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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Global Bio-chem Technology Group Company Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000 (Re-presented)
CONTINUING OPERATIONS			
REVENUE	*4*	**1,373,938**	12,711
Cost of sales		**(1,330,301)**	(5,381)
Gross profit		**43,637**	7,330
Other income and gains	*4*	**26,173**	16,796
Selling and distribution costs		**(66,083)**	(9,197)
Administrative expenses		**(304,070)**	(258,308)
Other expenses		**(256,325)**	(496,389)
Gain on derecognition of a subsidiary		**421,870**	—
Gain on debt restructuring		**4,284,830**	—
Gain on modification of convertible bonds		**301,364**	—
Finance costs	*6*	**(750,351)**	(685,178)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**3,701,045**	(1,424,946)
Income tax credit	*7*	**42,082**	46,788
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**3,743,127**	(1,378,158)

* *For identification purposes only*

	Notes	**2023**	2022
		HK$'000	*HK$'000*
			(Re-presented)
DISCONTINUED OPERATIONS			
PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	*18(a)*	**481,466**	(141,407)
PROFIT (LOSS) FOR THE YEAR		**4,224,593**	(1,519,565)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR			
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		**(373,435)**	433,334
Release of exchange reserve upon derecognition of a subsidiary	*17*	**(79,632)**	—
Release of exchange reserve upon disposal of subsidiaries	*18(a)*	**(326,685)**	—
		(779,752)	433,334
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation, net		**78,985**	—
Income tax effect		**(15,797)**	—
		63,188	—
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(716,564)**	433,334
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**3,508,029**	(1,086,231)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
			(Re-presented)
PROFIT (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**4,224,593**	(1,443,068)
Non-controlling interests		**—**	(76,497)
		4,224,593	(1,519,565)
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY ARISING FROM:			
Continuing operations		**3,743,127**	(1,301,661)
Discontinued operations		**481,466**	(141,407)
		4,224,593	(1,443,068)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**3,508,029**	(1,021,289)
Non-controlling interests		**—**	(64,942)
		3,508,029	(1,086,231)
EARNINGS (LOSS) PER SHARE, ARISING FROM			
Basic			
– Continuing operations	*9*	**HK42.0 cents**	HK(14.6) cents
– Discontinued operations	*9*	**HK5.4 cents**	HK(1.6) cents
		HK47.4 cents	HK(16.2) cents
Diluted			
– Continuing operations	*9*	**HK25.7 cents**	HK(14.6) cents
– Discontinued operations	*9*	**HK3.4 cents**	HK(1.6) cents
		HK29.1 cents	HK(16.2) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**3,823,699**	4,706,470
Right-of-use assets		**396,473**	451,069
Deposits paid for acquisition of property, plant and equipment		—	835
Intangible assets		**2,047**	3,751
Interests in an associate		—	—
Interests in a joint venture		—	—
Equity investment at fair value through other comprehensive income ("**Designated FVOCI**")		**208**	208
Financial assets at fair value through profit or loss ("**FVPL**")		**17,140**	—
		4,239,567	5,162,333
CURRENT ASSETS			
Inventories		**148,332**	216,720
Trade receivables	11	**140,214**	59,845
Prepayments, deposits and other receivables	12	**363,196**	367,995
Due from a joint venture		**2,157**	1,055
Financial guarantee asset		**227,273**	—
Pledged bank deposits	13	**111**	173
Cash and bank balances	13	**88,246**	41,766
		969,529	687,554
CURRENT LIABILITIES			
Trade payables	14	**904,170**	1,201,524
Other payables and accruals	15	**3,571,683**	4,046,184
Due to an associate		**746**	840
Tax payables		**103,533**	104,553
Interest-bearing bank and other borrowings		**3,587,853**	7,113,550
Lease liabilities		**345**	1,902
Financial guarantee liability		**227,273**	—
Convertible bonds		—	1,037,451
		8,395,603	13,506,004
NET CURRENT LIABILITIES		**(7,426,074)**	(12,818,450)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(3,186,507)**	(7,656,117)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**10,582**	—
Lease liabilities		—	345
Deferred income		**31,327**	100,806
Deferred tax liabilities		**7,240**	29,788
Convertible bonds		**801,250**	—
		850,399	130,939
NET LIABILITIES		**(4,036,906)**	(7,787,056)
CAPITAL AND RESERVES			
Share capital	*16*	**890,741**	890,741
Reserves		**(4,927,647)**	(8,429,734)
Deficit attributable to owners of the Company		**(4,036,906)**	(7,538,993)
Non-controlling interests		—	(248,063)
TOTAL DEFICIT		**(4,036,906)**	(7,787,056)

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 HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Hong Kong Companies Ordinance (Cap. 622) (the "**Companies Ordinance**").

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment, financial assets at FVPL 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 2022 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

As at 31 December 2023, the Group had net current liabilities of approximately HK$7,426.1 million (31 December 2022: approximately HK$12,818.5 million) and net liabilities of approximately HK$4,036.9 million (31 December 2022: approximately HK$7,787.1 million). In preparing these consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profit and positive cash flows from operations and obtain additional funding in the immediate and longer term. The Company has taken the following steps to improve the financial position of the Group:

(a) Implementation of the resumption of the Relevant Properties to improve the financial position of the Group

As disclosed in the joint announcements of the Company and Global Sweeteners Holdings Limited ("**GSH**", together with its subsidiaries, the "**GSH Group**") dated 23 December 2020 and 26 March 2021, and the announcements of the Company dated 8 March 2022 and 24 July 2023, as part of the Group's debt restructuring plan, four major lender banks of the Group had transferred the loans owed by the Group to 中國信達資產管理股份有限公司吉林省分公司 (Jilin Branch of China Cinda Asset Management Co., Ltd.*) ("**Jilin Cinda**") and 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) ("**Changchun Rudder**"). As disclosed in the announcement of the Company dated 4 January 2024, the Group was notified by Jilin Cinda and 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**") on 31 December 2023 that the loans with an aggregate outstanding principal of approximately RMB4,267.8 million, together with outstanding interest, owed by the Group to Jilin Cinda (the "**Entire Transferred Loans**") had been transferred to Nongtou. On 31 December 2023, Nongtou, as the then creditor of the Entire Transferred Loans and several subsidiaries of the Group, being the debtors and co-debtors of the Entire Transferred Loans, had entered into a debt restructuring agreement (the "**Debt Restructuring Agreement**") pursuant to which the Group has agreed to repay to Nongtou RMB1,580.0 million by no later than 30 January 2024 for the settlement of the Entire Transferred Loans. In January 2024, a substantial part of the debt restructuring plan in relation to the Entire Transferred Loans took place. The Group has transferred a total of RMB1,580.0 million (comprising the entire net proceeds from the subscription (the "**CPS Subscription**") of the convertible preference shares (the "**CPS**") issued by the Company on 4 January 2024 of approximately HK$1,716,775,057 and self-financing fund) to Nongtou for the purpose of the settlement of the Entire Transferred Loans, and all repayment obligations of the Group under the Debt Restructuring Agreement have been fulfilled. The Group will strive to resolve the outstanding amounts owed to Changchun Rudder which included a portion of loans owed by 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*) ("**Dihao Foodstuff**"), 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*) ("**Dacheng Bio-Tech**") and 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**"), that was first transferred by the then creditors to Jilin Cinda, and then further transferred to Changchun Rudder, and finally repurchased by the Group from Changchun Rudder at a total consideration of RMB815.0 million (the "**Repurchased Loans**") on 31 March 2021.

In relation to the Repurchased Loans, as previously disclosed in the joint announcement of the Company and GSH dated 6 April 2023, it is the current plan of the Group that the outstanding consideration for the purchase of the Repurchased Loans will be settled by the proceeds from the resumption of the remaining land and buildings situated in Luyuan District, Changchun, the People's Republic of China (the "**PRC**" or "**China**") (the "**Relevant Properties**"). As certain portion of the Relevant Properties held by the Group have been pledged as security for the Repurchased Loans, even if the land resumption does not take place in time or at all, the pledgee-lenders may apply for the pledged properties to be sold by way of auction and receive proceeds of sale settling the Repurchased Loans.

During the Year, the discussion with the Changchun Municipal People's Government in respect of the resumption of the Relevant Properties has been ongoing. The Directors expected that the proceeds from the resumption of the Relevant Properties will be sufficient for the settlement of Repurchased Loans and will raise additional funds to finance the Group's operation. The Directors currently expect that the outstanding consideration for the purchase of the Repurchased Loans will be settled during 2024 and 2025.

(b) Monitoring of the Group's operating cash flows and partial resumption of production operation

The Group has taken various measures to minimise the operating cost and develop new business line to enhance the operating cash outflow during market turbulence. During the Year, the Group has continued to maximise the production capacity of production facilities in amino acids operation and to launch a series of high value-added products to expand the sales in 2024. The Directors expect that the amino acids operation will generate adequate cash inflow to the Group in 2024.

(c) Financial support from the indirect major shareholder of Company

The Group has received an updated written confirmation dated 29 February 2024 from Nongtou 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 was not secured by any assets of the Group.

Nongtou, being a state-owned enterprise, was established in August 2016 and its unaudited net asset value as at 31 December 2023 amounted to approximately RMB2,010.7 million (31 December 2022: approximately RMB2,105.5 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 will 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.

As at 31 December 2023, the Group's liabilities due to the Nongtou Group amounted to approximately HK$3,153.2 million and the Nongtou Group agreed to support the Group in the following 12 months and agreed that repayment request will not be made while the financial situation of the Group does not allow. In addition, the Directors are of the view that the Nongtou Group would be able to support the operations of the Group by providing a stable supply of corn with better commercial terms via the master supply agreement entering between the Group, as purchaser, and Nongtou Group, as seller, for supplying the corn kernels with effect from 21 December 2023.

(d) Completion of connected transaction in relation to the issue of CPS

Pursuant to the announcement of the Company dated 4 January 2024, all the conditions precedent set out in the subscription agreement (the "**Subscription Agreement**") dated 30 November 2023 entered into between the Company, 吉林省利亨股權投資合夥企業（有限合夥）(Jilin Province Liheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Liheng**"), a limited partnership established in the PRC and 吉林省元亨股權投資合夥企業（有限合夥）(Jilin Province Yuanheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Yuanheng**"), a limited partnership established in the PRC (collectively, the "**Subscribers**") in relation to the issuance by the Company of, and the subscription by the Subscribers for, the CPS, i.e. the CPS Subscription, have been fulfilled and the completion of the CPS Subscription has taken place on 4 January 2024. The Company has subsequently issued 17,267,750,569 CPS to the Subscribers, receiving the net proceeds of approximately HK$1,716.8 million from the CPS Subscription, which had been used to repay Nongtou in relation to the Entire Transferred Loans which had been transferred from Jilin Cinda to Nongtou on 31 December 2023. As such, the financial position of the Group improved significantly.

The Directors have prepared a cash flow forecast covering a period up to 31 December 2024 on the basis that the measures mentioned above shall have a successful and favourable outcome, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the 12 months from 31 December 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The adoption of the going concern basis may be inappropriate as the outcome of the measures as described above are uncertain.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

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

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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 HKAS 1	Classification of Liabilities as Current or Non-current [1]
Amendments to HKAS 1	Non-current Liabilities with Covenants [1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements [1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [1]
Amendments to HKAS 21	Lack of Exchangeability [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 The effective date to be determined

Except for the certain 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 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 (2022: four) reportable operating segments from continuing operations 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.

On 21 December 2023, the disposal of the GSH Group, excluding Dihao Foodstuff and 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*) ("**Dihao Crystal Sugar**") (together with Dihao Foodstuff, the "**Dihao Companies**") (the "**New GSH Group**"), was completed, the corn sweeteners businesses which were operated by the New GSH Group was therefore classified as discontinued operations. The details of the disposal are summarised in note 18. The corn sweeteners businesses operated by Dihao Companies are still grouped under corn sweeteners segment of the continuing operations of the Group.

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

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

(i) Segment results

Year ended 31 December 2023

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Revenue from:					
External customers	**217,221**	**1,156,717**	**—**	**—**	**1,373,938**
Segment results	**(314,902)**	**(107,115)**	**(50,040)**	**(15,255)**	**(487,312)**
Bank interest income					**3**
Unallocated income					**37,609**
Gain on debt restructuring					**4,284,830**
Gain on derecognition of a subsidiary					**421,870**
Gain on modification of convertible bonds					**301,364**
Corporate and other unallocated expenses					**(106,968)**
Finance costs					**(750,351)**
Profit before tax					**3,701,045**
Income tax credit					**42,082**
Profit for the year from continuing operations					**3,743,127**
Discontinued operations					
Profit for the year from discontinued operations					**481,466**
Profit for the year					**4,224,593**

Year ended 31 December 2022 (Re-presented)

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Revenue from:					
External customers	801	5,351	—	6,559	12,711
Segment results	(355,689)	(299,567)	(43,147)	(13,688)	(712,091)
Bank interest income					22
Unallocated income					29,553
Corporate and other unallocated expenses					(57,252)
Finance costs					(685,178)
Loss before tax					(1,424,946)
Income tax credit					46,788
Loss for the year from continuing operations					(1,378,158)
Discontinued operations					
Loss for the year from discontinued operations					(141,407)
Loss for the year					(1,519,565)

(ii) Other segment information

Year ended 31 December 2023

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Capital expenditure	763	1,082	—	13	1,858
Depreciation of property, plant and equipment	102,994	98,407	14,884	8,869	225,154
Depreciation of right-of-use assets (a)	8,609	6,794	1,256	—	16,659
Write-down of inventories, net	—	—	—	1,511	1,511
Loss on disposal of property, plant and equipment, net	650	—	—	—	650
Impairment of deposits paid for acquisition of property, plant and equipment, net	835	—	—	—	835
(Reversal of impairment) Impairment of trade receivables, net	(779)	(461)	—	1,115	(125)
Reversal of impairment of prepayments and deposits, net	—	(982)	—	—	(982)
Impairment of (Reversal of impairment) of other receivables, net	2,640	1,564	(93)	—	4,111
Discontinued operations					
Capital expenditure	—	—	588	—	588
Depreciation of property, plant and equipment	—	—	57,866	—	57,866
Depreciation of right-of-use assets (a)	—	—	3,742	—	3,742
Reversal of impairment of trade receivables, net	—	—	(83)	—	(83)
Impairment of prepayments and deposits, net	—	—	587	—	587
Reversal of overprovision of other tax payables	—	—	(4,385)	—	(4,385)
Impairment of property, plant and equipment	—	—	21,276	—	21,276
Reversal of write-down of inventories, net	—	—	(4)	—	(4)

Year ended 31 December 2022 (Re-presented)

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Capital expenditure	688	5,339	—	13	6,040
Depreciation of property, plant and equipment	127,280	101,649	16,054	9,251	254,234
Depreciation of right-of-use assets (a)	10,063	5,736	—	671	16,470
Loss on disposal of property, plant and equipment, net	5,904	—	—	—	5,904
(Reversal of write-down) Write-down of inventories, net	(1,652)	(1,624)	—	1,280	(1,996)
Impairment of deposits paid for acquisition of property, plant and equipment, net	5,415	6	—	—	5,421
(Reversal of impairment) Impairment of trade receivables, net	(1,537)	(1,582)	—	1,397	(1,722)
Impairment of prepayments and deposits, net	2,142	—	—	—	2,142
Impairment of other receivables, net	9,559	220	403	—	10,182
Impairment of property, plant and equipment	—	4,315	406	—	4,721
Write-back of payables	(1,598)	(616)	—	(324)	(2,538)
Discontinued operations					
Capital expenditure	—	—	136	—	136
Depreciation of property, plant and equipment	—	—	54,138	—	54,138
Depreciation of right-of-use assets (a)	—	—	3,917	—	3,917
Impairment of trade receivables, net	—	—	446	—	446
Impairment other receivables, net	—	—	218	—	218

Remark:

(a) Depreciation of right-of-use assets that was not attributable to any of the above segments which amounted to HK$1,750,000 (2022: HK$1,750,000) was included in corporate and other unallocated expenses.

(iii) Geographical information

Revenue information based on locations of customers

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
The PRC	**1,019,736**	12,711
Asia, the Americas and other regions	**354,202**	—
	1,373,938	12,711
Discontinued operations		
The PRC	**430,580**	346,575
Asia, the Americas and other regions	**10,233**	12,992
	440,813	359,567

Non-current assets information based on locations of assets

	2023	2022
	HK$'000	*HK$'000*
The PRC	**4,221,636**	5,159,792
Hong Kong	**583**	2,333
	4,222,219	5,162,125

(iv) Information about major customers

Revenue from customer individually accounted for 10% or more of the Group's total revenue (including discontinued operations) is as follows:

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Discontinued operations		
Corn sweeteners		
Customer A	*	66,495

* The customer individually contributed less than 10% of the Group's total revenue during the year ended 31 December 2023.

4. REVENUE, OTHER INCOME AND GAINS

	2023 *HK$'000*	2022 *HK$'000* (Re-presented)
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**1,373,938**	12,711
Other income and gains		
Amortisation of deferred income	**5,054**	7,451
Bank interest income	**3**	22
Government grants (b)	**—**	144
Gain on properties revaluation, net	**7,408**	—
Reversal of impairment of trade receivables, net	**125**	1,722
Reversal of write-down of inventories, net	**—**	559
Write-back of payables	**—**	2,538
Others	**13,583**	4,360
	26,173	16,796

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$102,520,000 (2022: HK$87,024,000).

(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.

5. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Employee benefits expenses (excluding Directors' remuneration):		
Wages and salaries	**99,022**	152,099
Pension scheme contributions	**14,772**	43,004
	113,794	195,103
Cost of inventories sold (a)	**1,330,301**	5,381
Depreciation of property, plant and equipment	**225,154**	254,234
Depreciation of right-of-use assets	**18,409**	18,220
Amortisation of deferred income	**(5,054)**	(7,451)
Auditor's remuneration		
— Annual audit	**1,450**	2,200
— Non-audit service fee	**1,253**	240
Impairment of property, plant and equipment	**—**	4,721
Impairment of deposits paid for acquisition of property, plant and equipment, net	**835**	5,421
(Reversal of impairment) Impairment of prepayments and deposits, net	**(982)**	2,142
Impairment of other receivables, net	**4,111**	10,182
Research and development costs	**6,407**	10,229
Reversal of impairment of trade receivables, net	**(125)**	(1,722)
Loss on disposal of property, plant and equipment, net	**650**	5,904
Foreign exchange loss, net	**8,223**	17,075
Write-down (Reversal of write-down) of inventories, net (b)	**1,511**	(1,996)
Gain on properties revaluation, net	**7,408**	—
Gain on debt restructuring (c)	**4,284,830**	—

Remarks:

(a) 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.

(b) Write-down of inventories comprised write-down of inventories included in other expenses and cost of sales of HK$1,511,000 and Nil, respectively, during the Year (2022: Reversal of write-down of inventories comprised reversal of write-down of inventories included in other income and cost of sales of HK$559,000 and HK$1,437,000, respectively.)

(c) Reference is made to the announcement of the Company dated 4 January 2024. On 31 December 2023, Nongtou, as the then creditor of the Entire Transferred Loans, and several wholly-owned subsidiaries of the Group, being the debtors or co-debtors of the Entire Transferred Loans, had entered into the Debt Restructuring Agreement pursuant to which the Group has agreed to repay, and repaid to Nongtou RMB1,580.0 million by no later than 30 January 2024 for the settlement of the Entire Transferred Loans. As a result, a one-off gain on debt restructuring of HK$4,284.8 million (representing the difference between the Entire Transferred Loans (including the then outstanding interests) of approximately RMB5,436.3 million immediately before the date of the Debt Restructuring Agreement and the amount settled to Nongtou of RMB1,580.0 million) has been recognised during the Year.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest on bank and other borrowings	**462,182**	464,118
Interest on financial guarantees given by Nongtou	**30,287**	20,349
Interest on payables to suppliers	**88,051**	102,104
Imputed interest on convertible bonds	**169,817**	98,596
Interest on lease liabilities	**14**	11
	750,351	685,178

7. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Year (2022: 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 2023 and 2022.

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Deferred tax		
Origination and reversal of temporary differences, net	**(42,082)**	(46,788)
Income tax credit	**(42,082)**	(46,788)

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2022: Nil).

9. EARNINGS (LOSS) PER SHARE

	2023	2022 (Re-presented)
Profit (Loss) ***(in HK$'000)***		
Profit (Loss) attributable to owners of the Company from:		
— Continuing operations	**3,743,127**	(1,301,661)
— Discontinued operations	**481,466**	(141,407)
	4,224,593	(1,443,068)
Number of shares		
Weighted average of ordinary shares in issue	**8,907,405,717**	8,907,405,717
Basic earnings (loss) per share (HK cents per share)		
— Continuing operations	**42.0**	(14.6)
— Discontinued operations	**5.4**	(1.6)
	47.4	(16.2)

	2023	2022 (Re-presented)
Profit (Loss) ***(in HK$'000)***		
Profit (Loss) attributable to owners of the Company from:		
— Continuing operations	**3,743,127**	(1,301,661)
— Discontinued operations	**481,466**	(141,407)
	4,224,593	(1,443,068)
Continuing operations		
Gain on modification of convertible bonds	**(301,364)**	—
Imputed interest on convertible bonds	**169,817**	—
	(131,547)	—
Adjusted profit (loss) attributable to owners of the Company from:		
— Continuing operations	**3,611,580**	(1,301,661)
— Discontinued operations	**481,466**	(141,407)
	4,093,046	(1,443,068)
Number of shares		
Weighted average of ordinary shares in issue	**8,907,405,717**	8,907,405,717
Effect of conversion of convertible bonds	**5,172,759,833**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**14,080,165,550**	8,907,405,717
Diluted earnings (loss) per share (HK cents per share)		
— Continuing operations	**25.7**	(14.6)
— Discontinued operations	**3.4**	(1.6)
	29.1	(16.2)

The assumed conversion of the convertible bonds has dilutive effect for the Year as shown on the table above.

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 2022.

10. PROPERTY, PLANT AND EQUIPMENT

	Notes	**2023**	2022
		HK$'000	*HK$'000*
At 1 January		**4,706,470**	5,381,367
Additions		**2,446**	6,176
Disposals		**(650)**	(11,667)
Depreciation	*3(ii)*	**(283,020)**	(308,372)
Gain on properties revaluation, net		**86,393**	—
Derecognition of a subsidiary		**(202,962)**	—
Disposal of subsidiaries		**(312,325)**	—
Impairment	*3(ii)*	**(21,276)**	(4,721)
Exchange realignment		**(151,377)**	(356,313)
At 31 December		**3,823,699**	4,706,470

11. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**480,900**	477,422
Loss allowance	**(340,686)**	(417,577)
	140,214	59,845

The Group normally allows credit terms of 30 to 90 days (2022: 30 to 90 days) to established customers. An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**97,765**	38,455
1 to 2 months	**22,097**	11,647
2 to 3 months	**13,822**	3,585
3 to 6 months	**578**	2,703
Over 6 months	**5,952**	3,455
	140,214	59,845

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

Trade receivables are non-interest-bearing. At the end of the reporting period, the Group had a concentration of credit risk as 9.3% (2022: 23.3%) and 17.4% (2022: 61.3%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Prepayments	**65,145**	95,707
Deposits and other debtors	**44,480**	53,885
PRC value-added tax ("**VAT**") and other tax receivables	**123,770**	84,177
Receivables from disposal of assets (a)	**129,801**	134,226
	363,196	367,995

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 HK$109,890,000 (31 December 2022: HK$113,636,000) at 31 December 2023.

13. CASH AND CASH EQUIVALENTS

	2023	2022
	HK$'000	*HK$'000*
Cash and bank balances	**88,246**	41,766
Pledged bank deposits	**111**	173
	88,357	41,939
Less: pledged bank deposits for issuance of bills payables	**(111)**	(173)
	88,246	41,766

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$75,945,000 (2022: HK$34,617,000 denominated in Renminbi). 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.

14. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables		
— To third parties	**636,924**	925,167
— To the Nongtou Group (a)	**267,246**	276,357
	904,170	1,201,524

Remark:

(a) The trade payables to the Nongtou Group are unsecured and interest-bearing at 6.5% to 7.8% per annum (2022: 6.5% to 8.5% per annum) after the lapse of the credit periods.

The Group normally obtains credit terms ranging from 30 to 90 days (2022: 30 to 90 days) from its suppliers.

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**76,963**	166,091
1 to 2 months	**4,091**	2,761
2 to 3 months	**239**	106
Over 3 months	**822,877**	1,032,566
	904,170	1,201,524

15. OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Accruals for employee benefits	**678,644**	717,310
Payables for purchases of machinery	**104,020**	114,791
Receipts in advance (a)	**156,061**	119,132
Payables to the Nongtou Group (b)	**1,049,508**	757,032
VAT and other duties payables	**135,289**	226,862
Accruals and other creditors	**466,082**	735,314
Interest payables	**982,079**	1,375,743
	3,571,683	4,046,184

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:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**119,132**	92,211
Recognised as revenue	**(102,520)**	(87,024)
Receipt of advances or recognition of receivables	**156,061**	119,132
Exchange realignment	**(16,612)**	(5,187)
At 31 December	**156,061**	119,132

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that were unsatisfied (or partially unsatisfied) at 31 December 2023 and 2022 were 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 6.5% and 12.0% per annum (2022: 6.5% to 12.0% per annum) and are repayable on demand and guarantee charge payables to Nongtou which bear interest at 3.5% per annum (2022: 3.5% per annum).

16. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
30,000,000,000 (a) (2022: 20,000,000,000) ordinary shares of HK$0.1 each	**3,000,000**	2,000,000
30,000,000,000 (a) (2022: Nil) preference shares of HK$0.1 each	**3,000,000**	—
Issued and fully paid:		
8,907,405,717 (2022: 8,907,405,717) ordinary shares of HK$0.1 each	**890,741**	890,741

Remark:

(a) The Directors proposed to increase the authorised share capital of the Company from HK$2,000,000,000 divided into 20,000,000,000 shares to HK$6,000,000,000 divided into 30,000,000,000 ordinary shares of the Company and 30,000,000,000 preference shares of the Company and such proposed amendment have been approved by the shareholders of the Company (the "**Shareholders**") at the extraordinary general meeting (the "**EGM**") on 31 December 2023 and became effective upon passing of such ordinary resolution.

17. DERECOGNITION OF A SUBSIDIARY

In April 2023, 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co., Ltd.*) ("**Harbin Dacheng**"), an indirect wholly-owned subsidiary of the Company prior to the date of its derecognition, received a notice from 賓縣人民法院 (People's Court of Bin County*) (the "**Court**") notifying Harbin Dacheng that one of its creditors had applied to the Court to wind up Harbin Dacheng on the ground that Harbin Dacheng was insolvent.

On 12 June 2023 (the "**Receivership Date**"), the Court accepted the application and appointed joint and several receivers to take over Harbin Dacheng's property, company's seal, account books, documents and other data. In this regard, the management considered that the Group no longer has control of whatsoever nature over the affairs of Harbin Dacheng since the Receivership Date in accordance with HKFRS 10. Based on the above, Harbin Dacheng ceased to be a subsidiary of the Company since the Receivership Date.

* *For identification purposes only*

The Group derecognised the assets and liabilities of Harbin Dacheng on the Receivership Date as below:

	HK$'000
Property, plant and equipment	202,962
Right-of-use assets	13,265
Inventories	913
Prepayments, deposits and other receivables	17,596
Cash and bank balances	120
Trade payables	(144,115)
Other payables and accruals	(319,717)
Deferred income	(59,499)
Interest-bearing bank and other borrowings	(53,763)
Total identifiable net liabilities	(342,238)
Release of exchange reserve upon derecognition of a subsidiary	(79,632)
Gain on derecognition of a subsidiary	421,870
	—

An analysis of net outflow of cash and cash equivalents in respect of derecognition of Harbin Dacheng is as follows:

	HK$'000
Cash and cash equivalents derecognised	(120)
Net outflow of cash and cash equivalents in respect of derecognition of a subsidiary	(120)

18. DISCONTINUED OPERATIONS

On 6 April 2023, Global Corn Bio-Chem Technology Company Limited ("**Global Corn Bio-Chem**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**GSH SPA**") with Mr. Kong Zhanpeng and Mr. Wang Tieguang (the "**Purchasers**" or the "**Joint Offerors**") pursuant to which the Purchasers have conditionally agreed to acquire and Global Corn Bio-Chem has conditionally agreed to sell 717,965,000 ordinary shares of GSH, representing approximately 47.00% of the entire issued share capital of GSH (the "**GSH Sale Shares**") as at the date of the GSH SPA at a total consideration of HK$43,077,900, subject to certain conditions precedent (the "**GSH Disposal**").

As part of conditions precedent to the GSH SPA, on 6 April 2023, Global Bio-chem Technology (HK) Ltd., a direct wholly-owned subsidiary of the Company ("**Dihao Purchaser**") entered into sale and purchase agreements with (i) Global Sweeteners (China) Limited ("**Dihao Vendor A**") and Global Starch (Changchun) Investments Limited ("**Dihao Vendor B**"); and (ii) Dihao Vendor A and Global Sorbitol (H.K.) Company Limited ("**Dihao Vendor C**") respectively, to transfer the entire registered capital of each of Dihao Foodstuff and Dihao Crystal Sugar, at a total consideration of RMB2.0 (the "**Dihao Transfer**"). Immediately upon the completion of the Dihao Transfer, Dihao Companies are no longer the subsidiaries of GSH but remain as subsidiaries of the Company.

For details of the GSH Disposal and the Dihao Transfer, please refer to the joint announcement issued by the Company, GSH and the Purchasers dated 6 April 2023 and the circular of the Company dated 25 May 2023.

References are also made to the joint announcement of the Company, GSH and the Purchasers dated 21 December 2023. On 21 December 2023, all of the conditions precedent to the GSH SPA (including but not limited to the completion of Dihao Transfer) have been fulfilled or waived (as the case may be). The completion of the GSH Disposal and the Dihao Transfer took place on 21 December 2023.

Immediately after the completion of GSH Disposal (the "**GSH Completion**"), Global Corn Bio-Chem holds 259,813,000 ordinary shares of GSH, representing approximately 17.00% of the entire issued share capital of GSH and the New GSH Group ceased to be subsidiaries of the Company and the such remaining investment in the New GSH Group has been recognised as financial assets at fair value through profit or loss.

The management considers that the New GSH Group, which are previously included under the corn sweeteners segment, constituted discontinued operations during the Year. Accordingly, certain comparative figures in the consolidated financial statements have been re-presented to separately reflect the results of the discontinued operations. The results and net cash flows of the discontinued operations are summarised as follows:

(a) Financial performance and cash flow information

	For the period from 1 January 2023 to 21 December 2023 *HK$'000*	For the year ended 31 December 2022 *HK$'000*
Revenue	**440,813**	359,567
Cost of sales	**(404,195)**	(332,300)
Gross profit	**36,618**	27,267
Other income and gains	**11,476**	14,078
Selling and distribution costs	**(29,282)**	(30,453)
Administrative expenses	**(62,427)**	(69,899)
Other expenses	**(58,130)**	(48,791)
Finance costs	**(42,442)**	(41,040)
Loss before tax	**(144,187)**	(148,838)
Income tax credit	**4,367**	7,431
Loss for the year from discontinued operations	**(139,820)**	(141,407)
Gain on disposal of subsidiaries, net of tax	**621,286**	—
Profit (Loss) from discontinued operations	**481,466**	(141,407)
Net cash generated from operating activities	**88,390**	13,275
Net cash (used in) generated from investing activities	**(589)**	19,635
Net cash used in financing activities	**(78,296)**	(36,130)
Net increase/(decrease) in cash generated by the discontinued operations	**9,505**	(3,220)

An analysis of net cash flow in respect of the disposal of discontinued operations are as follows:

	HK$'000
Cash consideration received	43,078
Cash and cash balances disposed of	(13,552)
Total cash inflow from disposal	29,526

(b) Details of the disposal of subsidiaries

	HK$'000
Cash consideration received	43,078
Financial guarantee asset	227,273
Investment retained in the New GSH Group	17,140
Carrying amount of net liabilities disposed of	381,855
Financial guarantee liability	(227,273)
Non-controlling interests in the New GSH Group	(137,467)
Gain on disposal of subsidiaries before tax and reclassification of exchange reserve	304,606
Release of exchange reserve upon disposal of subsidiaries	326,685
Direct transaction costs and professional fees	(10,005)
Gain on disposal of subsidiaries after tax	621,286

(c) Details of the net liabilities disposed of:

	HK$'000
NON-CURRENT ASSETS	
Property, plant and equipment	312,325
Right-of-use assets	38,813
Intangible assets	1,704
	352,842
CURRENT ASSETS	
Inventories	34,154
Trade receivables	67,952
Prepayments, deposits and other receivables	106,857
Cash and bank balances	13,552
	222,515
CURRENT LIABILITIES	
Trade payables	138,045
Other payables and accruals	323,446
Tax payables	249
Interest-bearing bank and other borrowings	440,910
Due to former fellow subsidiaries	54,038
Lease liabilities	172
	956,860
NON-CURRENT LIABILITIES	
Deferred income	352
NET LIABILITIES	(381,855)

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of independent auditor's report from Mazars CPA Limited, the external auditor (the "**Auditor**") of the Company, on the Group's consolidated financial statements for the Year. The report includes particulars of the material uncertainty related to the Group's ability to continue as a going concern without qualified opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to the "Going concern" section in note 2.2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at that date, the Group had net current liabilities and net liabilities of approximately HK$7,426.1 million and HK$4,036.9 million respectively. These conditions, along with other matters as set forth in note 2.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures being taken by the Group as disclosed in note 2.2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

The aforesaid "note 2.2 to the consolidated financial statements" in the extract of the independent auditor's report is disclosed as note 2.2 in this announcement.

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. The corn sweeteners segment is operated by the New GSH Group which ceased to be the subsidiaries of the Group upon the GSH Completion. The financial results of the New GSH Group have been presented as discontinued operations in the consolidated financial statements of the Group for the Year.

BUSINESS REVIEW

The selling prices of the Group's products are affected by the prices of their raw materials (principally corn kernels and corn starch), the demand and supply of each of the products and their respective substitutes in the market and the variety of product specifications.

During the Year, the PRC has entered the phase of post COVID-19 economic recovery. The economic and social activities in the PRC have been gradually returning to normal. However, China's economy is still affected by various internal and external factors, including inflationary pressure, frequent geopolitical conflicts and slow growth in domestic demand. Although China's total retail sales of consumer goods increased by 7.2% in 2023 as compared with the previous year, China's Consumer Price Index has recorded negative growth since the last quarter of 2023. In addition to the downturn in the real estate market, the domestic consumer sentiment is low and consumer demand is sluggish. It is a tortuous process for full recovery of the overall economy in the PRC.

According to the estimates from the United States Department of Agriculture in February 2024, global corn production for the year 2023/24 is estimated at 1,235.7 million metric tonnes ("**MT**") (2022/23: 1,155.9 million MT), achieving a record high in recent years. Abundant supply leads to price falls. The international corn price closed at 471.3 cents per bushel by the end of 2023 (equivalent to RMB1,336 per MT) (end of 2022: 678.5 cents per bushel (equivalent to RMB1,843 per MT)). In the domestic market, China's corn output recorded an increase in 2023, with output reaching 288.8 million MT, a year-on-year increase of 4.2% according to grain output data released by the National Bureau of Statistics of China which is primarily attributable to the expansion of planting area in the PRC. The total planted area of corn in China increased by 2.7% and reached 44.2 million hectares for the Year, being the highest level since 2015. Meanwhile, according to the data from China Customs, 2023 corn imports of the PRC have experienced explosive growth and increased by 31.6% to total 27.13 million MT (2022: 20.62 million MT) in 2023. As such, the average spot price of corn in the PRC has dropped from a historical high of nearly RMB3,000 per MT to RMB2,560 per MT at the end of 2023. While recovery of downstream market has been slow, the selling price of upstream corn refineries products remained low during the Year. According to an industry report in China, most of the corn refineries in China have been loss-making during the Year. As the trend of corn price is going down and the improvement of the Group's liquidities, it shall provide a turning point for the Group to consider resuming its upstream operations in Xinglongshan site in 2024.

During the first half of the Year, COVID-19 was still plaguing the global economies. The Russia-Ukraine war continued to bring about surging prices of food and energy, resulting substantial fluctuations in the price of pigs and meats. The breeding industry encountered unstable business environment. According to an industry report in the PRC, the swine husbandry industry had been loss-making during the first half of the Year. In addition, most feed manufacturers in the PRC had maintained relatively high inventory level during the Year as demand from overseas market dropped. As a result, the average price of lysine products in China dropped by 8.0% to RMB8,600 per MT during the first half of 2023. The overall production capacity and utilisation rate of the lysine industry in China remained low. The unfavourable market conditions of the lysine industry and high production cost had negatively impacted the performance of the Group's amino acids segment during the first half of 2023.

Fortunately, the overall consumption of food was boosting during the second half of 2023, export demand improved, and certain lysine manufacturers in China successively suspended operations, resulting in a temporary reduction in supply, which drove up domestic lysine prices and industry profits gradually improved. According to the report jointly issued by 農業農村部畜牧獸醫局 (Animal Husbandry and Veterinary Bureau under the Ministry of Agriculture and Rural Affairs) and the China Feed Industry Association, the total output of industrial feed in China in 2023 was 321.6 million MT (2022: 301.6 million MT), representing an increase of 6.6% year-on-year. Furthermore, under the promotion of replacing soybean meal in animal feed by amino acids in the low-protein diet, the proportion of soybean meal China uses in feed formula had dropped by 1.5% from 2022 to 13% in 2023 according to the Ministry of Agriculture and Rural Affairs of the PRC. These factors helped to boost amino acid consumption in China. Since the production resumption in the Group's lysine production facilities of Changchun Dahe in December 2022, the Group's production and sales volumes of lysine substantially increased during the Year and begin to generate cash inflow to the Group in the second half of 2023.

As for the sugar market, global sugar production for 2022/23 was 175,307,000 MT (2021/22: 180,663,000 MT) with consumption estimated at 176,380,000 MT (2021/22: 173,636,000 MT). The balance of global sugar supply and demand is tightening as the market is concerned that major sugar-producing countries like India and Thailand will reduce production due to the El Niño phenomenon, and it is expected that India may implement sugar export restrictions. International sugar prices remained high in 2023. The average sugar price index of the Food and Agriculture Organization of the United Nations in 2023 was 145 points, representing an increase of 26.6% from 2022, setting a record high since 2011. In the China market, according to statistics from the China Sugar Association, in the 2022/23 sugar production period, the country produced a total of 8.97 million MT of sugar, and sold a total of 8.53 million MT of sugar, with a production and sales rate of 95.1%. Domestic sugar price in the PRC increased to RMB6,758 per MT by the end of 2023 (end of 2022: RMB5,852 per MT). The increase in sugar prices has stimulated the production volume in the sweeteners segment of the Group. As the New GSH Group ceased to be a part of the Group upon the GSH Completion, the assets, liabilities and financial results of the New GSH Group are no longer consolidated into the consolidated financial statements of the Group, it is expected that the sweeteners segment of the Group will scale down in 2024.

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 into the possibility of restructuring its product portfolio to include high value-added products in response to the changing market needs. The Group will continue to observe the market and take a prudent approach before resuming its polyol chemical business.

As the impact of COVID-19 gradually subsided, and coupled with the decline in corn price and increase in sugar price and lysine demand, the Group has significantly increased the production capacity in Changchun Dahe site during 2023. Besides, the Group recognised one-off gains from (1) the debt restructuring arrangements (the "**Debt Restructuring Arrangements**") which include (a) the transfer of the Entire Transferred Loans owed to Jilin Cinda to Nongtou on 31 December 2023; and (b) the entering into of the Debt Restructuring Agreement on 31 December 2023 between Nongtou, as the then creditor, and several subsidiaries of the Group, as the debtors, in respect of the Entire Transferred Loans, and (2) the GSH Completion which took place on 21 December 2023. Moving forward, the Group will concentrate resources more effectively on its lysine segment and it is expected that the Group's financial position and cashflow would be significantly improved.

Nevertheless, the changes in consumption pattern and increased health awareness of the general public are pushing the Group to develop new product mix and enhance the competitive abilities. In the short 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 better understand their ever-changing demands and product requirements, as well as to launch some new amino acids products with high profit margin in 2024. In the long run, the Group expects to maintain a relatively healthy cash flow and explore the opportunities to corporate with different industry players to expand the production of high profit margin products and resume the operation of the production facilities in Xinglongshan site.

FINANCIAL PERFORMANCE

During the post-pandemic era, the global and the PRC economy is successively returning to normal. Many business activities and investments have resumed, resulting in the recovery of economy. As such, the Group has undergone a huge reform not only on the organisational structure, but also on debts restructuring. On 6 April 2023, the GSH SPA had been entered into between Global Corn Bio-Chem, as seller, and the Joint Offerors, as purchasers, for the sale of GSH Sale Shares, meanwhile, sale and purchase agreements had also been entered into between the Group and GSH Group to transfer the entire equity interests in the Dihao Companies to the Group (the "**Dihao SPAs**"), both of the transactions had been completed on 21 December 2023. As a result, the financial results of the Group have been classified as continuing operations and the financial results of the GSH Group (excluding Dihao Companies), i.e. the New GSH Group, are no longer consolidated into the consolidated financial statements of the Group for the Year and have been classified as discontinued operations and the prior year comparative results have been represented throughout the consolidated financial statements of the Group.

Continuing Operations

The resumption of lysine production operation of Changchun Dahe led to the significant increase in the sales volume of the Group by approximately 3,400.0% to 245,000 MT (2022: 7,000 MT) during the Year. The consolidated revenue for the Group for the Year increased significantly by approximately 10,718.1% to approximately HK$1,373.9 million (2022: HK$12.7 million). However, the unfavourable operating environment of lysine market had negatively impacted the profitability of the Group during the first half of 2023 and the Group recorded gross loss of approximately HK$58.2 million (2022: Nil) during the first half of 2023. Starting from second half of 2023, benefiting from the cost savings resulting from lower raw material cost and facilities upgrade, the average production cost of amino acids dropped by 15.5% at the end of 2023, coupled with the increase in average selling price of amino acids by 11.2%, the Group recorded gross profit of HK$101.8 million for the second half of 2023 (second half of 2022: HK$7.3 million). As such, the Group recorded gross profit of approximately HK$43.6 million for the Year (2022: HK$7.3 million).

Pursuant to the Debt Restructuring Arrangements, a portion of the Entire Transferred Loans had been waived by Nongtou and a gain of approximately HK$4,284.8 million was recongised from waiver of such loans during the Year.

On the other hand, as one of the creditors of Harbin Dacheng applied to the Court and the Court accepted to wind up Harbin Dacheng on the basis that Harbin Dacheng was insolvent during the first half of 2023, the Company no longer had control of whatsoever nature over the affairs of Harbin Dacheng since then. All assets and liabilities of Harbin Dacheng were derecognised from the consolidated financial statements of the Company and the Group recognised a one-off gain of approximately HK$421.9 million regarding the derecognition of the assets and liabilities of Harbin Dacheng during the Year.

On 2 June 2023, the Company and the Modern Agricultural Industry Investment Limited ("**Modern Agricultural**" or the "**Bondholder**") entered into a second supplemental agreement (the "**Second Supplemental Agreement**") for the further extension of the maturity date of the convertible bonds in the principal amount of HK$1,086,279,565 issued by the Company on 15 October 2015 (the "**Convertible Bonds**") from 15 June 2023 to 30 September 2025. For details, please refer to the announcement of the Company dated 2 June 2023 and the circular of the Company dated 15 July 2023. As a result, a one-off gain amounted to approximately HK$301.4 million in relation to the further extension of the maturity date of the Convertible Bonds had been recognised during the Year.

Eventually, the Group recorded a profit from continuing operations of HK$3,743.1 million (2022: loss from continuing operation: HK$1,378.2 million) and EBITDA (i.e., earnings before interest, taxation, depreciation and amortisation) of approximately HK$4,695.0 million (2022: LBITDA (i.e., Loss before interest, taxation, depreciation and amortisation): HK$467.3 million) for the Year.

Upstream products

(Revenue: HK$217.2 million (2022: HK$0.8 million))
(Gross loss: HK$14.3 million (2022: Gross profit: HK$0.1 million))

During the Year, the Group resumed the upstream operations of Changchun Dahe to supply raw materials, i.e. corn starch, for its downstream production. As all the corn starch produced by the Group was for internal use, there were no external sales for corn starch during the Year and 2022. The Group sold approximately 60,000 MT (2022: Nil) of other corn refined products, amounted to approximately HK$217.2 million (2022: HK$0.8 million). Due to the poor market sentiment of the corn refinery industries, the other corn refined products recorded gross loss of approximately HK$14.3 million (2022: gross profit: HK$0.1 million) with gross loss margin of 6.6% (2022: gross profit margin: 12.5%) for the Year.

Amino acids

(Revenue: HK$1,156.7 million (2022: HK$5.4 million))
(Gross profit: HK$57.9 million (2022: HK$0.7 million))

The amino acids segment consists of lysine, protein lysine and threonine products. Since December 2022, the Group resumed its amino acids operation. As a result, the Group's amino acids segment recorded a significantly increase in revenue by approximately HK$1,151.3 million to HK$1,156.7 million (2022: HK$5.4 million) with sales volume of 185,000 MT (2022: 1,000 MT) for the Year. Due to the poor market sentiment in the feed and husbandry industries and high production cost as a result of the relatively low utilisation rate of the Group's lysine production facilities in its initial stage of resumption, the amino acids segment recorded a gross loss of approximately HK$50.3 million (first half of 2022: Nil), with a gross loss margin of 13.3% (first half of 2022: Nil) for the first half of 2023.

Benefiting from the cost savings resulting from lower raw material cost and facilities upgrade, the average production cost of amino acids dropped by 15.5% at the end of 2023, in addition, the average selling price of amino acids increased by 11.2% as a result of a temporary supply shortage in the PRC market during the second half of 2023. Consequently, the Group recorded gross profit of approximately HK$108.2 million with a gross profit margin of 13.9% (second half of 2022: gross loss margin: 12.3%) for the second half of 2023. As such, the Group recorded gross profit of approximately HK$57.9 million (2022: HK$0.7 million) with a gross profit margin of 5.0% (2022: 13.0%) of amino acids segment for the Year.

The outlook on the amino acids segment is expected to improve gradually in 2024. The Group will strive to maintain a healthy cashflow from amino acids segment and closely monitor market changes to streamline the production processes and identify opportunities to further upgrade the production facilities, lower the production cost and launch various high value-added products to fit the market changes.

Polyol chemicals

(Revenue: Nil (2022: HK$6.5 million))
(Gross profit: Nil (2022: HK$6.5 million))

The polyol chemicals segment consists of polyol chemicals such as glycols and resins, anti-freeze products, hydrogen and ammonia. Due to the prolonged challenging operating environment of polyol chemicals business, the Group had utilised its polyol chemicals inventory to produce and sell a small amount of anti-freeze products in prior periods. During the Year, no sale of polyol chemicals products was recorded as the Group has suspended the production of anti-freeze products to minimise financial risks and secure financial resources since the last quarter of 2022. As a result, no revenue and gross profit from the sale of polyol chemicals products (2022: HK$6.5 million and HK$6.5 million) were recorded during the Year.

Export sales

During the Year, export sales mainly consisted of the sale of amino acids which accounted for 25.8% (2022: Nil) of the Group's total revenue. The export sales from continuing operations of the Group amounted to approximately HK$354.2 million (2022: Nil) during the Year. Such increase was mainly attributable to the resumption of operation of Changchun Dahe since December 2022. No export sales of polyol chemicals and upstream products were recorded during the Year and the corresponding prior year.

Other income and gains

During the Year, other income and gains increased by approximately 56.0% to approximately HK$26.2 million (2022: HK$16.8 million). Such difference was mainly attributable to the recognition of a one-off gain of approximately HK$7.4 million in relation to the gain on properties revaluation.

Selling and distribution costs

During the Year, selling and distribution costs increased by approximately 618.5% to approximately HK$66.1 million (2022: HK$9.2 million), accounting for approximately 4.8% (2022: 72.4%) of the Group's revenue. Such increase was mainly attributable to the increase in sales volume as a result of the resumption of operation of Changchun Dahe at the end of 2022.

Administrative expenses

During the Year, administrative expenses increased by approximately 17.7% to approximately HK$304.1 million (2022: HK$258.3 million). Such increase was mainly result of the professional expenses incurred in relation to the GSH Disposal and the issue of the CPS during the Year.

Other expenses

During the Year, other expenses decreased by approximately 48.4% to approximately HK$256.3 million (2022: HK$496.4 million). Such decrease was mainly attributable to the decrease in expenses in relation to the suspension of the Group's facilities subsequent to the resumption of operation of Changchun Dahe at the end of 2022.

Finance costs

During the Year, finance costs of the Group increased by 9.5% to approximately HK$750.4 million (2022: HK$685.2 million), which was mainly attributable to the increase in imputed interest on the Convertible Bonds.

Income tax credit

Due to the recognition of temporary differences, the Group recorded a deferred tax credit from continuing operations of approximately HK$42.1 million (2022: deferred tax credit: HK$46.8 million) during the Year. Meanwhile, during the Year, all the subsidiaries of the Group recorded tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward from previous years, no income tax expenses were recorded for the Year (2022: Nil). As a result, the Group recorded tax credit from continuing operations of approximately HK$42.1 million (2022: HK$46.8 million) for the Year.

Discontinued operations

The discontinued operations of the Group for the Year comprised of the operations of the GSH Group (excluding the Dihao Companies), i.e. the New GSH Group, upon the GSH Completion. As a result, the financial results of the New GSH Group are regarded as discontinued operations of the Group during the Year. As such, the corn sweeteners segment operated by the New GSH Group which consists of corn syrup and corn syrup solid, would be ceased to belong to the Group and would be recognised as discontinued operations of the Group during the Year. The discontinued operations of the Group for the Year included but not limited to (1) a one-off gain of approximately HK$621.3 million from the GSH Completion; and (2) the loss of the New GSH Group of approximately HK$139.8 million during the Year.

Net profit attributable to owners of the Company

As a result of the increase in gross profit, increase in other income and recognition of gain on discontinued operations, Debt Restructuring Arrangements and derecognition of Harbin Dacheng during the Year, the Group recorded a net profit attributable to owners of the Company of approximately HK$4,224.6 million (2022: net loss of approximately HK$1,443.1 million) for the Year.

After the completion of significant parts of the debts restructuring plan and Group restructuring during the Year, the Group will endeavour (1) to negotiate for the execution of the resumption of the Relevant Properties in order to settle the outstanding consideration of RMB815.0 million for the purchase of the Repurchased Loans and enhance the financial resources of the Group with the proceeds from the resumption of the Relevant Properties; (2) to closely monitor market changes to streamline the production processes and identify opportunities to further upgrade the production facilities to lower the production cost and launch high value-added products in 2024; and (3) to introduce different industry players to facilitate the resumption of production of the Xinglongshan site to improve the operational efficiency and strengthen the working capital of the Group. For further details of the Repurchased Loans, please refer to the announcement of the Company dated 24 July 2023.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The total borrowings as at 31 December 2023 decreased by approximately HK$3,515.2 million to approximately HK$3,598.4 million (31 December 2022: HK$7,113.6 million). The substantial decrease in total borrowings was mainly attributable to certain bank and other borrowings of approximately HK$440.9 million of the New GSH Group no longer being consolidated into the consolidated financial statements of the Group upon the GSH Completion, net addition of certain bank and other borrowing of approximately HK$124.8 million, wavier of loans of approximately HK$2,953.7 million which were granted by Nongtou pursuant to the Debt Restructuring Arrangements and exchange rate adjustment of approximately HK$245.4 million during the Year. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2023, which were mainly denominated in Renminbi and Hong Kong dollar, increased by approximately HK$46.4 million to approximately HK$88.4 million (31 December 2022: HK$41.9 million, denominated in Renminbi and Euro). As a result, the net borrowings decreased by approximately HK$3,561.7 million to HK$3,510 million (31 December 2022: HK$7,071.7 million).

Structure of interest-bearing bank and other borrowings

As at 31 December 2023, the Group's interest-bearing bank and other borrowings amounted to approximately HK$3,598.4 million (31 December 2022: HK$7,113.6 million), all (31 December 2022: all) of which were denominated in Renminbi. As at 31 December 2023, the percentage of interest-bearing bank and other borrowings wholly repayable within one year and in the second to the fifth years were 99.7% and 0.3% (31 December 2022: 100.0% and Nil), respectively.

As at 31 December 2023, interest-bearing bank and other borrowings amounted to approximately RMB51.2 million (31 December 2022: RMB318.6 million) have been charged at fixed interest rates ranging from 6.5% to 7.8% (31 December 2022: 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 of the Company (the "**Shares**") by Modern Agricultural and the issuance of Convertible Bonds by the Company to 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 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 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 shall not be less than 25% or any given percentage as required by the Listing Rules. The Convertible Bonds first became mature on 15 October 2020 (the "**Original Maturity Date**"), and all the Convertible Bonds remained outstanding on the Original Maturity Date.

As announced by the Company on 19 July 2019 and 27 September 2019, the Company entered into two subscription agreements with HK Bloom Investment Limited ("**HK Bloom**"), pursuant to which HK Bloom 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 Original Maturity Date by 32 months to 15 June 2023 (the "**First Extended Maturity Date**") (the "**First Extension**"). The resolutions to approve the First Extension were passed by way of poll at the EGM held on 30 November 2020 and the First Extension took effect from that date. For details of the First Extension, please refer to the announcement of the Company dated 25 September 2020 and the circular of the Company dated 6 November 2020.

In view of the approaching of the First Extended Maturity Date, on 2 June 2023, the Company and Modern Agricultural entered into a Second Supplemental Agreement for the proposed further extension of the First Extended Maturity Date to 30 September 2025 (the "**Second Extension**"). The resolutions to approve the Second Extension were passed by way of poll at the EGM held on 3 August 2023 and the Second Extension took effect from that date. For details of the Second Extension, please refer to the announcement of the Company dated 2 June 2023 and the circular of the Company dated 15 July 2023.

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

At 31 December 2023, the Convertible Bonds were divided into liability component and equity component which amounted to approximately HK$801.3 million and HK$104.7 million (31 December 2022: HK$1,037.5 million and HK$972.1 million) respectively and effective imputed interest of approximately HK$169.8 million (2022: HK$98.6 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 19 days (31 December 2022: 59 days) as the Group maintained a stringent credit control during the Year.

Trade payables turnover days decreased to approximately 144 days (31 December 2022: 1,283 days) during the Year. Such decrease was mainly attributable to (1) the execution of repayment plans mutually agreed between the Group and its creditors; (2) no longer consolidated the New GSH Group's financial position upon the GSH Completion; and (3) the derecognition of Harbin Dacheng during the Year.

In addition, as the Group resumed the operation of Changchun Dahe with its operation gradually picking up its momentum, the inventory turnover days decreased to approximately 20 days (31 December 2022: 1,283 days).

As at 31 December 2023, the current ratio and the quick ratio of the Group were approximately 0.1 (31 December 2022: 0.05) and 0.1 (31 December 2022: 0.03), respectively. The improvement in current ratio and quick ratio were mainly attributable to the increase of current assets as a result of the resumption of amino acids production operation since December 2022. Due to the waiver of loans received from Nongtou pursuant to the Debts Restructuring Agreement, the GSH Completion and derecognition of Harbin Dacheng, the net liabilities of the Group decreased to approximately HK$4,036.9 million (31 December 2022: HK$7,787.1 million) as at 31 December 2023. Gearing ratio in terms of debts (i.e., total interest-bearing bank and other borrowings and the Convertible Bonds) to total assets (i.e., sum of current assets and non-current assets) was approximately 84.5% (31 December 2022: 139.3%).

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, which were denominated in US dollars, accounted for approximately 2.5% (2022: 3.5%) of the Group's revenue during the Year. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations 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

Termination of deemed disposal of equity interest in GSH

Reference is made to the announcement of the Company dated 24 July 2022 in relation to the deemed disposal of the Company's interest in the issued share capital in GSH under the conditional subscription agreement (the "**GSH Subscription Agreement**") entered into between GSH and Hartington Profits Limited, a company incorporated in the British Virgin Islands with limited liability and an independent third party of the Group (the "**GSH Subscriber**"). As detailed in the announcement of GSH dated 28 February 2023 and the announcement of the Company dated 2 March 2023, as the conditions precedent under the GSH Subscription Agreement have not been fully fulfilled (or waived by the GSH Subscriber, as the case may be) by the extended long stop date of the GSH Subscription Agreement, the GSH Subscription Agreement has therefore been terminated and all obligations of GSH and the GSH Subscriber under the GSH Subscription Agreement have ceased and determined. Deemed disposal by the Company of its interest in the issued share capital of GSH was terminated as a result of the termination of the GSH Subscription Agreement.

GSH Restructuring

Very substantial disposal in relation to (i) the GSH Disposal; and (ii) the deemed disposal of interest in GSH as a result of the issue of the GSH Convertible Bonds

Reference is made to the joint announcement issued by the Company, GSH and Joint Offerors dated 6 April 2023, 19 September 2023 and 21 December 2023, and the circular of the Company dated 25 May 2023. Global Corn Bio-Chem, as vendor, and the Joint Offerors, as purchasers, entered into the GSH SPA. Pursuant to the GSH SPA, the Joint Offerors have conditionally agreed to acquire, and Global Corn Bio-chem has conditionally agreed to sell, the GSH Sale Shares, representing approximately 47.0% of the entire issued share capital of GSH as at the date of the GSH SPA, at a total consideration of HK$43,077,900, equivalent to HK$0.06 per GSH Sale Share. The GSH Completion took place on 21 December 2023. Upon GSH Completion, the Group's interest in GSH had been reduced from approximately 64.04% to 17.04%. Accordingly, the assets, liabilities and financial results of the New GSH Group were no longer consolidated into the consolidated financial statements of the Company.

In addition, GSH, as issuer, entered into a conditional subscription agreement (the "**GSH CB Subscription Agreement**") with the Joint Offerors, as subscribers. Pursuant to the GSH CB Subscription Agreement, GSH has conditionally agreed to issue, and the Joint Offerors have conditionally agreed to subscribe for, the 3 year, 5 per cent convertible bonds (the "**GSH Convertible Bonds**") in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK$138.0 million), which may be converted into new ordinary share(s) of HK$0.10 each to be allotted and issued by GSH (the "**GSH Conversion Shares**") pursuant to the exercise of the conversion rights attached to the GSH Convertible Bonds (the "**GSH CB Conversion Rights**") at an initial conversion price of HK$0.1 per GSH Conversion Share (the "**GSH CB Conversion Price**"), subject to the adjustment pursuant to the terms and condition of the GSH Convertible Bonds (the "**GSH CB Subscription**").

The GSH CB Subscription is considered a deemed disposal of the Group (excluding the GSH Group)'s interest in GSH under Rule 14.29 of the Listing Rules. Assuming exercise of the GSH CB Conversion Rights in full at the initial GSH CB Conversion Price, GSH will issue a total of 1,380,000,000 GSH Conversion Shares. Assuming no further change in the shareholding structure of GSH other than the GSH Disposal and full exercise the GSH CB Conversion Rights, the Group's shareholding in GSH will be further reduced to approximately 8.96% upon the Joint Offerors' exercise of the GSH CB Conversion Rights in full (the "**GSH Deemed Disposal**").

All the conditions precedent (other than conditions precedent that are stipulated to be fulfilled on the date of the CB First Completion (as defined below)) under the CB Subscription Agreement in respect of completion of the issuance of the Convertible Bonds in the aggregate principal amount of RMB60.0 million (the "**CB First Completion**") had been fulfilled or waived as at 21 December 2023. The CB First Completion is originally expected to take place on 21 March 2024. As announced by GSH on 20 March 2024, as additional time is required for the Joint Offerors, as subscriber, to complete the relevant administrative procedures in relation to the GSH CB Subscription, GSH and the Joint Offerors, had agreed in writing to extend the date of the CB First Completion to 30 June 2024.

Dihao Transfer

Reference is further made to the joint announcement issued by the Company, GSH and Joint Offerors dated 6 April 2023, 19 September 2023 and 21 December 2023, and the circular of the Company dated 25 May 2023, (i) the Dihao Vendor A and the Dihao Vendor B, as vendors, and the Dihao Purchaser, as purchaser, entered into the sale and purchase agreement dated 6 April 2023 (the "**Dihao SPA I**"), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor B have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Foodstuff, at the consideration of RMB1.0. On the same day, the Dihao Vendor A and the Dihao Vendor C, as vendors, and the Dihao Purchaser, as purchaser, entered into the sale and purchase agreement dated 6 April 2023 (the "**Dihao SPA II**"), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor C have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Crystal Sugar, at the consideration of RMB1.0.

The Dihao Completion took place on 21 December 2023. Upon the Dihao Completion, each of Dihao Foodstuff and Dihao Crystal Sugar ceased to be subsidiaries of GSH, and become part of the Group (excluding the New GSH Group).

Provision of GBT Counter-guarantee

Pursuant to the terms of the Dihao SPAs, the Company shall execute and deliver to GSH a deed of counter-guarantee (the "**GBT Counter-guarantee**") at the Dihao Completion, such that the Company will, among others, provide counter-guarantee and indemnity with a maximum liability of RMB250.0 million to GSH in respect of the obligations and liabilities that GSH may suffer under the guarantee provided by GSH to 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**") on 20 May 2019 in respect of the debts owed by Dihao Foodstuff to Nongan Branch ABC.

For further details of (i) the GSH Disposal, (ii) the GSH CB Subscription and therefore the GSH Deemed Disposal, (iii) the Dihao Transfer, and (iv) the GBT Counter-guarantee, please refer to the joint announcement issued by the Company, GSH and Joint Offerors dated 6 April 2023, 19 September 2023 and 21 December 2023, and the circular of the Company dated 25 May 2023.

Subscription of the CPS under a specific mandate

In order for the Group to raise additional capital, on 30 November 2023, Jilin Yuanheng and Jilin Liheng, as Subscribers, and the Company, as issuer, entered into the Subscription Agreement pursuant to which (i) Jilin Yuanheng conditionally agreed to subscribe for such number of CPS (the "**Yuanheng CPS**") that could be issued to Jilin Yuanheng by fully utilising the subscription monies of Jilin Yuanheng (the "**Jilin Yuanheng Subscription Monies**") (i.e. RMB250,000,000); and (ii) Jilin Liheng conditionally agreed to subscribe for such number of CPS (the "**Liheng CPS**") that could be issued to Jilin Liheng by fully utilising the subscription monies of Jilin Liheng (the "**Jilin Liheng Subscription Monies**") (i.e. RMB1,330,000,000), at a subscription price of HK$0.10 per CPS Subscription, representing a premium of approximately 78.6% over the closing price per Share as quoted on the Stock Exchange of HK$0.056 on the day of the Subscription Agreement. Modern Agricultural Fund, one of the general partners of Jilin Liheng, is at the same time the general partner of PRC LLP, which in turn wholly owns Modern Agricultural, the controlling Shareholder. Jilin Liheng is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The gross proceeds of the CPS Subscription amounted to approximately HK$ $1,726,775,056.97 (equivalent to RMB1,580,000,000.00). The net proceeds from the CPS Subscription, after the deduction of the professional and other related expenses, were approximately HK$1,716,775,057, representing a net issue price of approximately HK$0.099 per CPS Subscription. All conditions precedent under the Subscription Agreement have been fulfilled or waived and the completion of the CPS Subscription (the "**CPS Subscription Completion**") took place on 4 January 2024.

Following the CPS Subscription Completion, a total of 14,535,514,629 Liheng CPS and 2,732,235,940 Yuanheng CPS were issued to Jilin Liheng and Jilin Yuanheng, which may be converted into Shares on a one for one basis, representing approximately 55.53% and 10.44% of the issued share capital of the Company as enlarged only by the allotment and issue of conversion shares (the "**CPS Conversion Shares**") immediately after the full conversion of the CPS Subscription, respectively. The aggregate nominal value of the CPS Subscription is HK$1,726,775,056.9 based on the nominal value of HK$0.10 per Share.

The whole amount of the net proceeds of the CPS Subscription had been utilised for the settlement of the Entire Transferred Loans and had been fully utilised as at the date of this announcement.

For details of the CPS Subscription, please refer to the Company's announcements dated 30 November 2023 and 4 January 2024 and the circular of the Company dated 14 December 2023.

IMPORTANT EVENTS AFTER THE YEAR

Save as disclosed in the paragraphs headed "Important Transactions during the Year – Subscription of the CPS under a specific mandate" in this announcement in relation to the CPS Subscription Completion taken place on 4 January 2024, there are no other important events of the Group occurred after the end of the reporting period.

FUNDRAISING ACTIVITIES

Other than the CPS Subscription as mentioned in the paragraph headed "Important Transactions during the Year — Subscription of the CPS under a specific mandate" on page 46 of this announcement, the Company did not conduct any fundraising activities during the Year.

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 4 May 2020, in relation to, among others, the failure of 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), an indirect wholly-owned subsidiary of GSH, in satisfying certain financial covenants under the various loan agreements entered into between Jinzhou Yuancheng and 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank Corporation*) ("**Jinzhou CCB**") with the aggregate principal amount being RMB189.9 million together with outstanding interest (the "**Yuancheng CCB Loans**"), such failure to perform or comply the financial covenants would entitle Jinzhou CCB to declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng CCB 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. The Yuancheng CCB Loans were jointly and severally guaranteed by the Company and certain subsidiaries of GSH with a maximum guaranteed principal amount of not more than RMB200.0 million.

As detailed in the joint announcements of the Company and GSH dated 14 January 2022 and 22 February 2022, 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 various orders 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 RMB213,882,635.55 in respect of the Yuancheng CCB Loans.

Reference is made to the announcement of GSH dated 4 January 2024, all of the rights (including security rights) and benefit of the Yuancheng CCB Loans have been transferred to Jilin Cinda in November 2023. On 28 December 2023, (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) 上海好成食品發展有限公司(Shanghai Haocheng Foods Development Co., Ltd.*), as guarantor, entered into the debt restructuring agreement (the "**GSH Debt Restructuring Agreement**"), pursuant to which the GSH Group has agreed to repay to Jilin Cinda RMB88.0 million within 30 days from the date of the GSH Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the Yuancheng CCB Loans and the remaining balance of the loan amount and interests under the Yuancheng CCB Loans will be waived. Upon the GSH Completion, the Group's interest in GSH had reduced from approximately 64.04% to 17.04%. Accordingly, the assets, liabilities and financial results of the New GSH Group (including Jinzhou Yuancheng) will no longer be consolidated into the consolidated financial statements of the Company.

(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 an indirect wholly-owned 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*) 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 an indirect wholly-owned subsidiary of the Company 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**"),中國建設銀行股份有限公司長春西安大路支行 (Changchun Xi'an Road Branch of China Construction Bank Corporation*) ("**Changchun CCB**") and 中國進出口銀行 (The Export Import Bank of China*) ("**Export-Import Bank**") with an aggregate outstanding principal amount 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.

Reference is made to the joint announcement of the Company and GSH dated 23 December 2020 regarding the Group's default in repayment of loans under certain loan agreements entered into between certain subsidiaries of the Company with each of Nongan Branch ABC and Changchun CCB with an aggregate outstanding principal amounts of RMB920.0 million (excluding the loans owed by the GSH Group) together with outstanding interest (the "**GBT ABC Loan**") and RMB740.0 million together with outstanding interest (the "**GBT CCB Loan**"), 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. The maximum guaranteed principal amount by the Company under the GBT CCB Loan is RMB1,000.0 million.

The GSH Group has also defaulted in the repayment of the fixed term loan under a loan agreement entered into between Dihao Foodstuff and Nongan Branch ABC with an outstanding principal amount of RMB180.0 million together with outstanding interest (the "**GSH ABC Loan**"). 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.

As further disclosed in the joint announcement of the Company and GSH dated 23 December 2020 and the announcement of the Company dated 24 July 2023, transfer agreements have also been entered into between Jilin Cinda and 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 Jilin Branch CCB. Jilin Branch ABC (acting on behalf of Nongan Branch ABC) and Jilin Branch CCB (also acting on behalf of Changchun CCB) have each agreed to sell to Jilin Cinda, and Jilin Cinda has agreed to purchase, all of the rights (including security 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 Jilin Cinda at a consideration of approximately RMB414.7 million; and Jilin Branch CCB has transferred all of its rights (including security 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 Jilin Cinda at a consideration of approximately RMB583.6 million.

On 8 March 2022, as announced by the Company, Export-Import Bank has entered into transfer agreements with Jilin Cinda to transfer all rights (including security rights) and benefits of certain loans owed by the Group with an aggregate outstanding principal amount of approximately RMB1.2 billion together with outstanding interest (the "**Export-Import Bank Transferred Loans**") to Jilin Cinda. 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 the portion of the GBT Syndicated Loan owed to Jilin Branch CCB and Changchun CCB. The Export-Import Bank Transferred Loans included (i) the GBT Jilin Branch Export-Import Loan and (ii) a portion of the GBT Syndicated Loan owed to Jilin Branch Export-Import Bank.

On 31 December 2023, the Group was notified by Jilin Cinda and Nongtou that the Entire Transferred Loans, which included the Export-Import Bank Transferred Loans, the ABC Transferred Loans and the CCB Transferred Loans, have been transferred to Nongtou. Meanwhile, Nongtou, as the then creditor of the Entire Transferred Loans, and several wholly-owned subsidiaries of the Group, being the debtors or co-debtors of the Entire Transferred Loans, had entered into the Debt Restructuring Agreement (forming part of the Debt Restructuring Arrangements) pursuant to which the Group has agreed to repay to Nongtou RMB1,580.0 million by no later than 30 January 2024 for the settlement of the Entire Transferred Loans. On 4 January 2024, the whole amount of the net proceeds from the CPS Subscription of approximately HK$1,716,775,057 and self-financing fund used for the settlement of the Debt Restructuring Arrangements and all repayment obligations of the Group under the Debt Restructuring Agreement have been fulfilled.

(3) As detailed in the joint announcement of the Company and GSH dated 25 August 2023, Jinzhou Yuancheng has defaulted in the repayment of the loans it owed to Tiebei BOJ pursuant to the loan agreements respectively dated 25 August 2020 and 27 December 2021 entered into between Jinzhou Yuancheng and Tiebei BOJ (the "**Tiebei BOJ Loans**"), which have become immediately due and payable. The Tiebei BOJ Loans are secured by mortgage of certain properties owned by Jinzhou Yuancheng, and also guaranteed by Dihao Foodstuff. As at the date of this announcement, the outstanding principal amount under the Tiebei BOJ Loans is RMB212.5 million.

Upon the GSH Completion, the Group's interest in GSH had reduced from approximately 64.04% to 17.04%. Accordingly, the assets, liabilities and financial results of the New GSH Group (including Jinzhou Yuancheng) will no longer be consolidated into the consolidated financial statements of the Company.

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 execution of the resumption of the remaining part of the Relevant Properties in order to settle the outstanding consideration of RMB815.0 million for the purchase of the Repurchased Loans, being certain loans owed by Dihao Foodstuff, Dacheng Bio-Tech and Changchun Dahe and enhance the financial resources of the Group with the proceeds from the resumption of the Relevant Properties.

In short run, the Group will continue its collaboration with distributors, actively participate in animal feed industry conferences and campaigns to maintain close business relationships with prominent animal feed producers and maintain the stable production of its lysine products to strengthen its position in the industry. The Group targets to further upgrade the production facilities in Changchun Dahe to lower the production cost and launch various new amino acid products in 2024. It is expected that the Group's lysine production would generate stable and healthy cash inflow to the Group in 2024.

In the long run, the Group will strive to introduce industry players to facilities the resumption of production of Xinglongshan site to improve the operational efficiency and strengthen the working capital of the Group. 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 2023, the Group had approximately 2,154 (2022: 3,500) full time employees in Hong Kong and the PRC. During the Year, employee cost of continuing operations, including Directors' remuneration, was about HK$114,914,000 (2022: HK$196,532,000). 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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

To the best knowledge and belief of the Board, the Company has applied and complied with all code provisions in part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 (formerly known as 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 C3 (formerly known as 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 of the Company (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. Tan Chao (chairman of the Audit Committee), Ms. Jiang Fangfang and Ms. Xie Liangqiu.

The Audit Committee meets regularly with the Company's senior management, internal audit team and the Auditor to consider the Company's financial reporting process, the effectiveness of internal control, the audit process and risk management.

The Group's annual results for the Year have been reviewed by the Audit Committee without disagreement and the Audit Committee held four meetings during the Year.

ANNUAL GENERAL MEETING

The 2023 annual general meeting (the "**AGM**") of the Company will be held on Thursday, 20 June 2024 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 made available to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024, 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 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 13 June 2024.

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 made available to the Shareholders in due course.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

By order of the Board
Global Bio-chem Technology Group Company Limited
Wang Cheng
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wang Cheng and Mr. Wang Guicheng; one non-executive Director, namely, Mr. Li Yuewen; and three independent non-executive Directors, namely, Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu.