GLOBAL Bio-Chem Technology Group Company Limited
大成生化科技集團有限公司*

Stock Code: 00809

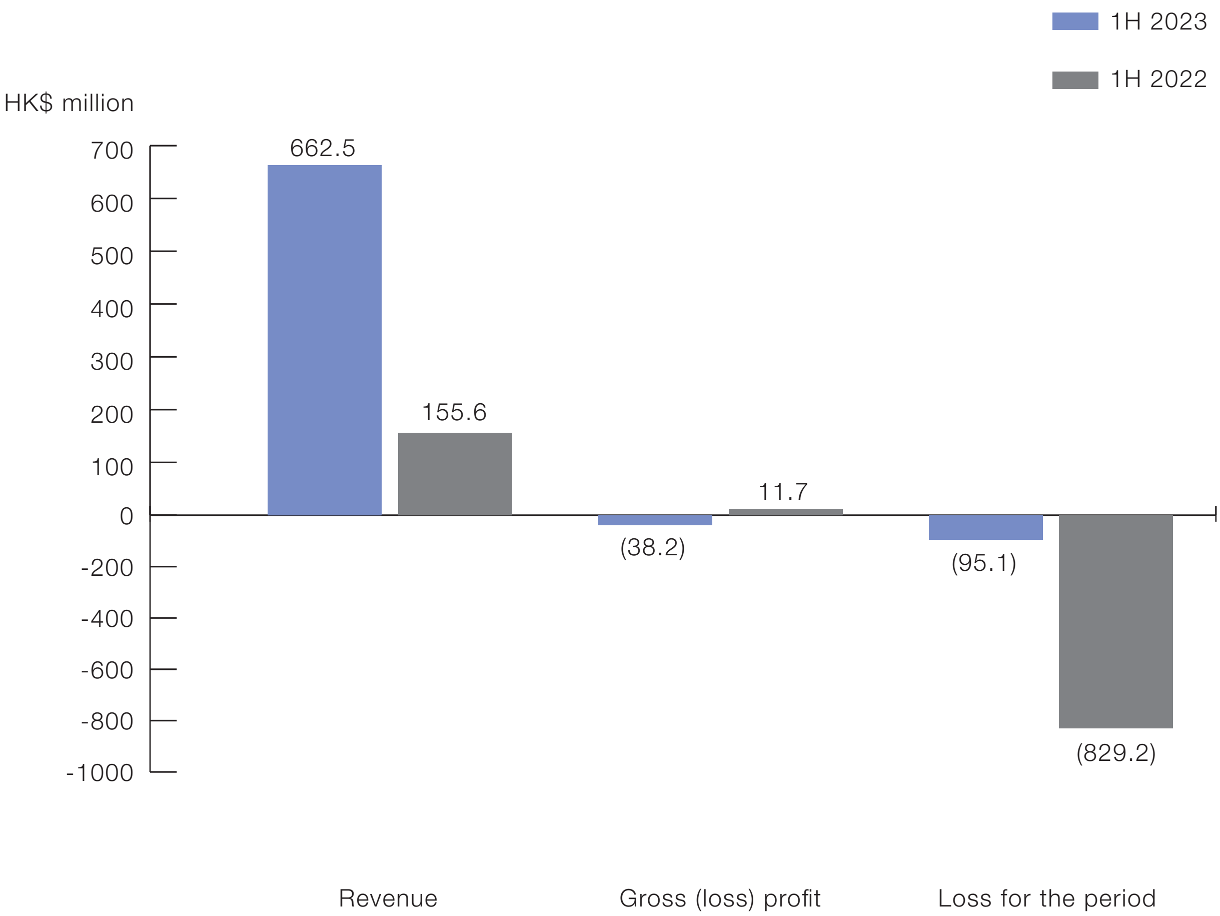
2023
INTERIM REPORT

*For identification purpose only

Contents

Financial Highlights

	Six months ended 30 June		
	2023 (Unaudited)	2022 (Unaudited)	Change %
Revenue (HK$'Mn)	**662.5**	155.6	325.8
Gross (loss) profit (HK$'Mn)	**(38.2)**	11.7	N/A
Loss before tax (HK$'Mn)	**(130.6)**	(829.2)	N/A
Loss for the period (HK$'Mn)	**(95.1)**	(829.2)	N/A
Basic loss per share (HK cents)	**(0.7)**	(8.8)	N/A
Diluted loss per share (HK cents)	**(0.7)**	(8.8)	N/A
Interim dividend per share (HK cents)	**Nil**	Nil	N/A



Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Yang Jian *(Chairman)*
Mr. Wang Guicheng

Non-executive Directors
Mr. Li Yuewen *(Appointed on 10 August 2023)*
Mr. Gao Dongsheng *(Resigned on 10 August 2023)*

Independent non-executive Directors
Ms. Jiang Fangfang *(Appointed on 10 August 2023)*
Ms. Xie Liangqiu *(Appointed on 10 August 2023)*
Mr. Ng Kwok Pong
Ms. Dong Hongxia *(Resigned on 10 August 2023)*
Mr. Yeung Kit Lam *(Resigned on 10 August 2023)*

COMPANY SECRETARY

Mr. Chan Sing Fai, ACG, HKACG, HKICPA

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1002, 10th Floor
Tower A, Cheung Kei Center
18 Hung Luen Road
Hung Hom
Kowloon
Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
Cricket Square
PO Box 1093, Boundary Hall
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.globalbiochem.com

STOCK CODE

00809

Message to Shareholders

Dear Shareholders,

Entering 2023, the global economy was still under enormous inflationary pressure. The Federal Reserve of the United States continued to raise interest rates, and the banking crisis in the United States and Switzerland at the beginning of the year cast a shadow over the international financial market.

In mainland China, economic activities in various sectors had gradually resumed. However, the effect of the prolonged pandemic which lasted for three years and the depressed real estate market have dragged down the pace of economic recovery in China. China's GDP for the six months ended 30 June 2023 amounted to RMB59.3 trillion, up by 5.5% period-over-period, which was only one percentage point higher than the growth rate of the first quarter.

BUSINESS REVIEW

The Group has since last December resumed the operation of its lysine production facilities in Dehui City, Jilin province. During the Period, the Group's amino acids segment recorded a revenue of approximately HK$378.5 million. The partial resumption of operation of the Group's lysine production facilities enabled the Group to gradually recover its market share. It was also expected to generate operating cash flow for the Group in the long run. The resumption of operation of lysine production facilities coupled with the resumption of the sweeteners production facilities in Shanghai which was operated by GSH, a subsidiary of the Group, since its temporary suspension in the second quarter of 2022 enabled the Group to record a significant period-over-period increase of over 300.0% in consolidated revenue to approximately HK$662.5 million during the Period.

The sweeteners segment operated by GSH posted a substantial period-over-period increase in revenue and sales volume, with gross profit recorded for the Period. However, the domestic economic recovery was slowing and the animal husbandry had yet to return to a booming stage. This coupled with a high inventory level among the feed manufacturers had put pressure on lysine product price. Moreover, the Group's lysine production facilities were still in the initial stage of resumption where the overall utilisation rate remained low, resulting in relatively high unit costs. The amino acids segment therefore recorded a gross loss for the Period, leading to the Group's posting a gross loss for the Period.

One of the creditors of Harbin Dacheng, an indirect wholly-owned subsidiary of the Group, applied to the court to wind up Harbin Dacheng and such application had been accepted. As the Group no long had control over the affairs of Harbin Dacheng, all assets and liabilities of Harbin Dacheng were derecognised from the consolidated financial statements of the Company, leading to the recognition of a one-off gain of HK$588.7 million during the Period. Although the Group recorded a gross loss during the Period, its loss before tax reduced significantly by 84% period-over-period to approximately HK$130.6 million. In addition, the derecognition of Harbin Dacheng's net liabilities enabled the Group to reduce its total liabilities, which helped improve its asset liability structure.

The Group's management continued to push forward the debt restructuring plan during the Period. The transfer of the transferred loans of Jilin Branch ABC, Jilin Branch CCB and Export-Import Bank to Jilin Cinda had been completed, and the Group proceeded to implement the next stage of the debt restructuring plan.

The Group's management also pushed ahead with the sale and purchase agreement regarding the disposal of approximately 47.0% of the issued share capital of GSH held by the Group to Mr. Kong Zhanpeng, a former executive director of GSH, and Mr. Wang Tieguang, a former director of the Company, in an attempt to improve the Group's overall asset liability structure. The sales and purchase agreement and the transactions contemplated thereunder had been approved by shareholders at an extraordinary general meeting of the Company. Subject to the further fulfilment/waiver of other conditions precedent, the GSH restructuring plan shall progress to completion.

Message to Shareholders

OUTLOOK

China's GDP growth target for 2023 has been set at 5%, which is basically equivalent to the actual growth rate of the first half of the year. In August, National Development and Reform Commission issued a notice titled "Measures to retore and expand consumption", proposing measures such as tax cuts, financial support and subsidies, to boost consumption in various sectors. It is expected that these measures will help increase domestic demand and stimulate economy.

With the arrival of the peak season of the Group's major product, lysine, in the second half of the year and in view of the gradual economic recovery and reduced feed inventory, it is expected that market demand for lysine products will gradually recover. On the other hand, extreme weather conditions are expected to cause corn price to remain at a high level, pushing up the cost of raw materials such as corn starch, which will in turn help support the price of lysine. It is expected that the Group's lysine business performance will improve in the second half of 2023.

With respect to the Group's financial conditions, the GSH restructuring plan is progressing in an orderly manner. Upon the completion of disposal of GSH, the liabilities of GSH will not be consolidated into the consolidated financial statements of the Group and the entire Relevant Properties will be wholly-owned by the Group. This will enable the Group to accelerate the progress in negotiating the resumption of the Relevant Properties with the local government.

In order to speed up and implement the next stage of the debt restructuring plan, the Group, under the auspices of Jilin General Office and Jilin SASAC, has been striving to explore all available funding avenues. As disclosed in the announcement dated 24 July 2023 of the Company, certain Potential Investors have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB1.5 billion to RMB1.6 billion for the Group to repurchase the Entire Transferred Loans. The relevant negotiations are yet to finalise.

The gradual implementation of the above-mentioned plans will facilitate the Group in progressing towards the final stage of the debt restructuring plan; and provide the Group with the necessary funding to ensure the stable operation of its lysine production facilities. All this will further lead to the improvement of the Group's overall financial conditions and the consolidation of its business foundation.

The Group has made great progress in the debt restructuring plan during the Period. Going forward, we will continue to strive to streamline our business structure, and leverage the opportunity from the disposal of GSH to further optimise resource allocation to steer our business to the right track of development.

We are very grateful to our shareholders and every employee in the Group for their support and trust over the years. We are also thankful to our creditors and business partners for their understanding and cooperation.

Yang Jian
Chairman

31 August 2023

Management Discussion and Analysis

Global Bio-chem Technology Group Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are 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 Global Sweeteners Holdings Limited (Stock Code: 03889) ("**GSH**", together with its subsidiaries, the "**GSH Group**"), a non-wholly-owned subsidiary of the Group, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

BUSINESS REVIEW

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

During the six months ended 30 June 2023 (the "**Period**"), inflation remained a global issue with food price index staying at a high level, putting immense pressure on low to middle income groups in many countries. In addition, the banking crisis in the United States of America (the "**United States**"), the geopolitical conflicts and the war in Ukraine continued to impact the global economy. As a result, the projected global economic growth for 2023 has been lowered to 2.7% as compared to 3.3% for 2022. The People's Republic of China (the "**PRC**" or "**China**") government has set a moderate annual growth target at 5% for 2023. However, the post-pandemic recovery has been slow during the Period and the PRC economy was under immense pressure resulted from the property market slump and the weak domestic and overseas demand as indicated by lower-than-expected retail and export sales figures. The unemployment rate among young people had also been increasing during the Period with June's number hitting a record high of 21.3%. All these have undermined consumers' confidence which created a challenging operating environment for the Group during the Period.

With respect to corn supply, various countries increased corn production as the threats to blockade of Ukraine's grain exports accelerated. Global corn production for the year 2023/24 is estimated at 1,213.5 million metric tonnes ("**MT**") (2022/23: 1,151.3 million MT), according to the estimates from the United States Department of Agriculture in August 2023. Increased corn production had cooled the international corn price to 555 US cents per bushel (equivalent to RMB1,585 per MT) (end of June 2022: 744 US cents per bushel (equivalent to RMB1,962 per MT)) by the end of June 2023. In the PRC, domestic corn harvest in 2023/24 is estimated to produce approximately 282.0 million MT (2022/23: approximately 277.2 million MT) of corn, with consumption volume estimated at 293.0 million MT (2022/23: 290.4 million MT). It is estimated that China's corn imports will dropped by 2.8% to approximately 17.5 million MT in 2023. Furthermore, wheat prices in the PRC started to fall since March 2023 causing feed manufacturers and farmers to replace corn with wheat as substitute to keep their costs low. As a result, domestic corn price dropped slightly to RMB2,760 per MT (end of June 2022: RMB2,827 per MT) by the end of June 2023. While recovery of demand from downstream users has been slow, corn cost remained high during the Period. According to an industry report in China, most of the corn refineries in China have been loss-making during the Period. The operating environment for upstream corn refinery industry has been challenging during the Period.

Global lysine price remained low since the second half of 2022 as the outlook on the global economy turns gloomy. In the PRC, despite the government's effort in promoting the consolidation of husbandry industry as well as the improvement of feed formula through the increased use of feed additives such as lysine in animal feed products, the effect is limited. The rocky economy recovery in the PRC has impacted the demand for meat products. According to an industry report in the PRC, the swine husbandry industry had been loss-making during the Period. In addition, most feed manufacturers in the PRC had maintained relatively high inventory level during the Period, while demand from overseas market also dropped. During the first five months of 2023, lysine exports from China dropped by 21.6% to approximately 358,000 MT. As a result, the average price of lysine products in China during the Period dropped by 8.0% to RMB8,600 per MT. The overall production capacity utilisation rate of the lysine industry in China remained low during the Period. As announced by the Company on 29 December 2022, following the PRC government's decision to lift most of the pandemic control measures at the end of 2022, the Group has resumed its lysine production operation of 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**"), a wholly-owned subsidiary of the Company. However, the unfavourable market conditions of the lysine industry and high production cost have negatively impacted the performance of the Group's amino acids segment during the Period.

As for the sugar market, global sugar production for the year 2022/23 was 182.7 million MT (2021/22: 180.3 million MT) with consumption estimated at 176.4 million MT (2021/22: 173.2 million MT). The unexpected drop in sugar production in India and Europe together with the increased demand in bio-fuel as a result of high oil price during the Period have driven up the international sugar price to 22.86 US cents per pound (equivalent to RMB3,665 per MT) (end of June 2022: 18.70 US cents per pound (equivalent to RMB2,769 per MT)) by the end of June 2023. In the PRC, domestic sugar production dropped slightly to 9.0 million MT (2021/22: 9.6 million MT) in the 2022/23 harvest, while consumption grows slightly to 15.6 million MT (2021/22: 15.4 million MT). As the sugar deficit widened to 6.6 million MT, domestic sugar price increased to RMB7,044 per MT (end of June 2022: RMB5,778 per MT) by the end of June 2023. However, due to the over-supply situation in the sweeteners market and the intense market competition during the Period, the average selling price of the Group's sweeteners dropped by 7.3%. On the other hand, the sales volume of sweeteners improved as the Group's Shanghai production site resumed operation since its temporary suspension in the second quarter of 2022 as a result of the lockdown measures implemented in Shanghai, the PRC. Consequently, the performance of the Group's sweeteners segment has improved 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 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 PRC government promised to dedicate its efforts in optimising the overall business environment and formulating policies to bolster consumption, the operating environment of the Group in the second half of 2023 is expected to improve. However, the domestic and overseas corn prices are expected to remain high throughout 2023, as problems such as climate change and geopolitical conflicts continue to escalate. As for the lysine market, with respect to the over-supply situation in China, more time is needed for the market to absorb the extra production capacity. The Group will remain cautious on the outlook of its lysine business. In respect of the sugar market, driven by the increase in demand from various sectors (including the bio-fuel sector), it is estimated that global sugar production in 2023/24 harvest will reach 191.0 million MT with consumption estimated at 189.0 million MT, while domestic sugar production in China is expected to increase to 10.0 million MT with consumption estimated at 15.7 million MT. Although sugar deficit is expected to continue in China in the coming harvest season, the Group remains cautious about the outlook on the sweeteners market in the second half of 2023 considering the over-supply situation in the PRC sweeteners market and the slow demand recovery from end user market. In the short run, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the utilisation of the Group's production facilities, maintain a 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 better understand their ever-changing demands and product requirements, as well as to further improve the Group's cost effectiveness and product mix through continuous research and development efforts.

As announced by the Company on 24 July 2023, in order to improve the Group's financial position, the Group has been exploring various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan with the support of 吉林省人民政府辦公廳 (the General Office of the People's Government of Jilin Province*) ("**Jilin General Office**") and 吉林省人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Jilin Province*) ("**Jilin SASAC**"). The Group will also continue its efforts in negotiating for the execution of the resumption of the remaining part of the land and buildings owned by the Group which are located in Luyuan District, Changchun, the PRC (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 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*) ("**Dihao Foodstuff**"), a wholly-owned subsidiary of GSH, 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*) ("**Dacheng Bio-Tech**"), a wholly-owned subsidiary of the Company, and Changchun Dahe, with the proceeds from the resumption of the Relevant Properties. Such loans were first transferred by the then creditors 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 then further transferred to 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) ("**Changchun Rudder**"), and finally repurchased by the Group from Changchun Rudder on 31 March 2021 (the "**Repurchased Loans**").

The Group will also continue to devote its efforts in facilitating the completion of the restructuring of GSH (the "**GSH Restructuring**") as disclosed in the joint announcement of the Company dated 6 April 2023 (the "**Joint Announcement**"). Upon the completion of the GSH Restructuring, the GSH Group will cease to be subsidiaries of the Group and the net liabilities of the GSH Group will no longer be consolidated into the consolidated financial statements of the Group.

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Group for the year ended 31 December 2022 was subject to the disclaimer of opinion by the external auditor (the "**Auditor**") of the Company based on material uncertainty related to going concern as detailed in the annual report of the Company for the year ended 31 December 2022 and the announcement of the Company dated 24 July 2023. The management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken, which have been considered, recommended and agreed by the audit committee (the "**Audit Committee**") of the Company after its critical review of the management's position for the Period:

(a) Implementation of the debt restructuring plan to improve the financial position of the Group

As disclosed in the joint announcements of the Company and GSH respectively dated 23 December 2020 and 26 March 2021, and the announcements of the Company respectively 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 Jilin Cinda and Changchun Rudder.

Further details of the loans and their respective transfer are set out as follows:

(i) 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**") (acting on behalf 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**")) has entered into a transfer agreement with Jilin Cinda to transfer all rights (including security rights) and benefits of the loans owed by the Group, the GSH Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.*) ("**Dajincang**"), an independent third party to the Group, with an aggregate outstanding principal amount of approximately RMB1,400.0 million (the "**ABC Aggregate Principal**") and aggregate outstanding interest (the "**ABC Transferred Loans**") to Jilin Cinda at a consideration of approximately RMB414.7 million. Among the ABC Aggregate Principal, approximately RMB300.0 million were owed by Dajincang, and the rest of the ABC Aggregate Principal of approximately RMB1,100.0 million were owed by the Group. The Group is not responsible for the financing of the repayment obligations of the debts owed by Dajincang;

(ii) 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**") 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, together with outstanding interest (the "**CCB Transferred Loans**"), to Jilin Cinda at a consideration of approximately RMB583.6 million;

(iii) 中國進出口銀行 (The Export Import Bank of China*) ("**Export-Import Bank**") has also 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 RMB1,184.3 million, together with outstanding interest, to Jilin Cinda (the "**Export-Import Bank Transferred Loans**") (the Export-Import Bank Transferred Loans, the ABC Transferred Loans and the CCB Transferred Loans, collectively known as the "**Entire Transferred Loans**"); and

(iv) the Repurchased Loans represent a portion of loans owed by Dihao Foodstuff, Dacheng Bio-Tech and 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 on 31 March 2021, with such consideration for the purchase of the Repurchased Loans remaining outstanding.

As disclosed in the announcement of the Company dated 24 July 2023, the Group has been exploring various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan in relation to the Entire Transferred Loans with the support of Jilin General Office and Jilin SASAC. Certain potential investors (the "**Potential Investors**") have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB1.5 billion to RMB1.6 billion for the Group to repurchase the Entire Transferred Loans. Negotiations to date are still at the early stage and no written agreement regarding the same has been entered into between the Group and the Potential Investors. The shareholders of the Company (the "**Shareholders**") should note that such investment may or may not proceed.

In relation to the Repurchased Loans, as previously disclosed in the Joint Announcement, 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 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.

The board (the "**Board**") of directors (the "**Directors**") expects that the overall debt restructuring plan will be completed upon (i) the full repurchase of the Entire Transferred Loans, which is currently expected to be completed by the end of 2023 to the first half of 2024; and (ii) the settlement of the outstanding consideration for the purchase of the Repurchased Loans, which is currently expected to be settled by the end of 2025.

Other than the Entire Transferred Loans and the Repurchased Loans and their respective intended settlement as disclosed above, as at 30 June 2023, the total outstanding principal amount of the loans or borrowings of the Group amounted to approximately RMB1,280.8 million, among which (i) approximately RMB839.6 million is intended to be settled by the renewal of loan facilities for the Group's daily operation and to be later settled via future operating cash flow; (ii) approximately RMB40.0 million is intended to be settled through future operating cash flow of the debtor company, being a subsidiary of the Group, upon its resumption of operation; and (iii) upon the completion (the "**GSH Completion**") of the disposal (the "**GSH Disposal**") of approximately 47.0% of the issued share capital of GSH by the Group to Mr. Kong Zhanpeng and Mr. Wang Tieguang (collectively, the "**Strategic Investors**") as disclosed in the Joint Announcement, loans in the aggregate amount of approximately RMB401.2 million will no longer be consolidated into the financial statement of the Group (excluding the GSH Group).

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

The Group has taken various measures to minimise operating cash outflow and secure financial resources during market turbulence. During the Period, the Group has suspended the production operation of most of its production facilities and consolidated its resources in segments with higher efficiency. As China lifted most of its pandemic control measures by the end of 2022, the Group took the opportunity to resume its amino acids operation in mid-December 2022. The resumption of the amino acids operation is expected to generate cash inflow to the Group in the long run.

(c) Financial support from the indirect major Shareholder

The Group has received an updated written confirmation dated 24 August 2023 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 12 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 30 June 2023 amounted to approximately RMB1,932.6 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.

(d) Group restructuring aiming at streamlining operation and improving the financial position of the Group

Reference is made to the Joint Announcement in relation to, among others, the GSH Disposal and the acquisition of 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**") by the Group from the GSH Group (the "**Dihao Transfer**"). The proposed transactions aimed at rationalising the operations of the Group and the GSH Group in terms of their respective strategic locations and business segments. Upon the GSH Completion, the GSH Group will cease to be subsidiaries of the Group. Accordingly, the net liabilities of the GSH Group will no longer be consolidated into the consolidated financial statements of the Group and the financial position of the Company will improve significantly.

The Audit Committee held discussion with the Auditor and generally understood the concerns of the Auditor and the reasons for the disclaimer opinion on the consolidated financial statements of the Group for the year ended 31 December 2022. The Auditor is of the view that upon completion of all the remedial measures as set out above, where the Group is able to demonstrate a stable improving trend in its financials and operating cash flows, the Auditor will revisit the situation on a dynamic basis and consider removing the audit modification in next year's financial statement of the Group.

Depending 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 2023.

IMPLEMENTATION OF CORPORATE GOVERNANCE CODE

The Group has implemented and will enhance the following internal control measures and procedures to ensure sufficiently clear and prominent disclosure and discussion as per the requirement of code provision D.1.3 of part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange:

(1) the Company has prepared a corporate governance and disclosure compliance checklist (the "**Compliance Checklist**") in relation to the required disclosures to be made in the annual report/interim report of the Company, which the company secretarial staff will check during the preparation of the annual report/interim report (including the corporate governance report) and prior to their publication. Going forward, the company secretarial staff will review and update such Compliance Checklist more frequently as and when appropriate and ensure that the relevant disclosures are made in the designated section of the annual report/interim report in compliance with Listing Rules; and

(2) the Company has provided monthly training (by sending latest and relevant materials or provision of physical trainings) to the Directors, training of which includes and will be further enhanced to include updates on the CG Code in greater details so as to ensure that the respective Directors are fully aware of their responsibilities and the Company's disclosure obligations.

FINANCIAL PERFORMANCE

During the Period, the Group has resumed its lysine production operation of Changchun Dahe while continuing to suspend the operation of the other production facilities as detailed in the Company's announcements dated 24 September 2019, 16 December 2019, 10 February 2020 and 29 May 2020 to minimise financial risks and secure financial resources as the pace of economic recovery has been slow. In addition, the Group's production facilities in Shanghai has also resumed production operation since the second quarter of 2022 from its temporary suspension. Consequently, the sales volume of the Group had significantly increased by approximately 285.6% during the Period. The consolidated revenue for the Group for the Period increased significantly by approximately 325.8% to approximately HK$662.5 million (2022: HK$155.6 million). Despite the improvement in the performance of the corn sweeteners segment with gross profit amounted to HK$20.0 million (2022: HK$11.2 million) during the Period, the unfavourable operating environment of lysine market had negatively impacted the profitability of the Group's upstream and amino acids businesses and the Group's upstream and amino acids segments recorded gross losses of approximately HK$7.9 million and HK$50.3 million (2022: Nil and gross profit of less than HK$0.1 million), respectively. As a result, the Group recorded gross loss of HK$38.2 million (2022: gross profit of HK$11.7 million) for the Period with gross loss margin of 5.8% (2022: gross profit margin: 7.5%).

On the other hand, the Group recognised a one-off gain of approximately HK$588.7 million regarding the derecognition of the assets and liabilities of 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 during the Period. As one of the creditors of Harbin Dacheng applied to 賓縣人民法院 (People's Court of Bin County*) (the "**Court**") to wind up Harbin Dacheng on the basis that Harbin Dacheng was insolvent, and such application had been accepted by the Court, Harbin Dacheng consequently received a notice from the Court regarding the appointment of the joint and several receivers (the "**Receivers**") over certain assets, books and records of Harbin Dacheng in June 2023. Following the appointment of the Receivers, the Company no longer have control of whatsoever nature over the affairs of Harbin Dacheng, all assets and liabilities of Harbin Dacheng were derecognised from the consolidated financial statements of the Company (the "**Derecognition of Harbin Dacheng**"), and therefore leading to the recognition of the one-off gain during the Period. Meanwhile, other expenses of the Group decreased significantly during the Period by approximately HK$151.8 million to approximately HK$142.7 million (2022: HK$294.5 million) as the expenses in relation to the suspension of operation reduced subsequent to the resumption of operation of Changchun Dahe. As a result, the net loss of the Group narrowed to approximately HK$95.1 million (2022: HK$829.2 million), with EBITDA (i.e., earnings before interest, taxation, depreciation and amortization) of approximately HK$395.0 million (2022: LBITDA (i.e., loss before interest, taxation depreciation and amortization): HK$284.0 million) for the Period.

To improve the financial performance of the Group and to rationalise the business strategies and resources allocation of the Group and the GSH Group, the Group and the GSH Group will endeavour to facilitate the completion of the GSH Restructuring. Upon the completion of the GSH Restructuring, the Group will benefit from improved financial position and streamlined management. The Group (excluding the GSH Group) will also be released from the repayment obligations in respect of loans in connection with the GSH Group that were under disputes with banks. Apart from this, the management of the Group will continue its efforts in (1) speeding up the process of resumption of the Relevant Properties so as to settle the outstanding consideration for the purchase of the Repurchased Loans; (2) actively negotiating with Jilin General Office, Jilin SASAC and the Potential Investors to explore various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan of the Entire Transferred Loans; and (3) closely monitoring market changes and streamlining the production processes and identifying opportunities for partial resumption of production operations to improve the Group's financial conditions and operational efficiency.

Upstream products

(Sales amount: HK$90.3 million (2022: Nil))
(Gross loss: HK$7.9 million (2022: Nil))

During the Period, the Group resumed the upstream operation of Changchun Dahe to supply raw material, 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 Period. The Group sold approximately 27,000 MT (2022: Nil) of other corn refined products, amounted to approximately HK$90.3 million (2022: Nil). Due to the poor market sentiment of the corn refinery industries, the other corn refined products recorded gross loss of approximately HK$7.9 million (2022: Nil) for the Period, with gross loss margin of 8.7%.

Amino acids

(Sales amount: HK$378.5 million (2022: HK$0.1 million))
(Gross loss: HK$50.3 million (2022: gross profit: less than HK$0.1 million))

The amino acids segment consists of lysine, protein lysine and threonine products. During the Period, the Group resumed its amino acids operation. As a result, the Group's amino acids segment recorded a revenue of approximately HK$378.5 million (2022: HK$0.1 million) with sales volume of 65,000 MT (2022: 4 MT) for the Period. Due to the poor market sentiment of 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 the initial stage of resumption, the amino acids segment recorded a gross loss of HK$50.3 million (2022: gross profit: less than HK$0.1 million), with a gross loss margin of 13.3% (2022: gross profit margin: 14.4%). The outlook on the amino acids segment is expected to improve gradually in the second half of 2023 with the arrival of peak season of the feed industry. However, the Group will remain cautious and continue to closely monitor the development of the market conditions as well as the pace of economic recovery in China to adjust the pace of the full resumption of its amino acids operation.

Corn sweeteners

(Sales amount: HK$193.7 million (2022: HK$155.0 million))
(Gross profit: HK$20.0 million (2022: HK$11.2 million))

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

The Group's production facilities in Shanghai has resumed operation since the second quarter of 2022 after its temporary suspension. As a result, the revenue of the corn sweeteners segment increased by approximately 25.0% to approximately HK$193.7 million (2022: HK$155.0 million), with sales volume increased by approximately 33.3% to approximately 48,000 MT (2022: 36,000 MT) during the Period. Consequently, the gross profit of the corn sweeteners segment increased by 78.6% to approximately HK$20.0 million (2022: HK$11.2 million). Notwithstanding the increase in international and domestic sugar prices during the Period, the slower-than-expected recovery in China's economy and the over-supply situation of the corn sweeteners sector in China have put pressure on the price of corn sweeteners. The average selling price of corn sweeteners dropped by approximately 7.3% during the Period. However, raw material cost also dropped, at an even faster rate. As a result, the gross profit margin of corn sweeteners segment improved to 10.3% (2022: 7.2%).

Polyol chemicals

(Sales amount: Nil (2022: HK$0.5 million))
(Gross profit: Nil (2022: HK$0.5 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 Period, 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$0.5 million and HK$0.5 million) were recorded during the Period.

Export sales

During the Period, export sales which comprised the sales of amino acids and corn sweeteners accounted for 11.8% (2022: 3.2%) of the Group's total revenue. The export sales of the Group amounted to approximately HK$77.9 million (2022: HK$5.0 million) during the Period, representing an increase of approximately 1,458.0% as compared to the corresponding period last year. Such increase was mainly attributable to the resumption of operation of Changchun Dahe. During the Period, the Group exported 9,700 MT (2022: Nil) of amino acids and 1,800 MT (2022: 1,000 MT) of corn sweeteners. No export sales of polyol chemicals and upstream products were recorded during the Period and the corresponding period last year.

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

Other income and gains

During the Period, other income and gains increased by approximately 7,128.2% to approximately HK$614.4 million (2022: HK$8.5 million). Such improvement was mainly attributable to the recognition of a one-off gain of approximately HK$588.7 million resulting from the Derecognition of Harbin Dacheng.

Selling and distribution costs

During the Period, selling and distribution costs increased by approximately 84.5% to approximately HK$38.0 million (2022: HK$20.6 million), accounting for approximately 5.7% (2022: 13.3%) 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.

Administrative expenses

During the Period, administrative expenses slightly increased by 1.9% to approximately HK$163.9 million (2022: HK$160.9 million). Such increase was a result of the professional expenses incurred in relation to the GSH Restructuring during the Period.

Other expenses

During the Period, other expenses decreased by 51.5% to approximately HK$142.7 million (2022: HK$294.5 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 and the Shanghai production site during the Period.

Finance costs

During the Period, finance costs of the Group remained at a high level at approximately HK$362.2 million (2022: HK$373.4 million), which was mainly attributable to the high gearing ratio during the Period.

Income tax credit

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK$35.5 million (2022: Nil) during the Period. Meanwhile, as all the subsidiaries of the Group recorded tax losses or the estimated assessable profits were wholly absorbed by tax losses brought forward during the Period, no income tax expenses were recorded for the Period (2022: Nil). As a result, the Group recorded tax credit of approximately HK$35.5 million (2022: Nil) during the Period.

Loss shared by non-controlling shareholders

During the Period, GSH recorded a loss of approximately HK$83.9 million (2022: HK$117.5 million), leading to loss shared by non-controlling shareholders of approximately HK$30.2 million (2022: HK$42.3 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 comprises 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 2023 decreased by approximately HK$271.0 million to approximately HK$6,842.6 million (31 December 2022: HK$7,113.6 million) as a result of net addition of certain bank and other borrowings of approximately HK$121.7 million and exchange rate adjustment of approximate HK$392.7 million during the Period. On the other hand, the cash and bank balances and pledged bank deposits as at 30 June 2023 increased by approximately HK$21.9 million to approximately HK$63.8 million (31 December 2022: HK$41.9 million), which were mainly denominated in Renminbi and Euros with a small amount denominated in Hong Kong dollars and US dollars (31 December 2022: mainly denominated in Renminbi and Euros with a small amount denominated in Hong Kong dollars and US dollars). As a result, the net borrowings of the Group decreased to approximately HK$6,778.8 million (31 December 2022: HK$7,071.7 million) as at 30 June 2023.

Structure of interest-bearing bank and other borrowings

As at 30 June 2023, the Group's interest-bearing bank and other borrowings amounted to approximately HK$6,842.6 million (31 December 2022: HK$7,113.6 million), all (31 December 2022: all) of which were denominated in Renminbi. As at 30 June 2023, all (31 December 2022: all) the interest-bearing bank and other borrowings of the Group were wholly repayable within one year or on demand.

As at 30 June 2023, interest-bearing bank and other borrowings amounted to approximately RMB318.6 million (31 December 2022: RMB318.6 million) have been charged at fixed interest rates ranging from 7.0% to 13.6% per annum (31 December 2022: 7.0% 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 ("**HK Bloom**" or the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,279,799,672 new shares (the "**First Subscription Shares**") at the subscription price of HK$0.10 per First Subscription Share (the "**First Subscription**") and an aggregate of 1,228,607,685 new shares (the "**Second Subscription Shares**") at the subscription price of HK$0.1080 per Second Subscription Share (the "**Second Subscription**"), respectively. As a result of the completion of the First Subscription and the Second Subscription, the conversion price of the outstanding Convertible Bonds has been adjusted, in accordance with the terms and conditions of the Convertible Bonds, to HK$0.21 per share upon the completion of the Second Subscription on 29 April 2020 and the maximum number of shares issuable by the Company upon full conversion of the Convertible Bonds is 5,172,759,833 shares (the "**Conversion Price Adjustment**").

On 25 September 2020, the Company and Modern Agricultural entered into a supplemental agreement for the proposed extension of the Maturity Date by 32 months to 15 June 2023 (the "**First Extended Maturity Date**") (the "**First Extension**"). The resolutions to approve the First Extension were passed by way of poll at the extraordinary general meeting of the Company 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 extraordinary general meeting of the Company 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 30 June 2023, the Convertible Bonds were divided into liability component and equity component which amounted to approximately HK$1,090.2 million and HK$972.1 million (31 December 2022: HK$1,037.5 million and HK$972.1 million) respectively and effective imputed interest of approximately HK$53.0 million (2022: HK$47.7 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 decreased to approximately 37 days (31 December 2022: 59 days) as the Group maintained a stringent credit control during the Period.

Trade payables turnover days decreased to approximately 277 days (31 December 2022: 1,283 days) during the Period. Such decrease was mainly attributable to the execution of repayment plans mutually agreed between the Group and its creditors and the Derecognition of Harbin Dacheng during the Period.

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 65 days (31 December 2022: 235 days).

As at 30 June 2023, the current ratio and the quick ratio of the Group were approximately 0.10 (31 December 2022: 0.05) and 0.04 (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 Derecognition of Harbin Dacheng, the net liabilities of the Group decreased to approximately HK$7,487.9 million (31 December 2022: HK$7,787.1 million) as at 30 June 2023. Gearing ratio in terms of debts (i.e., total interest-bearing bank, other borrowings and convertible bonds) to total assets (i.e., sum of current assets and non-current assets) was approximately 141.4% (31 December 2022: 139.3%).

MAJOR INVESTMENTS

The Group has no major investments or capital assets during the Period. As at the date of this report, the Group does not have any future plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as the GSH Disposal and the Dihao Transfer as disclosed in the section headed "Supplementary information in relation to the Period under review" on page 24 of this report, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Period. The GSH Disposal and the Dihao Transfer are still pending completion as at the date of this report.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2023, the Group's interest-bearing bank and other borrowings amounted to HK$4,339,062,000 (31 December 2022: HK$4,642,417,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Group which amounted to HK$1,695,637,000 (31 December 2022: HK$1,480,503,000) and HK$82,058,000 (31 December 2022: HK$124,208,000), respectively, and a receivable from disposal of assets amounted to HK$107,527,000 (31 December 2022: HK$113,636,000).

FOREIGN EXCHANGE EXPOSURE

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, while export sales, which were denominated in US dollars, accounted for approximately 11.8% (2022: 3.2%) 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.

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 of its products through in-house research; internally, the Group will endeavour to materialise the debt restructuring plan and settle the outstanding consideration for the Repurchased Loans with the proceeds from the resumption of the Relevant Properties to improve the financial position of the Group and facilitate the completion of the GSH Restructuring in order to streamline the corporate structure and production processes of the Group.

In the short run, the Group will continue its collaboration with distributors, actively participate in animal feed industry conferences and campaigns to maintain close business relations 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 resume all its production capacity of its lysine production lines in the second half of 2023, subject to the pace of recovery of the PRC economy and the related industries. It is expected that full resumption of the Group's lysine production would generate long term cash inflow to the Group and provide sufficient capital for upgrading its existing production technologies and equipment. On the other hand, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies and determining the best timing to resume the operation of other production facilities.

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 better understand their ever-changing demands and product requirements, dedicate more time and energy in resource conservation and development of green products, and further improve the Group's cost effectiveness and product mix through continuous research and development efforts. The Board will optimise its risk/return decisions with respect to capital expenditure and will take a prudent approach in relation to capacity expansion.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2023, the Group had approximately 3,100 (30 June 2022: 3,600) 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$99.4 million (2022: approximately HK$116.9 million).

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend in respect of the Period (six months ended 30 June 2022: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) of the Directors and chief executives of the Company as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**"), were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest	
Name of Director	**Directly beneficially owned**	**Approximate percentage of the Company's issued share capital (a)**
Wang Guicheng	500,000	0.01

Long positions in ordinary shares of GSH:

	Number of shares held, capacity and nature of interest	
Name of Director	**Directly beneficially owned**	**Approximate percentage of GSH's issued share capital (b)**
Wang Guicheng	300,000	0.02

Remarks:

(a) Calculated on the basis of 8,907,405,717 shares of the Company in issue as at 30 June 2023.

(b) Calculated on the basis of 1,527,586,000 shares of GSH in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or any person in whose shares and debentures any Directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the interests or short positions of the persons (other than the Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	**Capacity/ nature of interest**	Remarks	**Number of ordinary shares held**	**Approximate percentage of the Company's issued share capital** (d)
HK Bloom	Beneficial owner	(a)	2,508,407,357	28.16
Modern Agricultural	Beneficial owner	(b)	8,308,269,029	93.27
Bank of Jilin Co., Ltd	Security interest in shares	(c)	1,749,858,609	19.64

Remarks:

(a) HK Bloom is beneficially owned as to 50.0% and 50.0% by Mr. Li Zhenghao ("**Mr. Li**") and Ms. Sun Zhen ("**Ms. Sun**"), respectively. Under the SFO, each of Mr. Li and Ms. Sun is deemed to be interested in all the shares interested by HK Bloom.

(b) (i) The entire issued capital of Modern Agricultural is held by Modern Agricultural Industry Investment Holdings Limited ("**Modern Agricultural Holdings**") which is in turn wholly-owned by Jilin Province Modern Agricultural Industry Investment Fund (LLP) ("**PRC LLP**"). The sole general partner of PRC LLP is Jilin Province Modern Agricultural Industry Fund Limited ("**GP**"). As at the date of this report, the investment capital of PRC LLP is owned as to 60.0% by Nongtou (Nongtou is controlled by Jilin SASAC), as to 26.7% by 銀華長安資本管理(北京)有限公司 (Yinhua Wealth Capital Management (Beijing) Co., Ltd.*) and as to 13.3% by 長春市新興產業股權投資基金有限公司 (Changchun Emerging Industry Equity Investment Fund Co., Ltd.*). Accordingly, each of Modern Agricultural Holdings, PRC LLP, GP, Nongtou and Jilin SASAC is deemed to be interested in the shares of the Company held by Modern Agricultural in the Company under the SFO.

(ii) Amongst 8,308,269,029 shares of the Company held by Modern Agricultural, 5,172,759,833 shares represented shares which may be issued to it upon full conversion of the Convertible Bonds. As such, as at 30 June 2023, Modern Agricultural was the beneficial owner of 3,135,509,196 shares of the Company, representing approximately 35.2% of the issued share capital of the Company. Upon full conversion of the Convertible Bonds, Modern Agricultural will become the holder of 8,308,269,029 shares of the Company, representing approximately 59.0% of the issued share capital of the Company as enlarged by the allotment and issue of conversion shares under the Convertible Bonds. As approved by the independent Shareholders at the extraordinary general meeting of the Company held on 3 August 2023, Modern Agricultural has obtained a waiver under Note 1 on dispensations from Rule 26 of The Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"), therefore, no offer under Rule 26 of the Takeovers Code would arise upon full conversion of the Convertible Bonds by Modern Agricultural.

(c) Bank of Jilin Co., Ltd. is a person having a security interest in shares of the Company.

(d) Calculated on the basis of 8,907,405,717 shares of the Company in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, no person, other than Directors or chief executives of the Company, whose interests are set out in the section headed "Directors' and chief executives' interests and short positions in shares and underlying shares" above, had interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Disclosure of Additional Information

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 in part 2 of 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 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. Jiang Fangfang and Ms. Xie Liangqiu.

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

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

NOMINATION COMMITTEE

The nomination committee (the "**Nomination Committee**") of the Company comprises an executive Director, Mr. Yang Jian (chairman of the Nomination Committee), and two independent non-executive Directors, namely, Ms. Jiang Fangfang and Mr. Ng Kwok Pong. The duties of the Nomination Committee, among others, determining policy for the nomination of the Directors, including the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship. The Nomination Committee also reviews the structure, size and composition of the Board, evaluates the nomination policy, assesses the independence of the independent non-executive Directors and makes recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships, and reviews the board diversity policy adopted by the Company.

REMUNERATION COMMITTEE

The remuneration committee (the "**Remuneration Committee**") of the Company comprises an executive Director, Mr. Yang Jian and two independent non-executive Directors, namely, Mr. Ng Kwok Pong (chairman of the Remuneration Committee) and Ms. Jiang Fangfang. The duties of the Remuneration Committee are, among others, to make recommendations to the Board, as well as on the Group's policy and structure for the remuneration of the Directors and the senior management. The Remuneration Committee also assesses performance of the Directors and approves the terms of the Directors' service contracts. The Board has adopted remuneration policy of the Directors on the basis of their merit, qualification and competence with reference to the market benchmarks.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee (the "**Corporate Governance Committee**") of the Company comprises an executive Director, Mr. Yang Jian and two independent non-executive Directors, namely, Mr. Ng Kwok Pong (chairman of the Corporate Governance Committee) and Ms. Jiang Fangfang. The duties of the Corporate Governance Committee are, among others, to determine, develop and review the Company's policies and practices on corporate governance and provide supervision over the Board and its committees' compliance with their respective terms of reference and relevant requirements under the CG Code, or other applicable laws, regulations, rules and codes.

EXECUTIVE COMMITTEE

The executive committee (the "**Executive Committee**") of the Company comprises two executive Directors, namely, Mr. Wang Guicheng (chairman of the Executive Committee) and Mr. Yang Jian. The duties of the Executive Committee are, among others, to approve and enter into any agreement or document or transaction on behalf of the Company and to approve, execute and authorise the issue, publication or despatch of all such documents as the Executive Committee may consider necessary or desirable in connection with the normal and ordinary course of business and the day-to-day management and operation of the Company.

The powers and authorities of the Executive Committee shall not be extended to:

(a) approval of final and interim results of the Company;

(b) declaration, recommendation or payment of any dividend or other distributions;

(c) proposal to the Shareholders to put the Company into liquidation;

(d) approval of any discloseable transaction, major transaction, very substantial acquisition or disposal within the meaning of Chapter 14 of the Listing Rules;

(e) approval of any connected transaction within the meaning of Chapter 14A of the Listing Rules;

(f) matters involving a conflict of interest for a substantial Shareholder and/or a Director;

(g) approving any proposed change in the capital structure, including any redemption of the Company's securities listed on the Stock Exchange;

(h) approving any decision to change the general character or nature of the business of the Company;

(i) matters specifically set out in the Listing Rules which require approval at a full Board meeting; and

(j) any regulations or resolutions or restrictions that may be imposed upon the Executive Committee by the Board from time to time.

SUPPLEMENTARY INFORMATION IN RELATION TO THE PERIOD UNDER REVIEW

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.

Disclosure of Additional Information

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 convertible bonds by GSH to the Strategic Investors

Reference is made to the Joint Announcement. On 6 April 2023 (after trading hours), Global Corn Bio-chem Technology Company Limited, a wholly-owned subsidiary of the Company, as vendor, and the Strategic Investors, as purchasers entered into a sale and purchase agreement dated 6 April 2023 for the sale of 717,965,000 shares of GSH (the "**GSH Sale Shares**"), representing approximately 47.0% of the issued share capital of GSH, to the Strategic Investors, i.e. the GSH Disposal, at a total consideration of HK$43,077,900, equivalent to HK$0.06 per GSH Sale Share. Upon the GSH Completion, the Group's interest in GSH will be reduced from approximately 64.04% to 17.04%. Accordingly, the assets, liabilities and financial results of the GSH Group will no longer be consolidated into the consolidated financial statements of the Company. As at the date of this report, the GSH Completion is yet to take place.

As further disclosed in the Joint Announcement, on 6 April 2023 (after trading hours), GSH, as issuer, entered into a conditional subscription agreement (the "**GSH CB Subscription Agreement**") with the Strategic Investors, as subscribers. Pursuant to the GSH CB Subscription Agreement, GSH has conditionally agreed to issue, and the Strategic Investors 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 the 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 there to be 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 Strategic Investors' exercise of the GSH CB Conversion Rights in full (the "**GSH Deemed Disposal**"). As at the date of this report, the completion of the GSH CB Subscription is yet to take place.

Dihao Transfer

Reference is further made to the Joint Announcement. On 6 April 2023 (after trading hours), (i) Global Sweeteners (China) Limited (the "**Dihao Vendor A**") and Global Starch (Changchun) Investments Limited (the "**Dihao Vendor B**"), each a wholly-owned subsidiary of the GSH, as vendors, and Global Bio-chem Technology (HK) Limited (the "**Dihao Purchaser**"), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (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 Global Sorbitol (H.K.) Company Limited (the "**Dihao Vendor C**"), a wholly-owned subsidiary of GSH, as vendors, and the Dihao Purchaser, as purchaser, entered into another sale and purchase agreement (the "**Dihao SPA II**", together with the Dihao SPA I, collectively the "**Dihao SPAs**"), 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.

Upon completion of the Dihao Transfer (the "**Dihao Completion**"), each of Dihao Foodstuff and Dihao Crystal Sugar will cease to be subsidiaries of GSH, and become part of the Group (excluding the GSH Group). As at the date of this report, the Dihao Completion is yet to take place.

Provision of Counter-Guarantee and Indemnity by the Company to the GSH Group

Pursuant to a term 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 Nongan Branch ABC on 20 May 2019 in respect of the debts owed by Dihao Foodstuff to Nongan Branch ABC. For further details of the proposed transactions under the GSH Restructuring, including, among others, (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.

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**"), a 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*) ("**Jinzhou CCB**") for the aggregate principal amount of RMB189.9 million ("**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. As at the date of this report, the outstanding principal amount of the Yuancheng CCB Loans is approximately RMB188.7 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 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 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 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. As at the date of this report, the outstanding principal amounts under GBT Jilin Branch Export-Import Loan and the GBT Syndicated Loan are approximately RMB648.0 million and RMB1.8 billion, 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, Jilin Cinda has entered into transfer agreements with the Export-Import Bank, pursuant to which the Export-Import Bank has transferred to Jilin Cinda all of the rights (including security rights) and benefits of the Export-Import Bank Transferred Loans, which included the GBT Jilin Branch Export-Import Loan and a portion of the GBT Syndicated Loan owed to the Export-Import Bank.

(3) 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 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 (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. As at the date of this report, the outstanding principal amounts under ABC Transferred Loans and the CCB Transferred Loans are approximately RMB1,400.0 million and RMB1,983.5 million, respectively.

(4) 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 錦州銀行股份有限公司鐵北支行 (Tiebei Branch of Bank of Jinzhou Co., Ltd.*) ("**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 report, the outstanding principal amount under the Tiebei BOJ Loans is RMB212.5 million. The default of the repayment of the Tiebei BOJ Loans by the Group may also trigger cross default of other loan agreements entered into by the Group.

IMPORTANT EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

Save for the Second Extension of the Convertible Bonds as disclosed in the paragraph headed "Convertible Bonds" on page 16 to page 17 of this report and the default in repayment of the Tiebei BOJ Loans as disclosed in paragraph (4) under the section headed "Disclosure pursuant to Rules 13.19 and 13.21 of the Listing Rules — Breach of loan agreements" above, there is no other important event after the end of the Period and up to the date of this report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (Unaudited) HK$'000	2022 (Unaudited) HK$'000
REVENUE	4	**662,467**	155,562
Cost of sales		**(700,701)**	(143,843)
Gross (loss) profit		**(38,234)**	11,719
Other income and gains	4	**614,399**	8,521
Selling and distribution costs		**(37,973)**	(20,624)
Administrative expenses		**(163,857)**	(160,945)
Other expenses		**(142,702)**	(294,512)
Finance costs	5	**(362,241)**	(373,400)
LOSS BEFORE TAX	6	**(130,608)**	(829,241)
Income tax credit	7	**35,486**	—
LOSS FOR THE PERIOD		**(95,122)**	(829,241)
OTHER COMPREHENSIVE INCOME			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**402,327**	225,965
Reclassification adjustment in respect of exchange reserve upon derecognition of a subsidiary	16	**(79,632)**	—
		322,695	225,965
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation, net		**95,475**	—
Income tax effect		**(23,869)**	—
		71,606	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**394,301**	225,965
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**299,179**	(603,276)
LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(64,904)**	(786,940)
Non-controlling interests		**(30,218)**	(42,301)
		(95,122)	(829,241)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**307,737**	(567,138)
Non-controlling interests		**(8,558)**	(36,138)
		299,179	(603,276)
LOSS PER SHARE	8		
Basic		**HK(0.7) cents**	HK(8.8) cents
Diluted		**HK(0.7) cents**	HK(8.8) cents

Condensed Consolidated Statement of Financial Position
At 30 June 2023

	Notes	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,375,055**	4,706,470
Right-of-use assets		**421,962**	451,069
Deposits paid for acquisition of property, plant and equipment		**—**	835
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
		4,800,976	5,162,333
CURRENT ASSETS			
Inventories		**248,637**	216,720
Trade receivables	11	**136,258**	59,845
Prepayments, deposits and other receivables	12	**357,216**	367,995
Due from a joint venture		**1,730**	1,055
Pledged bank deposits		**111**	173
Cash and bank balances		**63,679**	41,766
		807,631	687,554
CURRENT LIABILITIES			
Trade payables	13	**928,105**	1,201,524
Other payables and accruals	14	**4,081,083**	4,046,184
Due to an associate		**747**	840
Tax payables		**103,294**	104,553
Interest-bearing bank and other borrowings		**6,842,615**	7,113,550
Lease liabilities		**1,385**	1,902
Convertible bonds		**1,090,175**	1,037,451
		13,047,404	13,506,004
NET CURRENT LIABILITIES		**(12,239,773)**	(12,818,450)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(7,438,797)**	(7,656,117)

Condensed Consolidated Statement of Financial Position
At 30 June 2023

	Notes	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	345
Deferred income		**33,045**	100,806
Deferred tax liabilities		**16,035**	29,788
		49,080	130,939
NET LIABILITIES		**(7,487,877)**	(7,787,056)
CAPITAL AND RESERVES			
Share capital	15	**890,741**	890,741
Reserves		**(8,121,997)**	(8,429,734)
Deficit attributable to owners of the Company		**(7,231,256)**	(7,538,993)
Non-controlling interests		**(256,621)**	(248,063)
TOTAL DEFICIT		**(7,487,877)**	(7,787,056)

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Properties revaluation reserve** *HK$'000*	**Convertible bond reserve** *HK$'000*	**Other reserve** *HK$'000*	**Statutory reserve fund** *HK$'000*	**Exchange reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2023	**890,741**	**2,849,298**	**745,826**	**972,056**	**15,677**	**113,808**	**2,077,505**	**(15,203,904)**	**(7,538,993)**	**(248,063)**	**(7,787,056)**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(64,904)**	**(64,904)**	**(30,218)**	**(95,122)**
Other comprehensive income for the period											
– Gain on properties revaluation, net of deferred tax	**–**	**–**	**63,188**	**–**	**–**	**–**	**–**	**–**	**63,188**	**8,418**	**71,606**
– Exchange realignment	**–**	**–**	**–**	**–**	**–**	**–**	**389,085**	**–**	**389,085**	**13,242**	**402,327**
– Reclassification adjustment in respect of exchange reserve upon derecognition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(79,632)**	**–**	**(79,632)**	**–**	**(79,632)**
Total comprehensive income (loss) for the period	**–**	**–**	**63,188**	**–**	**–**	**–**	**309,453**	**(64,904)**	**307,737**	**(8,558)**	**299,179**
At 30 June 2023 (Unaudited)	**890,741**	**2,849,298**	**809,014**	**972,056**	**15,677**	**113,808**	**2,386,958**	**(15,268,808)**	**(7,231,256)**	**(256,621)**	**(7,487,877)**

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Properties revaluation reserve *HK$'000*	Convertible bond reserve *HK$'000*	Other reserve *HK$'000*	Statutory reserve fund *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2022	890,741	2,849,298	745,826	972,056	15,677	113,808	1,655,726	(13,760,836)	(6,517,704)	(183,121)	(6,700,825)
Loss for the period	–	–	–	–	–	–	–	(786,940)	(786,940)	(42,301)	(829,241)
Other comprehensive income for the period	–	–	–	–	–	–	219,802	–	219,802	6,163	225,965
Total comprehensive income (loss) for the period	–	–	–	–	–	–	219,802	(786,940)	(567,138)	(36,138)	(603,276)
At 30 June 2022 (Unaudited)	890,741	2,849,298	745,826	972,056	15,677	113,808	1,875,528	(14,547,776)	(7,084,842)	(219,259)	(7,304,101)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(130,608)**	(829,241)
Adjustments for:			
Finance costs		**362,241**	373,400
Bank interest income		**(138)**	(11)
Depreciation			
— Property, plant and equipment		**151,493**	160,437
— Right-of-use assets		**11,848**	11,414
Amortisation of deferred income		**(3,419)**	(4,288)
Gain on derecognition of a subsidiary	16	**(588,747)**	—
Impairment of property, plant and equipment		**16,568**	—
Gain on properties revaluation		**(8,309)**	—
Impairment of deposits paid for acquisition of property, plant and equipment		**—**	1,112
Reversal of write-down of inventories, net		**(6,745)**	(6,752)
(Reversal of impairment) Impairment of trade receivables, net		**(949)**	586
(Reversal of impairment) impairment of prepayments, deposits and other receivables, net		**(1,425)**	1,955
Changes in working capital:			
Inventories		**(40,212)**	15,509
Trade receivables		**(83,206)**	50,333
Prepayments, deposits and other receivables		**(23,223)**	17,496
Pledged bank deposits		**47**	100
Trade payables		**(76,571)**	(32,967)
Other payables and accruals		**278,019**	262,898
Due to an associate		**(51)**	(54)
Change of amount due with a joint venture		**(666)**	(720)
Cash (used in) generated from operations		**(144,053)**	21,207
Interest received		**138**	11
Net cash (used in) generated from operating activities		**(143,915)**	21,218

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 (Unaudited) *HK$'000*	Six months ended 30 June 2022 (Unaudited) *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(1,034)**	(452)
Net cash outflow arising on derecognition of a subsidiary	16	**(120)**	—
Net cash used in investing activities		**(1,154)**	(452)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new interest-bearing bank and other borrowings		**184,491**	—
Repayment of interest-bearing bank and other borrowings		**(8,941)**	(24,682)
Repayment of lease liabilities		**(871)**	(871)
Interest paid		**(4,757)**	(4,757)
Net cash generated from (used in) financing activities		**169,922**	(30,310)
Net increase (decrease) in cash and cash equivalents		**24,853**	(9,544)
Cash and cash equivalents at beginning of period		**41,766**	21,810
Effect of foreign exchange rate changes, net		**(2,940)**	2,135
Cash and cash equivalents at end of period, represented by cash and bank balances		**63,679**	14,401

1. CORPORATE INFORMATION

The condensed consolidated financial statements of Global Bio-chem Technology Group Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") for the six months ended 30 June 2023 (the "**Period**") were authorised for issue in accordance with a resolution of the board (the "**Board**") of directors (the "**Directors**") of the Company on 31 August 2023.

The Company was incorporated in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability. The principal activity of the Company is investment holding. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 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 2022.

2.2 Going concern

The Group recorded a loss of approximately HK$95.1 million (six months ended 30 June 2022: approximately HK$829.2 million) for the Period and had net current liabilities of approximately HK$12,239.8 million (31 December 2022: approximately HK$12,818.5 million) and net liabilities of approximately HK$7,487.9 million (31 December 2022: approximately HK$7,787.1 million) as at 30 June 2023. 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 of the Company (the "**Audit Committee**") 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:

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

(a) Implementation of the debt restructuring plan 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**") respectively dated 23 December 2020 and 26 March 2021, and the announcements of the Company respectively 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**").

Further details of the loans and their respective transfer are set out as follows:

(i) 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**") (acting on behalf 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.*)) has entered into a transfer agreement with Jilin Cinda to transfer all rights (including security rights) and benefits of the loans owed by the Group, the GSH Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.*) ("**Dajincang**"), an independent third party to the Group, with an aggregate outstanding principal amount of approximately RMB1,400.0 million (the "**ABC Aggregate Principal**") and aggregate outstanding interest (the "**ABC Transferred Loans**") to Jilin Cinda at a consideration of approximately RMB414.7 million. Among the ABC Aggregate Principal, approximately RMB300.0 million were owed by Dajincang, and the rest of the ABC Aggregate Principal of approximately RMB1,100.0 million were owed by the Group. The Group is not responsible for the financing of the repayment obligations of the debts owed by Dajincang;

(ii) 中國建設銀行股份有限公司吉林省分行 (Jilin Branch of China Construction Bank Corporation*) 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, together with outstanding interest (the "**CCB Transferred Loans**"), to Jilin Cinda at a consideration of approximately RMB583.6 million;

(iii) 中國進出口銀行 (The Export Import Bank of China*) has also 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 RMB1,184.3 million, together with outstanding interest, to Jilin Cinda (the "**Export-Import Bank Transferred Loans**") (the Export-Import Bank Transferred Loans, the ABC Transferred Loans and the CCB Transferred Loans, collectively known as the "**Entire Transferred Loans**"); and

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

(a) ***Implementation of the debt restructuring plan to improve the financial position of the Group*** *(Continued)*

(iv) the repurchased loans (the "**Repurchased Loans**") represent 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**"), a wholly-owned subsidiary of GSH, 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*) and 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*), wholly-owned subsidiaries of the Company, 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 on 31 March 2021, with such consideration for the purchase of the Repurchased Loans remaining outstanding.

As disclosed in the announcement of the Company dated 24 July 2023, the Group has been exploring various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan in relation to the Entire Transferred Loans with the support of 吉林省人民政府辦公廳 (The General Office of the People's Government of Jilin Province*) and 吉林省人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Jilin Province*). Certain potential investors (the "**Potential Investors**") have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB1.5 billion to RMB1.6 billion for the Group to repurchase the Entire Transferred Loans. Negotiations to date are still at the early stage and no written agreement regarding the same has been entered into between the Group and the Potential Investors. The shareholders of the Company (the "**Shareholders**") should note that such investment may or may not proceed.

In relation to the Repurchased Loans, as previously disclosed in the joint announcement of the Company and GSH dated 6 April 2023 (the "**Joint Announcement**"), 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 in 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.

The Directors expect that the overall debt restructuring plan will be completed upon (i) the full repurchase of the Entire Transferred Loans, which is currently expected to be completed by the end of 2023 to the first half of 2024; and (ii) the settlement of the outstanding consideration for the purchase of the Repurchased Loans, which is currently expected to be settled by the end of 2025.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

(a) *Implementation of the debt restructuring plan to improve the financial position of the Group* *(Continued)*

Other than the Entire Transferred Loans and the Repurchased Loans and their respective intended settlement as disclosed above, as at 30 June 2023, the total outstanding principal amount of the loans or borrowings of the Group amounted to approximately RMB1,280.8 million, among which (i) approximately RMB839.6 million is intended to be settled by the renewal of loan facilities for the Group's daily operation and to be later settled via future operating cash flow; (ii) approximately RMB40.0 million is intended to be settled through future operating cash flow of the debtor company, being a subsidiary of the Group, upon its resumption of operation; and (iii) upon the completion (the "**GSH Completion**") of the disposal (the "**GSH Disposal**") of approximately 47.0% of the issued share capital of GSH by the Group to Mr. Kong Zhanpeng and Mr. Wang Tieguang as disclosed in the Joint Announcement, loans in the aggregate amount of approximately RMB401.2 million will no longer be consolidated into the financial statement of the Group (excluding the GSH Group).

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

The Group has taken various measures to minimise operating cash outflow and secure financial resources during market turbulence. During the Period, the Group has suspended the production operation of most of its production facilities and consolidated its resources in segments with higher efficiency. As China lifted most of its pandemic control measures by the end of 2022, the Group took the opportunity to resume its amino acids operation in mid-December 2022. The resumption of the amino acids operation is expected to generate cash inflow to the Group in the long run.

(c) *Financial support from the indirect major Shareholder*

The Group has received an updated written confirmation dated 24 August 2023 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 12 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 30 June 2023 amounted to approximately RMB1,932.6 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

(d) Group restructuring aiming at streamlining operation and improving the financial position of the Group

Reference is made to the Joint Announcement in relation to, among others, the GSH Disposal and the acquisition of 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.*) by the Group from the GSH Group. The proposed transactions aimed at rationalising the operations of the Group and the GSH Group in terms of their respective strategic locations and business segments. Upon the GSH Completion, the GSH Group will cease to be subsidiaries of the Group. Accordingly, the net liabilities of the GSH Group will no longer be consolidated into the consolidated financial statements of the Group and the financial position of the Company will improve significantly.

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 source 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 2023. 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

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 2022, 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 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
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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 2022: four) reportable operating segments during the Period 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.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Segment results

Six months ended 30 June 2023 (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	90,332	378,474	193,661	–	–	662,467
Intersegment	101,556	410,193	–	–	(511,749)	–
Revenue	191,888	788,667	193,661	–	(511,749)	662,467
Segment results	(162,626)	(99,077)	(29,748)	(7,453)		(298,904)
Bank interest income						138
Unallocated income						11,582
Unallocated expenses						(69,930)
Gain on derecognition of a subsidiary						588,747
Finance costs						(362,241)
Loss before tax						(130,608)
Income tax credit						35,486
Loss for the period						(95,122)

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)

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical information

Revenue information based on location of customers

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The PRC	**584,607**	150,587
Asia, the Americas and other regions	**77,860**	4,975
	662,467	155,562

4. REVENUE, OTHER INCOME AND GAINS

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue from contracts with customers within HKFRS 15			
Sale of goods (a)		**662,467**	155,562
Other income and gains			
Amortisation of deferred income		**3,419**	4,288
Bank interest income		**138**	11
Government grants (b)		**34**	88
Reversal of impairment of trade receivable, net		**949**	—
Gain on derecognition of a subsidiary	16	**588,747**	—
Gain on properties revaluation, net		**8,309**	—
Reversal of write-down of inventories, net		**—**	6
Reversal of impairment of prepayments, deposits and other receivables, net		**1,425**	—
Foreign exchange gain, net		**—**	159
Subcontracting income		**1,395**	432
Rental income		**1,036**	—
Sale of scrap materials		**5,623**	—
Others		**3,324**	3,537
		614,399	8,521

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

	Note	Six months ended 30 June 2023 (Unaudited) HK$'000	2022 (Unaudited) HK$'000
Interest on bank and other borrowings		**245,287**	261,624
Interest on financial guarantees given by Nongtou	18(i)	**9,731**	10,346
Interest on payables to suppliers		**54,215**	53,751
Imputed interest on convertible bonds		**53,000**	47,665
Interest on lease liabilities		**8**	14
		362,241	373,400

6. LOSS BEFORE TAX

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

	Note	Six months ended 30 June 2023 (Unaudited) HK$'000	2022 (Unaudited) HK$'000
Employee benefit expense (excluding Directors' remuneration)			
— Wages and salaries		**75,651**	87,626
— Pension scheme contributions (a)		**23,711**	29,266
		99,362	116,892
Cost of inventories sold (b)		**700,701**	143,843
Depreciation			
— Property, plant and equipment		**151,493**	160,437
— Right-of-use assets		**11,848**	11,414
Amortisation of deferred income		**(3,419)**	(4,288)
Foreign exchange gain, net		**—**	(159)
Gain on derecognition of a subsidiary	16	**(588,747)**	—
Impairment of deposit paid for acquisition of property, plant and equipment		**—**	1,112
Impairment of property, plant and equipment		**16,568**	—
Reversal of write-down of inventories, net (c)		**(6,745)**	(6,752)
(Reversal of impairment) Impairment of trade receivables, net		**(949)**	586
(Reversal of impairment) Impairment of prepayments, deposits and other receivables, net		**(1,425)**	1,955

Remarks:

(a) During the six months ended 30 June 2022, the government of the PRC granted reductions or exemptions from pension scheme contributions to certain subsidiaries operating in the PRC due to the coronavirus disease 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 is included in cost of sales of HK$6,745,000 (six months ended 30 June 2022: reversal of write-down of inventories were included in other income and cost of sales of HK$6,000 and HK$6,746,000 respectively).

7. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the Period and the six months ended 30 June 2022.

During the Period and the six months ended 30 June 2022, 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 were wholly absorbed by tax losses brought forward from previous years.

	Six months ended 30 June	
	2023 (Unaudited) *HK$'000*	2022 (Unaudited) *HK$'000*
Deferred tax		
— Origination and reversal of temporary differences, net	**35,486**	—
Income tax credit	**35,486**	—

8. LOSS 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 approximately HK$64,904,000 (six months ended 30 June 2022: approximately HK$786,940,000) and the weighted average number of ordinary shares in issue during the Period of 8,907,405,717 (six months ended 30 June 2022: 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 and the six months ended 30 June 2022.

9. DIVIDEND

The Board does not recommend the payment of any dividend for the Period (six months ended 30 June 2022: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Notes	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
At 1 January		**4,706,470**	5,381,367
Additions		**1,034**	6,176
Derecognition of a subsidiary	16	**(99,430)**	—
Disposals		**—**	(11,667)
Gain on properties revaluation, net		**103,784**	—
Depreciation	6	**(151,493)**	(308,372)
Impairment	6	**(16,568)**	(4,721)
Exchange realignment		**(168,742)**	(356,313)
At 30 June/31 December		**4,375,055**	4,706,470

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold buildings

The leasehold buildings are situated on parcels of land of the Group in the PRC with remaining lease terms ranging from 9 to 50 years.

At 30 June 2023, the Group has not obtained building certificates for certain leasehold buildings with a total carrying amount of HK$1,272,331,000 (31 December 2022: HK$1,198,803,000).

Had the Group's leasehold buildings been carried under the cost model, their carrying amount at 30 June 2023 would have been approximately HK$3,281,960,000 (31 December 2022: HK$3,426,435,000).

The Group's leasehold buildings were revalued by Roma Appraisals Limited, an independent professional qualified valuer, based on their existing use at 31 May 2023. The Directors were of the opinion that there was no material difference between the carrying amount and fair value of the leasehold buildings at 30 June 2023 after considered the depreciation of leasehold buildings in relevant month. Therefore, the Directors adopt the carrying amount of approximately HK$3,767,551,000 as an open market value at 30 June 2023. A gain on properties revaluation of HK$95,475,000 (before income tax effect) was recognised in other comprehensive income and debited to properties revaluation reserve and a gain on properties revaluation of approximately HK$8,309,000 was recognised in profit or loss during the Period.

Fair value hierarchy

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

	Fair value measurement at 30 June 2023 using			
	Quoted prices in active market (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Recurring fair value measurement for:				
Industrial properties	–	–	3,747,271	3,747,271
Residential properties	–	1,140	19,140	20,280
	–	1,140	3,766,411	3,767,551

During the Period and year ended 31 December 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

Certain residential properties in the PRC were valued using the direct comparison approach at 30 June 2023 and were categorised as Level 2 fair value measurements. The other properties in the PRC were valued using the depreciated replacement cost (the "**DRC**") approach and were categorised as Level 3 fair value measurements. The movements in Level 3 fair value measurements are as follows:

	30 June 2023 (Unaudited) ***HK$'000***	31 December 2022 (Audited) *HK$'000*
At 1 January	**3,925,494**	4,425,515
Gain on properties revaluation, net	**103,784**	—
Depreciation	**(104,958)**	(203,497)
Disposals	**(33,990)**	—
Exchange realignment	**(123,919)**	(296,524)
At 30 June/31 December	**3,766,411**	3,925,494

Below is a summary of the valuation technique and the key inputs used in the valuation of the leasehold buildings at 31 May 2023 that were categorised as level 3 fair value measurements:

Valuation technique	**Significant unobservable inputs**	**Industrial properties**	**Residential properties**
DRC approach	Construction cost (Renminbi/square meter)	RMB540-RMB4,300	RMB620-RMB2,000

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

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

11. TRADE RECEIVABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Trade receivables	**533,616**	477,422
Loss allowance	**(397,358)**	(417,577)
	136,258	59,845

The Group normally allows credit terms of 30 to 90 days (31 December 2022: 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 12.5% (31 December 2022: 23.3%) and 32.1% (31 December 2022: 61.3%) 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 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Within 1 month	**120,174**	38,455
1 to 2 months	**10,598**	11,647
2 to 3 months	**1,746**	3,585
3 to 6 months	**262**	2,703
Over 6 months	**3,478**	3,455
	136,258	59,845

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Prepayments	**102,588**	95,707
Deposits and other debtors	**44,644**	53,885
The PRC value-added tax ("**VAT**") and other tax receivables	**82,975**	84,177
Receivables from disposal of assets (a)	**127,009**	134,226
	357,216	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 approximately HK$107,527,000 (31 December 2022: HK$113,636,000) at 30 June 2023.

13. TRADE PAYABLES

	Note	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
Trade payables			
— To third parties		**669,134**	925,167
— To the Nongtou Group (a)	18(ii)	**258,971**	276,357
		928,105	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 (31 December 2022: 6.5% to 8.5% per annum) after the lapse of the credit periods.

13. TRADE PAYABLES *(Continued)*

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2022: 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 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Within 1 month	**47,894**	166,091
1 to 2 months	**5,192**	2,761
2 to 3 months	**588**	106
Over 3 months	**874,431**	1,032,566
	928,105	1,201,524

14. OTHER PAYABLES AND ACCRUALS

	Note	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
Accruals for employee benefits		**676,978**	717,310
Payables for purchases of machinery		**102,357**	114,791
Receipts in advance		**155,166**	119,132
Payables to the Nongtou Group	18(ii)	**987,945**	757,032
VAT and other duties payables		**205,370**	226,862
Accruals and other creditors		**373,048**	735,314
Interest payables		**1,580,219**	1,375,743
		4,081,083	4,046,184

15. SHARE CAPITAL

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Authorised:		
20,000,000,000 (31 December 2022: 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 2022: 8,907,405,717) ordinary shares of HK$0.10 each	**890,741**	890,741

16. DERECOGNITION OF A SUBSIDIARY

During the Period, 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, 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 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.

The Group derecongised the assets and liabilities of Harbin Dacheng since the Receivership Date as below:

	HK$'000
Property, plant and equipment	99,430
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	(379,216)
Interest-bearing bank and other borrowings	(53,763)
Amounts due to fellow subsidiaries	(63,345)
Total identifiable net liabilities	(509,115)
Reclassification adjustment in respect of exchange reserve upon derecognition of a subsidiary	(79,632)
Gain on derecognition of a subsidiary	588,747
	–

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	(120)

17. CAPITAL COMMITMENTS

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Contracted, but not provided for:		
Purchase/Construction of property, plant and equipment	**519,250**	548,753

18. RELATED PARTY TRANSACTIONS

In addition to the transactions or balances as detailed elsewhere in the condensed consolidated financial statements, the Group had the following major transactions/balances with related parties during the Period and at the end of the reporting period:

(i) Transactions with related parties

		Six months ended 30 June	
Related parties	**Nature of transactions**	**2023 (Unaudited) HK$'000**	2022 (Unaudited) HK$'000
The Nongtou Group	Interest on payables	**32,473**	40,086
The Nongtou Group	Interest on other borrowings	**5,572**	4,203
Nongtou	Guarantee charge	**9,731**	10,346

(ii) Balances with related parties

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Due from a joint venture (a)	**1,730**	1,055
Due to an associate (a)	**747**	840
Trade payables to the Nongtou Group (b)	**258,971**	276,357
Other payables to the Nongtou Group (c)	**987,945**	757,032
Other borrowings from the Nongtou Group (d)	**98,011**	103,580

Remarks:

(a) The balances are unsecured, non-interest bearing and have no fixed repayment terms.

(b) The trade payables to the Nongtou Group are unsecured and interest-bearing at 6.5% to 7.8% per annum (31 December 2022: 6.5% to 8.5% per annum) after the lapse of credit periods.

(c) The payables represent advances from the subsidiaries of Nongtou which are unsecured, interest-bearing at 6.5% to 12.0% per annum (31 December 2022: 6.5% to 12.0% per annum) and repayable on demand and guarantee charge payables to Nongtou which bear interest at 3.5% per annum (31 December 2022: 3.5% per annum).

(d) The other borrowings from the Nongtou Group are unsecured, interest-bearing at 6.0%-13.6% (31 December 2022: 8.0%-13.6%) per annum and repayable on demand.

18. RELATED PARTY TRANSACTIONS *(Continued)*

(iii) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**1,555**	2,148
Post-employment benefits	**108**	248
	1,663	2,396

19. LITIGATIONS

Delayed payments to suppliers

In previous years, the Group delayed settlement of payables to suppliers due to shortage of working capital. As a result, several subsidiaries in the PRC have been involved in litigations initiated by various suppliers related to overdue payables. Up to the date of this report, a majority of the litigations have been concluded by the court and/or settled, while some of the litigations are still pending judgment. Since the Group has already recorded these payables in the condensed consolidated financial statements, the Directors are of the view that the litigations will not have any significant financial impact to the Group.

20. EVENTS AFTER THE REPORTING PERIOD

Second extension of convertible bonds

On 2 June 2023, the Company and Modern Agricultural Industry Investment Limited entered into a second supplemental agreement for the proposed further extension of the maturity date of the convertible bonds from 15 June 2023 to 30 September 2025 (the "**Second Extension**"). The resolutions to approve the Second Extension were passed by way of poll at the extraordinary general meeting of the Company held on 3 August 2023 and the Second Extension took effect from that date. Save for the Second Extension, all other terms and conditions of the convertible bonds remain unchanged.