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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2022	2021	Change %
	(Unaudited)	(Unaudited)	
Revenue (HK$'Mn)	**155.6**	359.9	(56.8)
Gross profit (HK$'Mn)	**11.7**	15.2	(23.0)
(Loss) Profit before tax (HK$'Mn)	**(829.2)**	506.3	N/A
(Loss) Profit for the period (HK$'Mn)	**(829.2)**	506.3	N/A
Basic (loss) earnings per share (HK cents)	**(8.8)**	5.7	N/A
Diluted (loss) earnings per share (HK cents)	**(8.8)**	3.9	N/A
Interim dividend per share (HK cents)	**Nil**	Nil	N/A

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of Global Bio-chem Technology Group Company Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2022 (the "**Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**155,562**	359,925
Cost of sales		**(143,843)**	(344,753)
Gross profit		**11,719**	15,172
Other income and gains	*4*	**8,521**	1,386,529
Selling and distribution costs		**(20,624)**	(32,438)
Administrative expenses		**(160,945)**	(175,093)
Other expenses		**(294,512)**	(289,286)
Share of loss of a joint venture		**—**	(2,004)
Finance costs	*5*	**(373,400)**	(396,605)
(LOSS) PROFIT BEFORE TAX	*6*	**(829,241)**	506,275
Income tax expenses	*7*	**—**	—
(LOSS) PROFIT FOR THE PERIOD		**(829,241)**	506,275
OTHER COMPREHENSIVE INCOME (LOSS)			
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		**225,965**	(60,050)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		**(603,276)**	446,225

	Notes	Six months ended 30 June 2022 (Unaudited) *HK$'000*	2021 (Unaudited) *HK$'000*
(LOSS) PROFIT ATTRIBUTABLE TO:			
Owners of the Company		**(786,940)**	503,605
Non-controlling interests		**(42,301)**	2,670
		(829,241)	506,275
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(567,138)**	444,842
Non-controlling interests		**(36,138)**	1,383
		(603,276)	446,225
(LOSS) EARNINGS PER SHARE	*8*		
Basic		**HK(8.8) cents**	HK5.7 cents
Diluted		**HK(8.8) cents**	HK3.9 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**30 June 2022 (Unaudited) *HK$'000***	31 December 2021 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,037,347**	5,381,367
Right-of-use assets		**476,778**	504,279
Deposits paid for acquisition of property, plant and equipment		**871**	902
Intangible assets		**3,751**	3,751
Interests in an associate		**—**	—
Interests in a joint venture		**—**	—
Equity investment at fair value through other comprehensive income		**208**	208
		5,518,955	5,890,507
CURRENT ASSETS			
Inventories		**69,994**	81,418
Trade receivables	*10*	**58,530**	112,211
Prepayments, deposits and other receivables	*11*	**342,881**	376,239
Due from an a joint venture		**564**	—
Pledged bank deposits		**414**	530
Cash and bank balances		**14,401**	21,810
		486,784	592,208
CURRENT LIABILITIES			
Trade payables	*12*	**1,098,596**	1,172,159
Other payables and accruals		**3,709,402**	3,252,963
Due to an associate		**903**	990
Due to a joint venture		**—**	145
Tax payables		**105,385**	106,256
Interest-bearing bank and other borrowings		**7,211,849**	7,501,280
Lease liabilities		**1,896**	1,891
Convertible bonds		**986,520**	—
		13,114,551	12,035,684
NET CURRENT LIABILITIES		**(12,627,767)**	(11,443,476)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(7,108,812)**	(5,552,969)

	Notes	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities		**1,385**	2,247
Deferred income		**107,477**	115,232
Deferred tax liabilities		**86,427**	91,522
Convertible bonds		**—**	938,855
		195,289	1,147,856
NET LIABILITIES		**(7,304,101)**	(6,700,825)
CAPITAL AND RESERVES			
Share capital	*13*	**890,741**	890,741
Reserves		**(7,975,583)**	(7,408,445)
Deficit attributable to owners of the Company		**(7,084,842)**	(6,517,704)
Non-controlling interests		**(219,259)**	(183,121)
TOTAL DEFICIT		**(7,304,101)**	(6,700,825)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 was no significant change in the nature of the Group's principal activities during the Period.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

2.2 GOING CONCERN

The Group recorded a loss of approximately HK$829.2 million (six months ended 30 June 2021: profit of approximately HK$506.3 million) for the Period and had net current liabilities of approximately HK$12,627.8 million (31 December 2021: approximately HK$11,443.5 million) and net liabilities of approximately HK$7,304.1 million (31 December 2021: approximately HK$6,700.8 million) as at 30 June 2022. There is a material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of these circumstances and based on the recommendations of the audit committee (the "**Audit Committee**") of the Company after its critical review of the management's position, the management of the Company has taken the following steps to improve the Group's financial position:

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

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

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

Moreover, as announced by the Company on 8 March 2022, 中國進出口銀行 (The Export-Import Bank of China*) ("**Export-Import Bank**") has entered into transfer agreements with China Cinda to transfer all rights (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 China Cinda. The Export-Import Bank Transferred Loans included (i) the loan 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 (ii) a portion of the syndicated loan under the syndicated loan agreement entered into among an indirect wholly-owned subsidiary of the Company and Jilin Branch CCB, 中國建設銀行股份有限公司長春西安大路支行 (Changchun Xian Road Branch of China Construction Bank Corporation*) ("**Changchun CCB**") and Export-Import Bank with an aggregate outstanding principal amounts of approximately RMB1.8 billion together with outstanding interest (the "**GBT Syndicated Loan**").

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

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

The first phase of resumption of land and buildings owned by the Group which are located in Luyuan District, Changchun, the People's Republic of China (the "**PRC**" or "**China**") (the "**Relevant Properties**") under the PRC's Slum Redevelopment Policy involved the properties owned by a subsidiary of GSH (the "**Dihao Resumption**") with an aggregate area of land of approximately 149,249 square metres and total gross floor area of approximately 67,000 square metres. The completion of the Dihao Resumption took place in 2020 and all the compensation in the amount of approximately RMB443.0 million had been received during the first half of 2021. For details of the Dihao Resumption, please refer to the joint announcements made by the Company and GSH on 24 August 2020 and 30 September 2020.

It is expected that the resumption of the remaining part of the Relevant Properties by the local government will be conducted in stages according to the relevant government policy. The management expects that a substantial part of the remaining Relevant Properties will be resumed by the local government in 2022. The Directors believe that the proceeds from the resumption of the Relevant Properties will help to relieve the financial and cash flow pressure of the Group during the period of suspension of operation of most of the Group's production facilities.

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

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

(d) Financial support from the indirect major shareholder

The Group has received an updated written confirmation dated 25 April 2022 from 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.) ("**Nongtou**", together with its subsidiaries, the "**Nongtou Group**") that it would continue to provide financial support to the Group in the following 24 months on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

Nongtou, being a state-owned enterprise, was established in August 2016 and its unaudited net assets value as at 30 June 2022 amounted to approximately RMB2,128.6 million (31 December 2021: approximately RMB2,323.5 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 would be able to support the operations of the Group, provide synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support to the Group.

(e) Introducing potential investors to the Company

The management of the Company has been looking for opportunities for co-operation and potential investment with different industrial players or investors in order to strengthen the financial positions and the business profile of the Group. As announced by the Company on 19 January 2022, the Company entered into a subscription agreement (the "**2022 Subscription Agreement**") with Rationale (Holdings) Investment Limited ("**Rationale Holdings**") on 19 January 2022, pursuant to which Rationale Holdings has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,781,481,143 new ordinary shares (the "**2022 Subscription Shares**") at the subscription price of HK$0.1345 per 2022 Subscription Share (the "**2022 Subscription**"). The gross proceeds from the 2022 Subscription will amount to approximately HK$239,610,000 and it is estimated that the net proceeds from the 2022 Subscription, after the deduction of relevant expenses, will be approximately HK$239,500,000. The net price of each 2022 Subscription Share is therefore estimated to be approximately HK$0.1344. The Group will utilise a portion of the proceeds from the 2022 Subscription for the resumption of operation of the Group's upstream production facilities in the Xinglongshan site so as to bring in operating cash inflow to the Group in 2022.

The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the management of the Company and the development of the events as described above. The Directors proposed to procure additional working capital through the steps mentioned above. After taking into account the above steps, the internal resources, the present and expected banking facilities available, the Board, including the Audit Committee, is of the view that, the Group would have sufficient working capital for operation need for at least 12 months from 30 June 2022. Therefore, the condensed consolidated financial statements of the Group have been prepared on a going concern basis.

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in preparing the condensed consolidated financial statements for the Period are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards ("**HKFRSs**") which are relevant to the Group and are effective from the Period.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

The adoption of the new/revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the Period and prior years.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four (six months ended 30 June 2021: four) reportable operating segments as follows:

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

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

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

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

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

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

(a) Segment results

Six months ended 30 June 2022 (unaudited)

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from:						
External customers	—	90	154,972	500	—	155,562
Intersegment	—	93	—	—	(93)	—
Revenue	—	183	154,972	500	(93)	155,562
Segment results	(220,386)	(122,869)	(50,058)	(10,586)		(403,899)
Bank interest income						11
Unallocated income						8,502
Unallocated expenses						(60,455)
Finance costs						(373,400)
Loss before tax						(829,241)
Income tax expenses						—
Loss for the period						(829,241)

Six months ended 30 June 2021 (unaudited)

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from:						
External customers	772	1,090	355,645	2,418	—	359,925
Intersegment	579	759	—	616	(1,954)	—
Revenue	1,351	1,849	355,645	3,034	(1,954)	359,925
Segment results	(194,505)	(142,909)	(53,029)	(1,501)		(391,944)
Bank interest income						140
Unallocated income						16,018
Unallocated expenses						(44,361)
Share of loss of a joint venture						(2,004)
Gain on debt restructuring						1,325,031
Finance costs						(396,605)
Profit before tax						506,275
Income tax expenses						—
Profit for the period						506,275

(b) Geographical information

Revenue information based on location of customers

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The PRC	**150,587**	352,591
Asia, the Americas and other regions	**4,975**	7,334
	155,562	359,925

4. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**155,562**	359,925
Other income and gains		
Amortisation of deferred income	**4,288**	4,708
Bank interest income	**11**	140
Gains arising from the sale of packing materials and by-products, net	**—**	599
Government grants (b)	**88**	1,038
Gain on debt restructuring	**—**	1,325,031
Reversal of write-down of inventories, net	**6**	8,447
Reversal of impairment of prepayments, deposits and other receivables, net	**—**	11,273
Reversal of impairment of deposits paid for acquisition of property, plant and equipment	**—**	8,799
Gain on disposal of property, plant and equipment	**—**	1
Foreign exchange gain, net	**159**	—
Subcontracting income	**432**	2,842
Rental income	**—**	1,080
Others	**3,537**	22,571
	8,521	1,386,529

Remarks:

(a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time.

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

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**261,624**	253,776
Interest on financial guarantees given by Nongtou	**10,346**	10,456
Interest on payables to suppliers	**53,751**	89,195
Imputed interest on convertible bonds	**47,665**	43,140
Interest on lease liabilities	**14**	38
	373,400	396,605

6. (LOSS) PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Employee benefit expenses (excluding Directors' remuneration)		
— Wages and salaries	**87,626**	114,419
— Pension scheme contributions (a)	**29,266**	38,762
	116,892	153,181
Cost of inventories sold (b)	**143,843**	344,253
Depreciation		
— Property, plant and equipment	**160,437**	192,462
— Right-of-use assets	**11,414**	12,663
Amortisation of deferred income	**(4,288)**	(4,708)
Foreign exchange (gain) loss, net	**(159)**	1,133
Gain on debt restructuring	**—**	(1,325,031)
Gain on disposal of property, plant and equipment	**—**	(1)
Impairment (Reversal of impairment) of deposits paid for acquisition of property, plant and equipment	**1,112**	(8,799)
Reversal of write-down of inventories, net (c)	**(6,752)**	(8,447)
Impairment of trade receivables, net	**586**	2,243
Impairment (Reversal of impairment) of prepayments, deposits and other receivables, net	**1,955**	(11,273)

Remarks:

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

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

(c) During the Period, reversal of write-down of inventories comprised reversal of write-down of inventories included in other income and cost of sales of HK$6,000 and HK$6,746,000 (six months ended 30 June 2021: HK$8,447,000 and Nil) respectively.

7. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period and the six months ended 30 June 2021.

During the Period and the six months ended 30 June 2021, no provision for the PRC enterprise income tax was made as all the subsidiaries of the Group in the PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward from previous years.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share for the Period is based on the loss attributable to owners of the Company for the Period of HK$786,940,000 (six months ended 30 June 2021: profit attributable to owners of the Company of HK$503,605,000) and the weighted average number of ordinary shares in issue during the Period of 8,907,405,717 (six months ended 30 June 2021: 8,907,405,717) shares.

As the assumed conversion of the convertible bonds has an anti-dilutive effect, the diluted loss per share was equal to the basic loss per share for the Period. The calculation of the diluted earnings per share for the six months ended 30 June 2021 is based on the profit for the six months ended 30 June 2021 attributable to owners of the Company of HK$546,745,000 (as adjusted for the imputed interest on convertible bonds of HK$43,140,000) and the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 of 14,080,166,000 shares (as adjusted for the assumed full conversion of convertible bonds).

9. DIVIDEND

The Board does not recommend the payment of any dividend for the Period (six months ended 30 June 2021: Nil).

10. TRADE RECEIVABLES

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Trade receivables	**489,635**	558,188
Loss allowance	**(431,105)**	(445,977)
	58,530	112,211

The Group normally allows credit terms of 30 to 90 days (31 December 2021: 30 to 90 days) to established customers. The Group seeks to maintain 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 9.5% (31 December 2021: 21.1%) and 31.0% (31 December 2021: 48.7%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Within 1 month	**22,090**	70,991
1 to 2 months	**9,212**	24,910
2 to 3 months	**6,517**	11,980
3 to 6 months	**16,517**	1,187
Over 6 months	**4,194**	3,143
	58,530	112,211

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	HK$'000	*HK$'000*
Prepayments	**44,816**	45,365
Deposits and other debtors	**63,698**	87,321
The PRC value-added tax and other tax receivables	**95,404**	99,506
Receivables from disposal of assets (a)	**138,963**	144,047
	342,881	376,239

Remark:

(a) Included in the receivables from disposal of assets was the remaining consideration receivable in respect of the disposal of certain buildings, machineries and fixtures erected on a piece of land located in Luyuan District in Changchun during the year ended 31 December 2014, which amounted to approximately HK$117,647,000 (31 December 2021: HK$121,951,000) at 30 June 2022.

12. TRADE PAYABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	HK$'000	*HK$'000*
Trade payables		
— To third parties	**812,485**	875,581
— To the Nongtou Group (a)	**286,111**	296,578
	1,098,596	1,172,159

Remark:

(a) The trade payables to the Nongtou Group are unsecured and interest-bearing at 7.2% to 12.0% per annum (31 December 2021: 7.2% to 12.0% per annum) after the credit periods lapsed.

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2021: 30 to 90 days) from its suppliers.

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

	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Within 1 month	**31,247**	64,993
1 to 2 months	**6,163**	8,912
2 to 3 months	**5,365**	3,024
Over 3 months	**1,055,821**	1,095,230
	1,098,596	1,172,159

13. SHARE CAPITAL

	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Authorised:		
20,000,000,000 (31 December 2021: 20,000,000,000) ordinary shares of HK$0.10 each	**2,000,000**	2,000,000
Issued and fully paid:		
8,907,405,717 (31 December 2021: 8,907,405,717) ordinary shares of HK$0.10 each	**890,741**	890,741

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, namely, amino acids, corn sweeteners and polyol chemicals. The corn sweeteners segment is operated by GSH.

BUSINESS REVIEW

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

Following a strong rebound in 2021, during the Period, the global economy showed signs of slowdown amid the continued impact of the COVID-19 pandemic, inflationary pressure and supply chain disruption. Although many countries were determined to resume normal business activities and ease travel restrictions to bring the economy back on track, the COVID-19 pandemic has caused structural changes in the global economy and the labour market. In addition, the outbreak of the war in Ukraine in February 2022 has disrupted food and energy supplies and led to global inflation. Skyrocketing energy and raw material costs and supply chain bottlenecks have put immense pressure on manufacturing and retail sectors. All these concerns have added uncertainty to the global economy during the Period. According to the World Bank, global economic growth is expected to lower from 5.5% in 2021 to 4.1% in 2022 and further decrease to 3.2% in 2023. In the PRC, the sudden spike in COVID-19 infection cases in major cities including Shanghai in the first quarter of 2022 caused by the highly contagious Omicron variant has led to strict lockdowns in these cities in which most of the economic activities were suspended. As a result, China's economy grew by only 2.5% during the first half of 2022 – falling behind its annual growth target of 5.5% for 2022. The operating environment of the Group remained challenging throughout the Period.

Global corn production for 2022/23 is estimated at 1,185.9 million metric tonnes ("**MT**") (2021/22: 1,218.8 million MT), according to the estimates from the United States Department of Agriculture in August 2022. With respect to corn price, international corn price once reached 818 US cents per bushel (equivalent to RMB2,129 per MT) in April 2022, driven by the shortage in grain supply and the increase in shipping cost intensified by the war in Ukraine. International corn price as at 30 June 2022 was 744 US cents per bushel (equivalent to RMB1,962 per MT) (30 June 2021: 720 US cents per bushel (equivalent to RMB1,831 per MT)). In the PRC, domestic corn harvest in 2022/23 is estimated to produce approximately 272.6 million MT (2021/22: approximately 272.6 million MT) of corn, with consumption volume estimated at 290.5 million MT (2021: 287.7 million MT) for 2022. It is expected that China will continue to import corn to make up for the shortfall in corn supply in 2022. During the Period, China has imported approximately 13.6 million MT of corn. It is estimated that China's corn import will reach 18.0 million MT in 2022. All these factors have contributed to the surge in domestic corn price during the Period. As a result, corn price in the PRC rose to RMB2,827 per MT (30 June 2021: RMB2,790 per MT) as at 30 June 2022. Although the profit margin of the upstream corn refinery has improved, the overall capacity utilisation of the corn refinery industry in China was about 60% during the Period due to decreased demand as a result of the lockdown measures implemented. In addition, resumption of the Group's upstream operation requires huge working capital. It is not commercially viable for the Group to resume its upstream operation. As a result, the Group has continued to suspend its upstream operation during the Period.

During the Period, global supply shortage, high corn cost and fuel prices have supported the global lysine price. Similar situation has also been found in the PRC. In order to secure the supply of pork and better manage the impact of the African Swine Fever, the PRC government has continued its effort to facilitate the husbandry industry consolidation as well as feed formula improvements. Consequently, China's pork production in 2022 is expected to increase by 5% year-on-year. On the other hand, to increase the efficiency of grains usage in feed products, 農業農村部畜牧獸醫局 (Animal Husbandry and Veterinary Bureau under the Ministry of Agriculture and Rural Affairs) has issued a guideline titled《飼料中玉米豆粕減量替代工作方案》(Work Plan for Reduction and Replacement of Corn and Soybean Meal in Feed*) to lower the proportion of corn and soybean used as feed and increase the proportion of feed additives such as lysine in animal feed products. These changes, together with a relatively stable outlook on the husbandry industry, have supported the PRC lysine price. During the Period, domestic lysine price has been ranging from RMB11,050 to RMB12,700 per MT (2021: RMB9,200 to RMB13,000 per MT). While the outlook on lysine market has improved, the resumption of the Group's lysine production operation would require the resumption of the Group's upstream operation for the production of feedstock based on the designed capacity of the Group's lysine production lines, which would incur huge working capital. In addition, high corn price will remain throughout 2022 considering current market conditions. The Group needs to secure sufficient fund to resume and ensure the continuous operation of its lysine segment. As such, the Group has continued to suspend its lysine operation during the Period. Consequently, an insignificant revenue has been recorded from the Group's lysine segment during the Period as most of the inventory had been sold in the previous periods.

As for the sugar market, global sugar production for 2021/22 was 174.0 million MT (2020/21: 179.0 million MT) with consumption estimated at 173.8 million MT (2020/21: 175.9 million MT). Although global supply and demand were in balance, the international sugar price continued to increase during the Period as driven by the uncertainty around the war in Ukraine and the inflation of commodity prices. As such, international sugar price increased to 18.70 US cents per pound (equivalent to RMB2,769 per MT) (end of June 2021: 17.63 US cents per pound (equivalent to RMB2,517 per MT)) by the end of June 2022. Subject to energy price fluctuation and the development of the war in Ukraine, outlook for international sugar price is currently expected to turn bearish in 2022/23 with increased production volume estimated at 177.4 million MT while consumption is projected at 174.6 million MT. In the PRC, domestic sugar production was about 9.7 million MT (2020/21: 10.7 million MT) in the 2021/22 harvest, while consumption stayed at around 15.5 million MT. Domestic sugar price increased to RMB5,778 per MT (end of June 2021: RMB5,690 per MT) by the end of June 2022 as the COVID-19 pandemic has limited the imports of sugar during the first half of 2022. Nevertheless, as disclosed in the joint announcement of the Company and GSH dated 14 April 2022 and the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"), due to the lockdown measures implemented in Shanghai in response to the outbreak of COVID-19, the mobility of manpower across different industries was limited and caused disruptions to the logistics network. As a result, the production operation of the Group's production facilities in Shanghai has also been suspended since April 2022. The suspension of operation of the Group's production facilities in Shanghai has substantially lowered the output of the Group's corn sweeteners and negatively impacted the financial performance of the Group's corn sweeteners segment during the Period.

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

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

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Group for the year ended 31 December 2021 was subject to the disclaimer of opinion by the external auditor (the "**Auditor**") of the Company as detailed in the 2021 Annual Report. The management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken as follows, which have been considered, recommended and agreed by the Audit Committee after its critical review of the management's position for the Period:

Material uncertainty relating to going concern

As detailed in the 2021 Annual Report, the Auditor has raised material uncertainty relating to the ability of the Group to continue as going concern. In addition to the actions disclosed in the 2021 Annual Report, the management of the Company has taken and will take steps as outlined in note 2.2 to the condensed consolidated financial statement on page 6 to page 10 of this announcement to improve the financial position of the Group. Dependent on the successful and favourable outcomes of such steps, the Board, including the Audit Committee, is of the view that the Group would have sufficient working capital for operation need for at least 12 months from 30 June 2022.

FINANCIAL PERFORMANCE

During the Period, the Group continued to suspend the operation of the production facilities as detailed in the Company's announcements dated 24 September 2019, 16 December 2019, 10 February 2020 and 29 May 2020 (collectively, the "**Suspension of Operation Announcements**") to minimise financial risks and secure financial resources during the time of economic uncertainty. In addition, as disclosed in the joint announcement of the Company and GSH dated 14 April 2022, the Group temporarily suspended its production facilities in Shanghai as a result of the lockdown measures implemented in Shanghai during the first half of 2022. Consequently, the sales volume of the Group had significantly dropped by approximately 59.8% during the Period. The consolidated revenue and gross profit of the Group for the Period decreased significantly by approximately 56.8% and 23.0% respectively to approximately HK$155.6 million (2021: HK$359.9 million) and HK$11.7 million (2021: HK$15.2 million) respectively. Due to the improvement in corn sweetener prices as driven by rising sugar price during the Period, the average selling price of the Group's sweetener products had increased during the Period. Such increase was sufficient to offset the increase in raw material costs. As a result, the gross profit margin of the Group increased by 3.3 percentage points to 7.5% (2021: 4.2%).

On the other hand, other income of the Group decreased significantly during the Period by approximately HK$1,378.0 million to approximately HK$8.5 million (2021: HK$1,386.5 million), with the absence of the recognition of items such as the one-off gain on debt restructuring of approximately HK$1,325.0 million recorded in the corresponding period last year subsequent to the completion of the Repurchase Agreements on 31 March 2021. As such, the Group recorded a net loss of approximately HK$829.2 million (2021: net profit: HK$506.3 million) and LBITDA (i.e. loss before interest, taxation, depreciation and amortisation) of approximately HK$284.0 million (2021: EBITDA (i.e. earnings before interest, taxation, depreciation and amortisation): HK$1,108.0 million) during the Period.

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

Upstream products

(Sales amount: Nil (2021: HK$0.8 million))
(Gross profit: Nil (2021: HK$0.1 million))

During the Period, no sale of upstream products was recorded as the Group suspended all its upstream operations to minimise financial risks and secure financial resources during the time of economic uncertainty while most of the inventory had been sold in 2021. As a result, no revenue from the sale of corn starch and other corn refined products (2021: Nil and HK$0.8 million) was recorded during the Period. No internal consumption of corn starch was recorded during the Period (2021: Nil).

Amino acids

(Sales amount: HK$0.1 million (2021: HK$1.1 million))
(Gross profit: less than HK$0.1 million (2021: less than HK$0.1 million))

The amino acids segment consists of lysine, protein lysine and threonine products. During the Period, the Group continued to suspend its amino acids operation to minimise cash flow pressure of the Group. The amino acids segment recorded insignificant sales volume as most of the inventory has been exhausted prior to the Period. As a result, the revenue of the amino acids segment amounted to approximately HK$0.1 million (2021: HK$1.1 million) with sales volume of 4 MT (2021: 100 MT) for the Period. Consequently, the amino acid segment recorded an insignificant gross profit of less than HK$0.1 million (2021: less than HK$0.1 million), with a gross profit margin of 14.4% (2021: 3.4%). Although it is expected that pork production in China will gradually pick up its recovery momentum in 2022 with the support of the PRC government, the resumption of the Group's lysine production operation would require the resumption of the Group's upstream operation for the production of feedstock based on the designed capacity of the Group's lysine production lines which would incur huge working capital. In addition, corn price is expected to remain high throughout 2022.The Group will continue to closely monitor the development of the market conditions as well as the financial conditions of the Group to secure adequate working capital to resume and sustain the continuous production operation of the amino acids segment as soon as possible to the extent practicable.

Corn sweeteners

(Sales amount: HK$155.0 million (2021: HK$355.6 million))
(Gross profit: HK$11.2 million (2021: HK$13.5 million))

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

Due to the temporary suspension of operation of the Group's production facilities in Shanghai since April 2022 together with the continued suspension of the Group's sweeteners production facilities in the Jinzhou and Xinglongshan sites, the revenue of the corn sweeteners segment decreased by approximately 56.4% to approximately HK$155.0 million (2021: HK$355.6 million). Such decrease was mainly attributable to the decrease in sales volume by approximately 59.6% to approximately 36,000 MT (2021: 89,000 MT). As the portion of expenses in relation to suspension of operation has been allocated to other expenses during the Period and the increase in the selling price of corn sweeteners has offset the increase in the raw material cost, the gross profit of the corn sweeteners segment dropped only by 17.0% to approximately HK$11.2 million (2021: HK$13.5 million) during the Period, with gross profit margin improved to 7.2% (2021: 3.8%).

Polyol chemicals

(Sales amount: HK$0.5 million (2021: HK$2.4 million))
(Gross profit: HK$0.5 million (2021: HK$1.5 million))

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

During the Period, the revenue of polyol chemicals segment decreased by 79.2% to approximately HK$0.5 million (2021: HK$2.4 million). However, as substantial provision in relation to the closing inventory of polyol chemicals has been made in previous years, the polyol chemicals segment recorded a gross profit of approximately HK$0.5 million (2021: HK$1.5 million) with a gross profit margin of 100.0% (2021: 62.5%).

Export sales

During the Period, export sales which comprised entirely the sales of corn sweeteners accounted for 3.2% (2021: 2.0%) of the Group's total revenue. The export sales of the Group amounted to approximately HK$5.0 million (2021: HK$7.3 million) during the Period, representing a decline of approximately 31.5% as compared to the corresponding period last year. Such decline was mainly attributable to the suspension of most of the Group's production facilities and the exhaustion of most of the inventory prior to the Period. Consequently, no export sales of upstream products, amino acids and polyol chemicals were recorded during the Period (2021: Nil).

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

Other income and gains

During the Period, other income and gains decreased by approximately 99.4% to approximately HK$8.5 million (2021: HK$1,386.5 million). Such difference was mainly attributable to the absence of the recognition of items such as the one-off gain on debt restructuring of approximately HK$1,325.0 million as a result of the completion of the Repurchase Agreements in 2021.

Selling and distribution costs

During the Period, selling and distribution costs decreased by approximately 36.4% to approximately HK$20.6 million (2021: HK$32.4 million), accounting for approximately 13.3% (2021: 9.0%) of the Group's revenue. Such decrease was mainly attributable to the decrease in sales volume.

Administrative expenses

During the Period, administrative expenses decreased by 8.1% to approximately HK$160.9 million (2021: HK$175.1 million), representing 103.5% (2021: 48.6%) of the Group's total revenue. Such decrease was mainly attributable to the decrease in depreciation expense by approximately HK$9.3 million to approximately HK$66.7 million (2021: HK$76.0 million) as a result of loss on properties revaluation on buildings recorded in 2021.

Other expenses

During the Period, other expenses increased by 1.8% to approximately HK$294.5 million (2021: HK$289.3 million). Such increase was mainly attributable to the provision made in respect of the compensation for legal dispute in the PRC during the Period.

Finance costs

During the Period, finance costs of the Group decreased by 5.8% to approximately HK$373.4 million (2021: HK$396.6 million), which was mainly attributable to the decrease in interest payables to suppliers subsequent to the agreements reached with creditors to reschedule the repayment plan during the Period.

Income tax expenses

During the Period, as 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 incurred during the Period (2021: Nil).

(Loss) Profit shared by non-controlling shareholders

During the Period, GSH recorded a loss of approximately HK$117.5 million (2021: profit: HK$7.2 million), leading to loss shared by non-controlling shareholders amounted to approximately HK$42.3 million (2021: profit shared by non-controlling shareholders: HK$2.7 million).

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

Capital structure

The capital structure of the Group consists of debts, which mainly include interest-bearing bank and other borrowings, convertible bonds and equity reserves attributable to owners of the Company which comprise issued ordinary shares and various reserves. The Board shall review the Group's cost and risks of capital on a semi-annual basis with the aim to achieve the optimal capital structure for the Group.

Net borrowing position

The total interest-bearing bank and other borrowings of the Group as at 30 June 2022 decreased by approximately HK$289.5 million to approximately HK$7,211.8 million (31 December 2021: HK$7,501.3 million) as a result of net repayment of certain bank and other borrowings of approximately HK$24.7 million and exchange rate adjustment of approximate HK$264.8 million during the Period. On the other hand, the cash and bank balances and pledged bank deposits as at 30 June 2022 decreased by approximately HK$7.5 million to approximately HK$14.8 million (31 December 2021: HK$22.3 million), which were mainly denominated in Renminbi and Euros with a small amount denominated in Hong Kong dollars and US dollars (31 December 2021: mainly denominated in Renminbi and Euros with a small amount denominated in Hong Kong dollars and US dollars). As a result, the net borrowings decreased to approximately HK$7,197.0 million (31 December 2021: HK$7,479.0 million).

Structure of interest-bearing bank and other borrowings

As at 30 June 2022, the Group's interest-bearing bank and other borrowings amounted to approximately HK$7,211.8 million (31 December 2021: HK$7,501.3 million), all (31 December 2021: all) of which were denominated in Renminbi. As at 30 June 2022, all (31 December 2021: all) the interest-bearing bank and other borrowings of the Group were wholly repayable within one year or on demand.

As at 30 June 2022, interest-bearing bank and other borrowings amounted to approximately RMB328.6 million (31 December 2021: RMB328.6 million) have been charged at fixed interest rates ranging from 5.8% to 13.6% per annum (31 December 2021: 5.8% to 13.6% per annum) for terms from one year to three years. Other than that, the rest of the Group's interest-bearing bank and other borrowings were charged with reference to floating interest rate.

Convertible bonds

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

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

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

Save for the conversion price adjustment and the Extension mentioned above, all other terms and conditions of the Convertible Bonds remain unchanged.

At 30 June 2022, the Convertible Bonds were divided into liability component and equity component which amounted to approximately HK$986.5 million and HK$972.1 million (31 December 2021: HK$938.9 million and HK$972.1 million) respectively and effective imputed interest of approximately HK$47.7 million (2021: HK$43.1 million) was charged during the Period.

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging from 30 to 90 days. During the Period, the trade receivables turnover days increased to approximately 69 days (31 December 2021: 55 days) as longer credit period were granted to a number of customers with good track records. Meanwhile, the trade payables turnover days increased to approximately 1,437 days (31 December 2021: 661 days) during the Period, as the Group has been actively negotiating with creditors to extend the credit terms during the Period. In addition, as the lockdown measures have been lifted in stages starting from the end of May 2022 in Shanghai and the Group has gradually resumed the operation of part of its production facilities in Shanghai since June 2022, the inventory turnover days increased to approximately 89 days (31 December 2021: 43 days).

As at 30 June 2022, the current ratio and the quick ratio of the Group decreased to approximately 0.04 (31 December 2021: 0.05) and 0.03 (31 December 2021: 0.04), respectively. The decreases in current ratio and quick ratio were mainly attributable to the increase of current liabilities. The Group recorded a net loss of approximately HK$829.2 million (30 June 2021: net profit: HK$506.3 million) during the Period. As a result, the net liabilities of the Group increased to approximately HK$7,304.1 million (31 December 2021: HK$6,700.8 million). Gearing ratio in terms of debts (i.e. total interest-bearing bank, other borrowings and convertible bonds) to total assets (i.e. current assets and non-current assets) was approximately 136.5% (31 December 2021: 130.2%). To improve the financial position of the Group, the Group has adopted several strategic measures as mentioned in note 2.2 to the condensed consolidated financial statements on page 6 to page 10 of this announcement.

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 3.2% (2021: 2.0%) of the Group's revenue during the Period. The management of the Company 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.

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. Under the various loan agreements (collectively, the "**Yuancheng Loan Agreements**") entered into between a subsidiary of GSH, namely, 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), and each of 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank*) ("**Jinzhou CCB**") and 中國銀行股份有限公司錦州港支行 (Jinzhou Port Branch of Bank of China*) ("**Jinzhou BOC**") for the aggregate principal amount of RMB219.9 million (the "**Yuancheng Loans**"), comprising of (i) the loan owed to Jinzhou CCB for the principal amount of RMB189.9 million ("**Yuancheng CCB Loans**") and (ii) the loan owed to Jinzhou BOC for the principal amount of RMB30.0 million ("**Yuancheng BOC Loan**"), Jinzhou Yuancheng was required to satisfy certain financial covenants, failure to perform or comply with any of those financial covenants would entitle Jinzhou CCB and Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng Loans immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the GSH Group.

    Jinzhou Yuancheng has defaulted in the repayment of Yuancheng BOC Loan as detailed in the joint announcements made by the Company and GSH dated 27 April 2021. The maximum liability guaranteed by the GSH Group is RMB36.8 million, being the principal amount, together with all interests, liabilities, fees and penalty that may accrue under the Yuancheng BOC Loan.

Reference is made to the joint announcements of the Company and GSH dated 24 September 2021 and 14 January 2022 in relation to, among others, the receipt of the summons from 遼寧省瀋陽市中級人民法院 (Intermediate People' Court of Shenyang City, Liaoning Province*) (the "**Shenyang Intermediate Court**") by the GSH Group to attend the court hearing in respect of the application filed by Jinzhou BOC for the repayment of the outstanding principal amount and accrued interest under the fixed-term loans owed to Jinzhou BOC by two subsidiaries of the GSH Group, namely, 錦州大成食品發展有限公司 (Jinzhou Dacheng Food Development Co., Ltd.*) ("**Jinzhou Dacheng**") and Jinzhou Yuancheng. The Shenyang Intermediate Court has granted orders in favour of Jinzhou BOC for the preservation of the bank balance (or assets of equivalent value) of the GSH Group equivalent to the principal and interest outstanding under the fixed-term loans owed to Jinzhou BOC by Jinzhou Dacheng and Jinzhou Yuancheng in the aggregate amount of RMB55,518,460.06 (which included the Yuancheng BOC Loan). Jinzhou Dacheng has settled all its outstanding principal amount and accrued interest owed to Jinzhou BOC in one payment by way of bank transfer on 25 January 2022. In respect of the Yuancheng BOC Loan, the Shenyang Intermediate Court has confirmed and acknowledged the settlement agreements reached between the respective parties and Jinzhou Yuancheng shall repay Jinzhou BOC the outstanding principal amount and accrued interest under the Yuancheng BOC Loan in seven instalments pursuant to a mutually agreed schedule, with the last instalment due on 30 September 2023. As at the date of this announcement, the outstanding principal amount of the Yuancheng BOC Loan is approximately RMB28.8 million.

With respect to the Yuancheng CCB Loans, as detailed in the joint announcements of the Company and GSH dated 14 January 2022 and 22 February 2022, Jinzhou CCB has applied to 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. As at the date of this announcement, the outstanding principal amount of the Yuancheng CCB Loans is approximately RMB189.9 million.

(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 GBT Jilin Branch Export-Import Loan and 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. As at the date of this announcement, the outstanding principal amounts under GBT Jilin Branch Export-Import Loan and the GBT Syndicated Loan are approximately RMB648.0 million and RMB1.8billion, respectively. Certain subsidiaries of the Company have also provided collaterals to secure the GBT Jilin Branch Export-Import Loan and the GBT Syndicated Loan.

As disclosed in the announcement of the Company dated 8 March 2022, China Cinda has entered into transfer agreements with Export-Import Bank, pursuant to which Export-Import Bank has transferred to China Cinda all of the rights (including security rights) and benefits of the Export-Import Bank Transferred Loans with outstanding principal amount of approximately RMB1.2 billion together with outstanding interest, which included the GBT Jilin Branch Export-Import Loan and the portion of the GBT Syndicated Loan owed to Export Import Bank.

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

On the other hand, the fixed term loan under a loan agreement entered into between an indirect wholly-owned subsidiary of GSH, namely, 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*) ("**Dihao Foodstuff**") and Nongan Branch ABC with an outstanding principal amount of RMB180.0 million together with outstanding interest (the "**GSH ABC Loan**") has become immediately due and payable before its maturity date in June 2021 in contemplation of the debt restructuring plan of the Group and the GSH Group. As at the date of this announcement, the GSH Group has defaulted in the repayment of such loan with the outstanding principal amount of approximately RMB180.0 million. The maximum liability guaranteed by GSH is RMB250.0 million, together with all interests, liabilities, fees and penalty that may accrue under such loan agreement. Certain subsidiaries of GSH have also provided collaterals to secure such loan.

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

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

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

collaterals to secure the Daxinganling Loan. As at the date of this announcement, the outstanding principal amount under the Harbin Dacheng Daxinganling Loan Agreement is RMB50.0 million and Harbin Dacheng has yet to receive any waiver from Daxinganling Bank in respect of the default of repayment of the Daxinganling Loan.

(5) Reference is made to the joint announcement of the Company and GSH dated 5 August 2022. 上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co., Ltd.*) ("**Shanghai Haocheng**"), which is an indirect wholly-owned subsidiary of GSH, has defaulted in the repayment of the fixed-term loan under a loan agreement (the "**Minhang Shangyin Loan Agreement**") entered into between Shanghai Haocheng and 上海閔行上銀村鎮銀行股份有限公司 (Shanghai Minhang Shangyin Bank Co., Ltd*) ("**Minhang Shangyin Bank**") with outstanding principal amount of RMB10.0 million (the "**Minhang Shangyin Loan**"). Shanghai Haocheng has provided collaterals to secure the Minhang Shangyin Loan. As at the date of this announcement, the outstanding principal amount under the Minhang Shangyin Loan Agreement is RMB8.0 million and Shanghai Haocheng has yet to receive any waiver in written form from Minhang Shangyin Bank in respect of the default of repayment of the Minhang Shangyin Loan.

On the other hand, as further detailed in the joint announcement of the Company and GSH dated 5 August 2022, Dihao Foodstuff has defaulted in the repayment of the fixed-term loan under a loan agreement (the "**Jiyin Rural Loan Agreement**") entered into between Dihao Foodstuff and 長春雙陽吉銀村鎮銀行股份有限公司 (Changchun Shuangyang Jiyin Rural Bank Co., Ltd.*) ("**Jiyin Rural Bank**") with outstanding principal amount of RMB4.9 million (the "**Jiyin Rural Loan**"). Such loan is guaranteed by Shanghai Haocheng. As at the date of this announcement, the outstanding principal amount under the Jiyin Rural Loan Agreement is RMB4.9 million and Dihao Foodstuff has yet to receive any waiver in written form from Jiyin Rural Bank in respect of the default of repayment of the Jiyin Rural Loan.

Shanghai Haocheng and Dihao Foodstuff have respectively applied to Minhang Shangyin Bank and Jiyin Rural Bank for extension of repayment of the above loans. Jinyin Rural Bank has verbally agreed to extend the due date of the Jinyin Rural Loan to 31 December 2022 according to the notice titled《關於進一步推動金融服務製造業高質量發展的通知》(銀保監辦發[2022]70號) (Further Promoting High-Quality Development of Financial Services Manufacturing Industry* (No. 70 [2022] of the General Office of the China Banking Regulatory Commission)) (the "**Notice**") issued by the General Office of the China Banking and Insurance Regulatory Commission on 4 July 2022. The Notice was issued to banking institutions setting out that they should actively support small, medium-sized and micro enterprises with good credit in the manufacturing industry that are temporarily affected by the epidemic by extending the repayment schedule of loans to 31 December

2022. Meanwhile, Minhang Shangyin Bank has verbally agreed to extend the due date of the Minhang Shangyin Loan to 11 August 2022. As at the date of this announcement, Shanghai Haocheng has reached consensus with Minhang Shangyin Bank to repay the outstanding principal amount of the Minhang Shangyin Loan, together with the accrued interest, in five instalments pursuant to a mutually agreed repayment schedule, with the last instalment due on 11 December 2022. As at the date of this announcement, Shanghai Haocheng has made the first instalment payment to Minhang Shangyin Bank.

IMPORTANT EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

Deemed disposal of equity interest in GSH as a result of GSH Subscription

Reference is made to the announcement of the Company dated 24 July 2022 in relation to, among others, a subscription agreement entered into between GSH and a subscriber pursuant to which the subscriber has conditionally agreed to subscribe for, and GSH has conditionally agreed to allot and issue 305,517,200 new ordinary shares of GSH (the "**GSH Subscription Shares**") at the subscription price of HK$0.1 per GSH Subscription Share (the "**GSH Subscription**"). Upon completion of the GSH Subscription, the Company's interest in the issued share capital of GSH will be diluted from 64.04% to approximately 53.37%. GSH will remain a non-wholly owned subsidiary of the Company upon the completion of the GSH Subscription and the financial results of GSH will continue to be consolidated in that of the Company. It is expected that no gain or loss will be recorded by the Group from the GSH Subscription.

The completion of the GSH Subscription is yet to take place as at the date of this announcement. Further announcement regarding the deemed disposal as a result of the GSH Subscription will be made by the Company when the GSH Subscription proceeds to completion.

Save for the aforementioned GSH Subscription, there was no other important event after the end of the Period up to the date of this announcement.

SUPPLEMENTARY INFORMATION IN RELATION TO THE PERIOD UNDER REVIEW

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

As at the date of this announcement, the suspensions of operation as disclosed in the Suspension of Operation Announcements remained. The management of the Group expects that the zero-COVID policy imposed by the PRC government will remain in the foreseeable future which will add uncertainty to the operating environment of the Group in case of any future outbreak of COVID-19 in the PRC. Moreover, the resumption of the Group's upstream operation requires huge working capital. As such, it is expected that the plan for the resumption of operation of the Group's production facilities in Changchun will be delayed.

Reference is made to the joint announcement of the Company and GSH dated 14 April 2022 in relation to the temporary suspension of production operation of the Group's production facilities in Shanghai as a result of the lockdown measures implemented in Shanghai in response to the outbreak of COVID-19. The lockdown measures have limited the mobility of manpower across different industries and caused disruptions to the logistics network and necessitated the temporary suspension of production operation of the Group's production facilities in Shanghai. As the COVID-19 pandemic situation in Shanghai had been brought under control with the lockdown measures lifted in stages starting from the end of May 2022, the Group has gradually resumed the operation of part of the Group's production facilities in Shanghai since June 2022.

Entering into the second half of 2022, the COVID-19 pandemic will continue to affect the global economy. The PRC is expected to face continuous challenges from shrinking demand, supply shock, inflationary pressure and global recession. In addition, the ongoing structural changes in its economy for more sustainable growth in the future is expected to add temporary pressure to many businesses. With respect to the Group's business, corn price is expected to remain high throughout 2022. Coupled with the increasingly competitive operating environment, the second half of 2022 is expected to remain challenging for the Group. The management of the Group will continue to assess the impact of the COVID-19 pandemic on the financial positions of the Group and closely monitor the market conditions and the financial conditions of the Group, and will ensure that the production operation of such subsidiaries will resume as soon as possible to the extent practicable.

Relocation of production facilities to the Xinglongshan site

Reference is made to the 2021 Annual Report, in relation to, among others, the relocation of production facilities of the Group to the Xinglongshan site and the resumption of the Relevant Properties.

Due to the challenging economic environment and the continued impact of the COVID-19 pandemic, the initial plan for the relocation of the Group's production facilities has been adjusted and some of the relocation projects have been put on hold in light of the continuously changing market conditions and pending the availability of capital and favourable market conditions. The Group will continue to assess the continuously changing market conditions and the progress of the resumption of the Relevant Properties so as to the update and revise the feasibility studies in respect of the relocation projects for submission to, among others, the relevant government bodies for approval. The Group will make further announcement(s) to provide shareholders and potential investors of the Company with the latest updates of the progress of relocation of production facilities to the Xinglongshan site as and when appropriate.

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 debt restructuring plan to improve the financial position of the Group and introduce strategic investors to form business alliance for sustainable development.

The operating environment of the Group in the second half of 2022 is expected to remain challenging as driven by high commodity prices and energy costs. On the other hand, the COVID-19 pandemic and the geopolitical complexity will continue to add uncertainty to the global economy.

In the short run, the Group will continue to monitor closely the development of the COVID-19 pandemic, the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies to optimise the operation of the Group's production facilities to secure relatively healthy cash flow while balancing its market presence.

In the long run, the Group will continue to strengthen its market position by utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, further improve cost effectiveness and product mix through continuous research and development efforts, and at the same time, optimise utilisation rate to achieve operational efficiency in response to market changes.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2022, the Group had approximately 3,600 (31 December 2021: 3,700) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasing turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards of 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. During the Period, employee benefit expenses (excluding Directors' remuneration) was approximately HK$116.9 million (2021: approximately HK$153.2 million).

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend in respect of the Period (six months ended 30 June 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Board regularly reviews the Group's corporate governance guidelines and developments. To the best knowledge and belief of the Board, the Board considers that the Company has complied with all code provisions as laid down in Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the Period.

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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the Company's code of conduct for dealings in securities of the Company by the Directors.

Having made specific enquiry of each of the Directors, all 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 throughout the Period.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls systems. The Audit Committee currently comprises all independent non-executive Directors, namely, Mr. Ng Kwok Pong (chairman of the Audit Committee), Ms. Dong Hongxia and Mr. Yeung Kit Lam.

The Audit Committee has reviewed the interim results of the Group for the Period and this announcement and has discussed with the management of the Company for the accounting principles and policies adopted by the Group, with no disagreement.

FULL DETAILS OF FINANCIAL INFORMATION

The interim report of the Company will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalbiochem.com) under "Investor Relations" in due course.

The interim report of the Company for the Period will be despatched to the shareholders of the Company and will be available for viewing on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2022

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