the Group and to cater to the needs of different types of animals to increase the Group's flexibility and ability to respond to market changes.

Corn sweeteners

(Revenue: HK$727.3 million (2020: HK$558.1 million))
(Gross profit: HK$41.5 million (2020: HK$52.0 million))

The corn sweeteners segment consists of corn syrup and corn syrup solid, and is operated by the GSH Group.

During the Year, the sales volume of corn sweeteners increased slightly by approximately 2.3% to approximately 178,000 MT (2020: 174,000 MT) as the COVID-19 pandemic in China stabilised. The increase in sugar price also drove up the average selling price of corn sweeteners during the Year. As a result, the revenue of the corn sweeteners segment increased by approximately 30.3% to approximately HK$727.3 million (2020: HK$558.1 million). However, the increase in the selling price of corn sweeteners did not keep up with the increases in raw material cost and cost of energy consumption. As such, the gross profit and gross profit margin of the corn sweeteners segment dropped to approximately HK$41.5 million (2020: HK$52.0 million) and 5.7% (2020: 9.3%) respectively, during the Year.

Polyol chemicals

(Revenue: HK$17.0 million (2020: HK$5.6 million))
(Gross profit: HK$6.7 million (2020: HK$2.4 million))

The polyol chemicals segment consists of polyol chemicals such as glycols and resins, anti-freeze products, hydrogen and ammonia. The Group has suspended most of its polyol chemicals production since March 2014. During the Year, the Group continued to utilise its polyol chemicals inventory to produce and sell anti-freeze products.

During the Year, the revenue of polyol chemicals segment increased by 203.6% to approximately HK$17.0 million (2020: HK$5.6 million). As substantial provision in relation to the closing inventories of polyol chemicals has been made in previous years, the polyol chemicals segment recorded a gross profit of approximately HK$6.7 million (2020: HK$2.4 million) with a gross profit margin of 39.4% (2020: 42.9%).

Export sales

During the Year, export sales which comprised entirely the export sales of corn sweeteners accounted for 2.0% (2020: 4.5%) of the Group's total revenue. The export sales of the Group amounted to approximately HK$14.7 million (2020: HK$38.6 million) during the Year, representing a decline of approximately 61.9% as compared to that of last year. Such decline was mainly attributable to the suspension of most of the Group's production facilities and the exhaustion of most of the inventory in the previous year. Consequently, no export sales of upstream products, amino acids and polyol chemicals were recorded during the Year (2020: HK$22.5 million, HK$5.4 million and nil, respectively).

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

Other income and gains

During the Year, other income and gains increased significantly by approximately 260.9% to approximately HK$1,406.5 million (2020: HK$389.7 million). Such difference was mainly attributable to the recognition of a one-off gain on debt restructuring of approximately HK$1,325.0 million as a result of the completion of the Repurchase Agreements during the Year.

Selling and distribution costs

During the Year, the selling and distribution costs decreased by 26.1% to approximately HK$63.5 million (2020: HK$85.9 million), accounting for approximately 8.5% (2020: 10.1%) of the Group's revenue. Such decrease was mainly attributable to the decline in sales volume.

Administrative expenses

During the Year, administrative expenses slightly increased by 2.9% to approximately HK$372.8 million (2020: HK$362.3 million). Such increase was mainly attributable to the expiry of the reductions of or exemptions from pension scheme contributions granted by the PRC government to certain subsidiaries of the Group operating in the PRC due to the COVID-19 pandemic during the year ended 31 December 2020.

Other expenses

During the Year, other expenses decreased by 34.6% to approximately HK$635.5 million (2020: HK$971.2 million). Such decrease was mainly attributable to (1) the decrease in guarantee interest to approximately HK$41.1 million (2020: HK$153.5 million) as a result of the discharge of financial obligations pursuant to the Financial Guarantee Contracts during the Year; and (2) a one-off expense for the impairment of property, plant and equipment of approximately HK$124.9 million as a result of the suspension of certain production facilities of the Group during the year ended 31 December 2020, the same of which was not recorded during the Year.

Finance costs

During the Year, finance costs of the Group increased by 9.1% to approximately HK$790.6 million (2020: HK$724.8 million), which was mainly attributable to the increase in imputed interest on Convertible Bonds amounted to approximately HK$89.2 million (2020: HK$59.2 million) and the increase in the interest on bank and other borrowings to approximately HK$519.5 million (2020: HK$484.1 million) as a portion of the default interest have been accrued during the Year.

Income tax expenses

Due to the recognition of temporary differences, the Group recorded a deferred tax expense of approximately HK$25.9 million (2020: HK$22.3 million) during the Year. Meanwhile, all the subsidiaries of the Group recorded tax losses during the Year and no income tax expenses were recorded for the Year (2020: Nil). As a result, the Group recorded tax expense of approximately HK$25.9 million (2020: HK$22.3 million) for the Year.

Loss shared by non-controlling shareholders

During the Year, GSH and another non-wholly-owned subsidiary recorded loss of approximately HK$98.3 million (2020: HK$11.1 million), leading to loss attributable to non-controlling interests amounted to approximately HK$34.6 million (2020: HK$3.3 million).

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The total borrowings as at 31 December 2021 decreased by approximately HK$608.3 million to approximately HK$7,501.3 million (31 December 2020: HK$8,109.6 million) as a result of the completion of the Repurchase Agreements during the Year. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2021 also decreased by approximately HK$160.9 million to approximately HK$22.3 million (31 December 2020: HK$183.2 million). As a result, the net borrowings decreased by approximately HK$447.4 million to HK$7,479.0 million (31 December 2020: HK$7,926.4 million).

Structure of interest-bearing bank and other borrowings

As at 31 December 2021, the Group's interest-bearing bank and other borrowings of approximately HK$7,501.3 million (31 December 2020: HK$8,109.6 million) were all (2020: all) denominated in Renminbi.

The percentage of interest-bearing and other borrowings wholly repayable within one year and in the second to the fifth years were 100.0% and 0.0% (31 December 2020: 97.7% and 2.3%), respectively. As at 31 December 2021, interest-bearing bank and other borrowings amounted to approximately RMB328.6 million (31 December 2020: RMB314.2 million) have been charged at fixed interest rates ranging from 5.8% to 13.6% (31 December 2020: 7.0% to 13.6%) for terms from 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

Upon completion of the subscription of shares and Convertible Bonds by Modern Agricultural in October 2015 (the "**Original CB Subscription**"), Convertible Bonds, among others, in the aggregate principal amount of HK$1,086,279,565 which may be converted into 4,722,954,631 conversion shares of the Company based on the initial conversion price of HK$0.23 (subject to adjustment) per share upon full conversion, were issued by the Company to Modern Agricultural. The Convertible Bonds carry coupon interest at the rate of 0.01% per annum payable quarterly in arrears with a term of five years. Pursuant to the terms of the Original CB Subscription, the holder of the Convertible Bonds has the right to convert the whole or any part (in the denominations of HK$1,000,000 and integral multiples thereof) of the outstanding principal amount of the Convertible Bonds into new shares of the Company at any time after the date falling three calendar months following the date of issue of the Convertible Bonds until the date seven days before (and excluding) the date falling on the fifth anniversary of the date of issue, provided that the public float of the shares of the Company shall not be less than 25% or any given percentage as required by the Listing Rules. The Convertible Bonds became mature on 15 October 2020 (the "**Maturity Date**"), and all the Convertible Bonds remained outstanding on the Maturity Date.

As announced by the Company on 19 July 2019 and 27 September 2019, the Company entered into two subscription agreements with the HK Bloom Investment Limited ("**HK Bloom**" or the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,279,799,672 new shares (the "**First Subscription Shares**") at the subscription price of HK$0.10 per First Subscription Share (the "**First Subscription**") and an aggregate of 1,228,607,685 new shares (the "**Second Subscription Shares**") at the subscription price of HK$0.1080 per Second Subscription Share (the "**Second Subscription**"), respectively. As a result of the completion of the First Subscription and the Second Subscription, the conversion price of the outstanding Convertible Bonds has been adjusted, in accordance with the terms and conditions of the Convertible Bonds, to HK$0.21 per share upon the completion of the Second Subscription on 29 April 2020 and the maximum number of shares issuable by the Company upon full conversion of the Convertible Bonds is 5,172,759,833 shares (the "**Conversion Price Adjustment**").

On 25 September 2020, the Company and Modern Agricultural entered into a supplemental agreement for the proposed extension of the Maturity Date by 32 months to 15 June 2023 (the "**Extension**"). The resolutions to approve the Extension were passed by way of poll at the extraordinary general meeting of the Company held on 30 November 2020 and the Extension took effect from that date. For details of the Extension, please refer to the announcement of the Company dated 25 September 2020 and the circular of the Company dated 5 November 2020.

Save for the Conversion Price Adjustment and the Extension, all other terms and conditions of the Convertible Bonds remain unchanged.

At 31 December 2021, the Convertible Bonds were divided into liability component and equity component which amounted to HK$938.9 million and HK$972.1 million (31 December 2020: HK$849.6 million and HK$972.1 million) respectively and effective imputed interest of HK$89.2 million (2020: HK$59.2 million) was charged during the Year.

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging from 30 to 90 days. During the Year, trade receivables turnover days decreased to approximately 55 days (31 December 2020: 58 days) as the Group has strengthened control on recoverability of receivable.

The trade payables turnover days decreased to approximately 661 days (31 December 2020: 685 days) during the Year, as the Group has been actively negotiating with creditors on the execution of repayment plans mutually agreed among the parties during the Year.

As most of the Group's inventories have been sold in prior year, the Group's inventory decreased by 43.2% to HK$81.4 million (31 December 2020: HK$143.4 million) during the Year. The inventory turnover days decreased to 43 days (31 December 2020: 68 days).

As at 31 December 2021, the current ratio and the quick ratio of the Group were at 0.05 (31 December 2020: 0.1) and 0.04 (31 December 2020: 0.1) respectively. The Group recorded a net loss of approximately HK$435.4 million (2020: HK$2,433.3 million) during the Year, leading to recorded net liabilities value of approximately HK$6,700.8 million (31 December 2020: HK$6,017.1 million). As a result, gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings) to total deficit and debts (i.e. aggregate total of shareholders deficit, non-controlling interests and total interest-bearing bank and other borrowings) increased to 937.1% (31 December 2020: 387.5%). To improve the financial position of the Group, the Company has adopted a series of strategic measures as outlined in note 2.2.

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 2.0% (2020: 4.5%) of the Group's revenue in which most of these transactions were denominated in US Dollars. The Directors have 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 fluctuation in the short run. Therefore, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, 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 TRANSACTIONS DURING THE YEAR

Completion of the Repurchase Agreements

As disclosed in the joint announcement of the Company and GSH dated 26 March 2021, each of the BOC Borrowers entered into the Repurchase Agreements with Changchun Rudder, pursuant to which Changchun Rudder had agreed to sell to each of the BOC Borrowers, and each of the BOC Borrowers had agreed to purchase, all of the rights and benefits of the loans owed to Changchun Rudder, which included, among others, the GSH Indebtedness, the GBT Indebtedness and the Dajincang Indebtedness guaranteed by the Guarantor Subsidiaries. The completion of the Repurchase Agreements took place on 31 March 2021. Upon the completion of the Repurchase Agreements, all the obligations of the Guarantor Subsidiaries pursuant to the Financial Guarantee Contracts in respect of the Dajincang Indebtedness have been discharged. For details of the Repurchase Agreements, please refer to the joint announcements of the Company and GSH dated 26 March 2021 and 31 March 2021.

FUNDRAISING ACTIVITIES

Subscription of new shares under the general mandate

The Company entered into the 2022 Subscription Agreement with Rationale Holdings on 19 January 2022, pursuant to which the Rationale Holdings has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,781,481,143 new ordinary shares at the subscription price of HK$0.1345 per 2022 Subscription Share. The gross proceeds from the 2022 Subscription will amount to approximately HK$239,610,000. The net proceeds from the 2022 Subscription, after the deduction of relevant expenses, is estimated to be approximately HK$239,500,000. The 2022 Subscription Shares represent 20.0% of the total issued share capital of the Company immediately before the completion of the 2022 Subscription and approximately 16.7% of the total issued share capital of the Company as enlarged by the allotment and issue of the 2022 Subscription Shares.

The Company is in communication with Rationale Holdings and the relevant government authorities in the PRC on the timing of completion of the 2022 Subscription, which has been delayed due to the recent outbreak of the COVID-19 in China. Further announcement will be made by the Company when the 2022 Subscription proceeds to completion.

DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Breach of loan agreements

(1) Reference is made to the joint announcement of the Company and GSH dated 21 September 2018. Under a loan agreement (the "**Jinzhou Dacheng BOC Loan Agreement**") entered into between 錦州大成食品發展有限公司 (Jinzhou Dacheng Food Development Co., Ltd.*) ("**Jinzhou Dacheng**"), which is an indirect wholly-owned subsidiary of GSH, and Jinzhou BOC in respect of a 12-month fixed term loan due in December 2018 (the "**Jinzhou Dacheng BOC Loan**"), Jinzhou Dacheng was required to satisfy certain financial covenants. Failure to comply with such financial covenants entitles the Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Jinzhou Dacheng BOC Loan immediately due and payable. The outstanding principal amount of the Jinzhou Dacheng BOC Loan was RMB19.8 million as at 31 December 2021. The Jinzhou Dacheng BOC Loan has been guaranteed by GSH and certain members of the GSH Group have also provided guarantees and securities to secure the Jinzhou Dacheng BOC Loan. Jinzhou Dacheng has failed to fulfill certain financial covenants under the Jinzhou Dacheng BOC Loan Agreement. Such breach entitles Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Jinzhou Dacheng BOC Loan Agreement immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the GSH Group.

For the latest development of the Jinzhou Dacheng BOC Loan, please refer to the section headed "Important events affecting the Group subsequent to the year under review" on p.45 of this announcement.

(2) As disclosed in the joint announcement of the Company and GSH dated 25 February 2020, the Group has defaulted in, among others, the repayment of certain loans under the loan agreements entered into between a subsidiary of the Company and 中國進出口銀行吉林省分行 (Jilin Branch of The Export-Import Bank of China*) ("**Jilin Branch Export-Import Bank**") with an aggregate outstanding principal amount of approximately RMB648.0 million together with outstanding interest (the "**GBT Jilin Branch Export-Import Loan**") and the syndicated loan agreement entered into among a subsidiary of the Company and Jilin Branch CCB, 中國建設銀行股份有限公司長春西安大路支行 (Changchun Xian Road Branch of China Construction Bank Corporation*) ("**Changchun CCB**") and Export-Import Bank with an aggregate outstanding principal amounts of approximately RMB1.8 billion together with outstanding interest (the "**GBT Syndicated Loan**").

The maximum liabilities guaranteed by the Company under the GBT Jilin Branch Export-Import Loan and the GBT Syndicated Loan are approximately RMB648.0 million and RMB2.0 billion, respectively, together with all interests, liabilities, fees and penalty that may accrue under the loan agreements. Certain subsidiaries of the Company have also provided collaterals to secure the GBT Jilin Branch Export-Import Loan and the GBT Syndicated Loan.

As disclosed in the announcement of the Company dated 8 March 2022, China Cinda has entered into transfer agreements with Export-Import Bank, pursuant to which Export-Import Bank has agreed to sell, and China Cinda has agreed to purchase, all of the rights and benefits of the Export-Import Bank Transferred Loans which included the GBT Jilin Branch Export-Import Loan and the portion of the GBT Syndicated Loan owed to Export Import Bank.

(3) Reference is made to the joint announcement of the Company and GSH dated 4 May 2020. Under the various loan agreements (collectively, the "**Yuancheng Loan Agreements**") entered into between 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), a subsidiary of the GSH Group, and each of Jinzhou CCB and Jinzhou BOC for the aggregate principal amount of RMB219.9 million (the "**Yuancheng Loans**"), comprising of (i) the loan owed to Jinzhou CCB for the principal amount of RMB189.9 million ("**Yuancheng CCB Loans**") and (ii) the loan owed to Jinzhou BOC for the principal amount of RMB30.0 million ("**Yuancheng BOC Loan**"), Jinzhou Yuancheng was required to satisfy certain financial covenants, failure to perform or comply with any of those financial covenants would entitle the Jinzhou CCB and Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng Loans immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the GSH Group.

Reference is also made to the joint announcement of the Company and GSH dated 27 April 2021 regarding the default in the repayment of the Yuancheng BOC Loan. The outstanding principal amount of the Yuancheng BOC Loan is RMB30.0 million, together with outstanding interests. The maximum liability guaranteed by the GSH Group is RMB36.8 million, being the principal amount, together with all interests, liabilities, fees and penalty that may accrue under the Yuancheng BOC Loan.

With respect to the Yuancheng CCB Loans, Jinzhou CCB has applied to 遼寧省瀋陽市中級人民法院 (Intermediate People's Court of Shenyang City, Liaoning Province*) (the "**Shenyang Intermediate Court**"), and the Shenyang Intermediate Court has granted, an order for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GSH Group in respect of the Yuancheng CCB Loans.

As at the date of this announcement, the outstanding principal amount under the Yuancheng Loan Agreements is approximately RMB218.7 million.

For the latest development of the Yuancheng BOC Loan and Yuancheng CCB Loans, please refer to the section headed "Important events affecting the Group subsequent to the year under review" on p.45 to p.46 of this announcement.

(4) Reference is made to the joint announcement of the Company and GSH dated 23 December 2020 regarding certain loan agreements entered into between certain subsidiaries of the Company with each of 中國農業銀行股份有限公司農安縣支行 (Nongan Branch of Agricultural Bank of China Co., Ltd.*) ("**Nongan Branch ABC**") and Changchun CCB with aggregate outstanding principal amounts of RMB920.0 million (excluding loans of the GSH Group) together with outstanding interest (the "**GBT ABC Loan**") and RMB740.0 million together with outstanding interest (the "**GBT CCB Loan**") respectively, that have become immediately due and payable before their maturity date in June 2021 in contemplation of the debt restructuring plan of the Group and the GSH Group. As at the date of this announcement, the outstanding principal amounts under the GBT ABC Loan and the GBT CCB Loan are approximately RMB920.0 million and RMB740.0 million, respectively. The maximum liability guaranteed by the Company under the GBT ABC Loan is RMB1,660.0 million, together with all interests, liabilities, fees and penalty that may accrue under the loan agreements and certain subsidiaries of the Company have also provided collaterals to secure such loan agreement. The maximum liability guaranteed by the Company under the GBT CCB Loan is RMB1,000.0 million.

On the other hand, the fixed term loan under a loan agreement entered into between a subsidiary of GSH and Nongan Branch ABC with an outstanding principal amount of RMB180.0 million together with respective outstanding interest (the "**GSH ABC Loan**") has become immediately due and payable before its maturity date in June 2021 in contemplation of the debt restructuring plan of the Group and the GSH Group. As at the date of this announcement, the GSH Group has defaulted in the repayment of such loan with the outstanding principal amount of approximately RMB180.0 million. The maximum liability guaranteed by GSH is RMB250.0 million, together with all interests, liabilities, fees and penalty that may accrue under such loan agreement. Certain subsidiaries of GSH have also provided collaterals to secure such loan.

In addition, the default in repayment of such loans by the Group and the GSH Group may also trigger cross default of other loan agreements entered into by the Group and the GSH Group.

Reference is made to the joint announcement of the Company and GSH dated 23 December 2020 in relation to, among others, the transfer agreements entered into between China Cinda and each of Jilin Branch ABC and Jilin Branch CCB. Jilin Branch ABC (acting on behalf of Nongan Branch ABC) and Jilin Branch CCB (acting on behalf of Changchun CCB) have each agreed to sell to China Cinda, and China Cinda has agreed to purchase, all of the rights and benefits of (i) the ABC Transferred Loans at a consideration of approximately RMB414.7 million; and (ii) the CCB Transferred Loans at a consideration of approximately RMB583.6 million. The ABC Transferred Loans include, among others, the GBT ABC Loan and the GSH ABC Loan. The CCB Transferred Loans include among others, the GBT CCB Loan and Changchun CCB's portion of the GBT Syndicated Loan.

(5) Reference is made to the joint announcement of the Company and GSH dated 27 April 2021. 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co., Ltd.*) ("**Harbin Dacheng**"), which is an indirect wholly-owned subsidiary of the Company, has defaulted in the repayment of the fixed-term loan under a loan agreement (the "**Harbin Dacheng Daxinganling Loan Agreement**") entered into between Harbin Dacheng and 大興安嶺農村商業銀行股份有限公司 (Daxinganling Rural Commercial Bank Co., Ltd.*) ("**Daxinganling Bank**"), with outstanding principal amount of RMB50.0 million, together with outstanding interests (the "**Daxinganling Loan**"). Harbin Dacheng has provided collaterals to secure the Daxinganling Loan. As at the date of this announcement, the outstanding principal amount under the Harbin Dacheng Daxinganling Loan Agreement is RMB50.0 million and have yet to receive any waiver from Daxinganling Bank in respect of the default of repayment of the Daxinganling Loan.

SUPPLEMENTARY INFORMATION IN RELATION TO THE YEAR UNDER REVIEW

Updates on the suspension of operation of certain subsidiaries of the Group and the impact of COVID-19 on the Group's business

Reference is made to the Suspension of Operation Announcements. Due to poor market sentiment, the COVID-19 pandemic and the significant increase in the domestic corn price, the overall demand for corn refined products have been negatively affected as downstream consumption shrank. The Board, having considered the pros and cons of continuing the upstream operation of the Group based on the then available financial information of the Group and assessed the then current market conditions, concluded that it was more favourable for the Group to suspend all upstream operation. In addition, the poor market sentiment and the outbreak of the ASF continued to pose impacts on amino acids segment. As a result, the operations of the Group's amino acids production facilities have been suspended since August 2019 to minimise cash outflow.

The operating environment in 2022 is expected to be challenging as the COVID-19 pandemic will continue to affect the global economy. The PRC is expected to face continuous challenges from shrinking demand, supply shock and power shortage. In addition, the ongoing structural changes in its economy for more sustainable growth in the future is expected to add temporary pressure to many businesses. With respect to the Group's business, corn price is expected to remain high in 2022. On the other hand, the recent lockdown in Changchun City in March 2022 due to the spike in COVID-19 infection cases may have an impact on the plan for the resumption of operation for the Group's production facilities in Changchun. Coupled with the increasingly competitive operating environment of the lysine and sweetener markets, 2022 will be a challenging year ahead for the Group.

As at the date of this announcement, the suspensions of operation as disclosed in the Suspension of Operation Announcements remained. The management expects that the COVID-19 pandemic will continue to put pressure on the Group's business and affect the operations of the Group. The continued suspension of operation or low facility utilisation rate had an adverse impact on the performance and financial positions of the Group. The management of the Group will continue to assess the impact of the COVID-19 pandemic on the financial positions of the Group and closely monitor the market conditions and the financial conditions of the Group, and will ensure that the production operation of such subsidiaries will resume as soon as possible to the extent practicable.

Relocation of production facilities to the Xinglongshan site

Reference is made to the interim report of the Company for the six months ended 30 June 2021, in relation to, among others, the relocation of production facilities of the Group to the Xinglongshan site and the resumption of the Relevant Properties.

Due to the challenging economic environment and the continued impact of the COVID-19 pandemic, the initial plan for the relocation of the Group's production facilities has been adjusted and some of the relocation projects has been put on hold in light of the continuously changing market conditions and pending the availability of capital and favourable market conditions. The Group will continue to assess the continuously changing market conditions and the progress of the resumption of the Relevant Properties so as to the update and revise the feasibility studies in respect of the relocation projects for submission to, among others, the relevant government bodies for approval. As such, the revised timetable for relocation of production facilities to the Xinglongshan site is updated as follows:

Products to which the production facilities relate	**Production capacity of the relevant production facilities to be relocated** *(MT per annum)*	**Expected time for the relocation of production facilities**[(1)]
Methanol	165,000	Pending the availability of capital and favourable market condition
Modified starch — food grade (phase 1)	20,000	Pending the availability of capital and favourable market condition
Modified starch (phase 2)	60,000	Pending the availability of capital and favourable market condition
Corn oil	63,000	June 2019 — December 2022
Amino acids (other varieties of amino acids complementary to current product mix with smaller capacity)	20,000	Pending the availability of capital and favourable market condition

Remark:

(1) The expected time for relocation of production facilities to the Xinglongshan site is subject to the final decision of the management from time to time, taking into account the relevant product markets and the obtaining of the approval from, among others, the relevant government bodies on the feasibility studies. The timetable may thus change accordingly and the Company will provide update to the shareholders of the Company and potential investors by way of announcement as and when appropriate.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

Settlement agreements with Jinzhou BOC

Reference is made to the joint announcements of the Company and GSH dated 24 September 2021 and 14 January 2022 (the "**Jinzhou BOC Loans Announcements**") in relation to, among others, the receipt of the summons from the Shenyang Intermediate Court by the GSH Group to attend the court hearing in respect of the application filed by Jinzhou BOC for the repayment of the outstanding principal amount and accrued interest under the fixed-term loans owed to Jinzhou BOC by Jinzhou Dacheng and Jinzhou Yuancheng (i.e., the Jinzhou Dacheng BOC Loan and Yuancheng BOC Loan, collectively, the "**Jinzhou BOC Loans**"). Such loans have been secured by assets and/or guarantee provided by the GSH Group. The aggregate outstanding principal amount under the loan agreements between Jinzhou BOC, Jinzhou Dacheng and Jinzhou Yuancheng was approximately RMB49.8 million. The Shenyang Intermediate Court has granted orders for the preservation of the bank balance (or assets of equivalent value) of the GSH Group equivalent to the principal and interest outstanding under the Jinzhou BOC Loans in the aggregate amount of RMB55,518,460.06 in favour of Jinzhou BOC (the "**Jinzhou BOC Preservation Order**").

In respect of the Jinzhou BOC Loans, the Shenyang Intermediate Court has confirmed and acknowledged the settlement agreements reached between the respective parties. Consequently, Jinzhou Dacheng settled all its outstanding principal amount and accrued interest owed to Jinzhou BOC under the Jinzhou Dacheng BOC Loans in one payment by way of bank transfer on 25 January 2022; and Jinzhou Yuancheng shall repay Jinzhou BOC the outstanding principal amount and accrued interest under the Yuancheng BOC Loan in seven instalments pursuant to a mutually agreed schedule, with the last instalment due on 30 September 2023. Jinzhou Yuancheng will satisfy the settlement agreement in respect of the Yuancheng BOC Loan with its internal resources according to the agreed timeline. For details of the Jinzhou BOC Loans, please refer to the Jinzhou BOC Loans Announcements.

Preservation order in relation to the breach of Yuancheng CCB Loans

Reference is made to the joint announcements of the Company and GSH dated 4 May 2020, 14 January 2022 and 22 February 2022 (the "**Yuancheng CCB Loans Announcements**") regarding, among others, the breach of the various loan agreements entered into between Jinzhou Yuancheng and Jinzhou CCB and the grant of order by the Shenyang Intermediate Court in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GSH Group in the aggregate amount of RMB213,882,634.55 in respect of the Yuancheng CCB Loans.

The first court hearing in respect of the Yuancheng CCB Loans was initially scheduled to be held on 22 March 2022. However, due to the recent spike in COVID-19 infection cases in Liaoning Province, the hearing has been delayed until further notice from the Shenyang Intermediate Court. For details of the Yuancheng CCB Loans, please refer to the Yuancheng CCB Loans Announcements.

Subscription of new shares of the Company under the general mandate

As announced by the Company on 19 January 2022, the Company entered into the subscription agreement with Rationale Holdings on 19 January 2022, pursuant to which Rationale Holdings has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,781,481,143 new ordinary shares at the subscription price of HK$0.1345 per 2022 Subscription Share. The net proceeds from the 2022 Subscription, after the deduction of relevant expenses, was approximately HK$239,500,000. The Group will utilise a portion of the proceeds from the 2022 Subscription for the partial resumption of the Group's upstream operation in the Xinglongshan site. The Directors believe that the resumption of operation in Xinglongshan will bring in operating cash inflow to the Group in 2022. For details of the 2022 Subscription, please refer to the announcements of the Company dated 19 January 2022 and 25 January 2022.

Liquidation of a subsidiary in Harbin

Reference is made to the joint announcement of the Company dated 19 January 2022 regarding, among others, the receipt of a notice from 賓縣人民法院 (People's Court of Bin County*) (the "**Bin County Court**") by Harbin Dacheng, notifying Harbin Dacheng that one of its creditors, 北大荒糧食集團有限公司 (Beidahuang Grain Group Co., Ltd.*) (the "**Applicant**") has applied to the Bin County Court to wind up Harbin Dacheng on the ground that Harbin Dacheng is insolvent (the "**Wind-up Application**"). As at 30 November 2021, the total amount due and owing by Harbin Dacheng to the Applicant was approximately RMB92,128,000 and the total outstanding debts owed by Harbin Dacheng amounted to approximately RMB718,307,000. In view of its insolvency, Harbin Dacheng will not defend the Wind-up Application and will be liquidated in accordance with the relevant liquidation procedures in the PRC.

As at 31 December 2021, the total assets of Harbin Dacheng accounted for approximately 1.7% of the total assets of the Group. The Board considers that the liquidation of Harbin Dacheng would not have any material adverse impact on the Group as the operation of Harbin Dacheng has been suspended since September 2019 and neither the Company nor any members of the Group has provided any guarantee for any debts of Harbin Dacheng. For details of the liquidation of Harbin Dacheng, please refer to the announcement of the Company dated 19 January 2022.

FUTURE PLANS AND PROSPECTS

In order to maintain the competitiveness of the Group, the Group will strive to maintain its market position, diversify its product range and enhance its capability in developing high value-added products and new applications through in-house research; internally, the Group will endeavour to materialise the debts restructuring plan to improve the financial position of the Group and introduce strategic investors to form business alliance for sustainable development.

The operating environment in 2022 is expected to be challenging as the COVID-19 pandemic will continue to affect the global economy. It is expected that China will continue to face continuous challenges from shrinking demand, supply shock and power shortage. In addition, the ongoing structural changes in its economy for more sustainable growth in the future is expected to add temporary pressure to many businesses. With respect to the Group's business, corn price is expected to remain high in 2022. Coupled with the increasingly competitive operating environment for the Group's downstream businesses, 2022 will be a challenging year for the Group. In the short run, the Group will continue to monitor closely the development of the ASF and the COVID-19 pandemic, the market conditions as well as the financial conditions of the Group and will ensure the production operation of the Group's subsidiaries to resume as soon as possible to the extent practicable. The Group will also take the opportunity of the relocation of its production facilities to the Xinglongshan site to readjust its product mix and capacity to adapt to market changes, and at the same time, enhance operational efficiency through continuous research and development efforts to lower operating costs.

In the long run, the Group will continue to strengthen its market position by utilising its brand name, strive to provide excellent customer service and be customer oriented to 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 cost effectiveness and product mix through continuous research and development efforts. The Board will optimise its risk/return decisions with respect to capital expenditure and will take a prudent approach in relation to capacity expansion.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2021, the Group had approximately 3,700 (2020: 4,000) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasingly turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards to its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain competitive remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and discretionary bonuses.

PURCHASE, SALES 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

To the best knowledge and belief of the Board, the Company has complied with all other code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the Year.

The Company has adopted a code of conduct regarding the Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the Company's code of conduct for dealings in securities of the Company by the Directors.

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.

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 currently comprises all independent non-executive Directors, namely Mr. Ng Kwok Pong (the chairman of the committee), Ms. Dong Hongxia and Mr. Yeung Kit Lam.

The Audit Committee had discussed with the management of the Group and reviewed the unaudited annual results of the Group for the Year, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters. As mentioned on page 2 of this announcement, due to the recent outbreak of the COVID-19 pandemic, the auditing procedures for the annual results of the Group for the Year has not been completed as scheduled and the unaudited annual results for the Year contained in this announcement have not been agreed by the Company's auditor as required under Rule 13.49(2) of the Listing Rules.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the Year as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results for the Year contained in this announcement as soon as practicable. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

It is currently expected that the announcement containing the Company's audited annual results for the Year will be published by the Company on or before 30 April 2022, subject to the development of the COVID-19 outbreak in the major cities in the PRC where the Group has operation and Hong Kong.

ANNUAL GENERAL MEETING

The 2021 annual general meeting (the "**AGM**") of the Company will be held on Thursday, 26 May 2022 at 11:30 a.m.. Notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalbiochem.com) and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 20 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares will be registered in order to determine the entitlements to the attendance at the annual general meeting.

Shareholders of the Company are reminded that in order to qualify for the attendance at the annual general meeting, they must ensure that all transfers, accompanied by the relevant share certificates and the appropriate transfer forms, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 19 May 2022.

FULL DETAILS OF FINANCIAL INFORMATION

The annual report of the Company, including the information required by the Listing Rules, will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalbiochem.com) and despatched to the shareholders of the Company in due course.

The financial information contained herein in respect of the annual results of the Group for the Year have not been audited and have not been agreed with the Company's auditors but have been reviewed by the Board. Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Global Bio-chem Technology Group Company Limited
Zhang Zihua
Acting Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Zihua and Mr. Liu Shuhang; one non-executive Director, namely, Mr. Gao Dongsheng; and three independent non-executive Directors, namely Ms. Dong Hongxia, Mr. Ng Kwok Pong and Mr. Yeung Kit Lam.