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GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

- (1) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ISSUE OF CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE;**
- (2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION; AND**
- (3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Financial adviser to the Company



**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



THE SUBSCRIPTION AGREEMENT

On 30 November 2023 (after trading hours), Jilin Yuanheng and Jilin Liheng, as Subscribers, and the Company, as issuer, entered into the Subscription Agreement pursuant to which (i) Jilin Yuanheng conditionally agreed to subscribe for such number of Yuanheng CPS that could be issued to Jilin Yuanheng by fully utilising the Jilin Yuanheng Subscription Monies (i.e. RMB250,000,000 (equivalent to approximately HK\$277,777,777.78)); and (ii) Jilin Liheng conditionally agreed to subscribe for such number of Liheng CPS that could be issued to Jilin Liheng by fully utilising the Jilin Liheng Subscription Monies (i.e. RMB1,330,000,000 (equivalent to approximately HK\$1,477,777,777.78)), at a Subscription Price of HK\$0.10 per Subscription

CPS. The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM to cater for the allotment and issue of the Conversion Shares upon exercise of the conversion rights of the Subscription CPS.

LISTING RULES IMPLICATIONS

As set out in the paragraph headed “Information on the Subscribers – Jilin Liheng” in this announcement, Modern Agricultural Fund, one of the general partners of Jilin Liheng, is at the same time the general partner of Modern Agricultural PRC LLP, which in turn wholly owns Modern Agricultural Investment, the controlling Shareholder. Jilin Liheng is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription by Jilin Liheng constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. To the best knowledge and belief of the Directors, the ultimate beneficial owners of the partners of Jilin Yuanheng are all PRC Governmental Bodies, and therefore Jilin Yuanheng is an Independent Third Party according to Rule 14A.10 of the Listing Rules. The Subscription by Jilin Yuanheng is therefore not a connected transaction of the Company under the Listing Rules.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes that the CPS be created and that the memorandum and articles of association of the Company be amended to, among others, (i) incorporate the relevant terms of the CPS; and (ii) reflect the Increase in Authorised Share Capital. The amendments to the memorandum and articles of association of the Company are subject to the approval of the Shareholders by way of a special resolution at the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$6,000,000,000 divided into 30,000,000,000 Shares and 30,000,000,000 CPS. Subject to the passing of an ordinary resolution by the Shareholders at the EGM, the Increase in Authorised Share Capital will become effective on the date of the EGM.

BOARD APPROVAL

Mr. Yang Jian, an executive Director, who is also a director and the general manager of Nongtou, a controlling Shareholder, and Mr. Li Yuewen, a non-executive Director, who is the deputy general manager of Changchun Investment Fund, have abstained from voting in respect of the relevant Board resolutions approving, among others, the Transactions. Save as disclosed, none of the Directors has a material interest in the Transactions and therefore had to abstain from voting

on the relevant Board resolutions. No Director had a material interest in the Increase in Authorised Share Capital, amendment of the memorandum and articles of association of the Company and therefore had to abstain from voting on the relevant Board resolutions.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders (i) as to whether the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) as to voting, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders. The Independent Board Committee will formally provide its views in the circular to be sent to the Independent Shareholders after considering the advice of the Independent Financial Adviser.

A circular containing, among other matters, further information on (i) the Transactions; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM will be despatched to the Shareholders in accordance with the Listing Rules, and is expected to be despatched on or before 15 December 2023.

Completion of the Subscription is conditional upon, among other matters, the Subscription Agreement becoming unconditional in all respects and having been completed in accordance with its terms, and may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

BACKGROUND

The Board is pleased to announce that the Company and the Subscribers entered into the Subscription Agreement on 30 November 2023 (after trading hours).

(1) SUBSCRIPTION AGREEMENT

Date

30 November 2023

Issuer

The Company

Subscribers

- (1) Jilin Yuanheng
- (2) Jilin Liheng

Number of Subscription CPS

Pursuant to the Subscription Agreement, the Subscribers have conditionally agreed to subscribe for the Subscription CPS, which shall consist of:

- (a) such number of Yuanheng CPS that could be issued to Jilin Yuanheng by fully utilising the Jilin Yuanheng Subscription Monies; and
- (b) such number of Liheng CPS that could be issued to Jilin Liheng by fully utilising the Jilin Liheng Subscription Monies.

Assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription CPS, adopting an exchange rate of HK\$: RMB = 1: 0.9 for illustration purpose only:

- (a) 2,777,777,777 Yuanheng CPS will be issued to Jilin Yuanheng representing approximately 10.50% of the issued share capital of the Company as enlarged only by the allotment and issue of Conversion Shares immediately after the full conversion of the Subscription CPS; and
- (b) 14,777,777,777 Liheng CPS will be issued to Jilin Liheng representing approximately 55.84% of the issued share capital of the Company as enlarged only by the allotment and issue of Conversion Shares immediately after the full conversion of the Subscription CPS.

The aggregate nominal value of the Subscription CPS is HK\$1,755,555,555.4, based on the nominal value of HK\$0.10 per Share.

Subscription Price

The Subscription Price is HK\$0.10 per Subscription CPS, which represents:

- (i) a premium of approximately 78.6% over the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 78.6% over the average closing price of approximately HK\$0.056 per Share for the last five trading days up to and immediately before the Last Trading Day;
- (iii) a discount of approximately 6.5% to the average closing price of approximately HK\$0.107 per Share for the past twelve months up to and immediately before the Last Trading Day;
- (iv) a premium of approximately HK\$0.912 over the unaudited consolidated net liabilities attributable to Shareholders of approximately HK\$0.812 per Share as at 30 June 2023 (based on unaudited deficit attributable to owners of the Company of approximately HK\$7,231.3 million as at 30 June 2023 and 8,907,405,717 Shares in issue as at the date of this announcement); and
- (v) a premium of approximately HK\$0.946 over the audited consolidated net liabilities attributable to Shareholders of approximately HK\$0.846 per Share as at 31 December 2022 (based on audited deficit attributable to owners of the Company of approximately HK\$7,539.0 million as at 31 December 2022 and 8,907,405,717 Shares in issue as at the date of this announcement).

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers with reference to factors including (i) the average closing price of the Shares for the twelve months immediately before the Last Trading Day which was approximately HK\$0.107, (ii) the recent trading volume of the Shares, and (iii) the publicly available financial information of the Company, including (a) the deficit attributable to owners of the Company as at 30 June 2023 of approximately HK\$7,231.3 million; and (b) the prolonged loss-making position of the Group. The Directors (other than the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable.

By adopting an exchange rate of HK\$: RMB = 1: 0.9 for illustration purpose only, the aggregate Subscription Monies for the Subscription CPS is RMB1,580,000,000 (equivalent to approximately HK\$1,755,555,555.56) in cash, comprising the Jilin Yuanheng Subscription Monies of RMB250,000,000 (equivalent to approximately HK\$277,777,777.78) and the Jilin Liheng Subscription Monies of RMB1,330,000,000 (equivalent to approximately HK\$1,477,777,777.78).

Disposal and lock-up restriction

Each of the Subscribers has undertaken and agreed that, subject to and conditional upon the Subscription Completion, it shall not, without the prior written consent of the Company and whether directly or indirectly, at any time during the period of twelve (12) months immediately following the Subscription Completion Date:

- (a) offer, pledge, charge, sell, mortgage, lend, create, transfer or otherwise dispose of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in the Subscription CPS or any securities convertible into or exercisable or exchangeable for such Subscription CPS, or contract to do so, whether directly or indirectly; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership of such Subscription CPS or securities,

in each case, whether any of the foregoing transactions of the kind described in (a) or (b) is to be settled by delivery of Shares or such other securities convertible into Shares, or in cash or otherwise, dispose of any of the Subscription CPS or any interest in any company or entity holding (directly or indirectly) any of the Subscription CPS, and provided that the restrictions set out above shall not prohibit or restrict any sale, transfer or disposal of the Subscription CPS (or transaction, agreement or contract referred to above) among the Subscribers and their wholly-owned subsidiaries and such transferee(s) agrees to receive and hold the Subscription CPS subject to the above provisions.

Conditions Precedent

Subscription Completion is conditional on, among others, the following Subscription Conditions being fulfilled or, if applicable, waived by the Long Stop Date:

- (a) the Independent Shareholders having approved the Transactions at the EGM;
- (b) the Shareholders having at the EGM approved the Increase in Authorised Share Capital, amendment of the memorandum and articles of association of the Company and the transactions contemplated thereunder;
- (c) the Company having obtained the approval from the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be issued upon the full conversion of the Yuanheng CPS and the Liheng CPS on the Main Board of the Stock Exchange;
- (d) all other regulatory consents and authorisations of any governmental or regulatory body which are necessary and required for the purpose of implementing and completing the Transactions having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in any relevant jurisdiction, namely (i) the approval or filing required by the competent authority of the State-owned Assets Supervision and Administration Commission in respect of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the approval or filing required by (a) the Jilin Province Development and Reform Commission, (b) the Department of Commerce of Jilin

Province, China and (c) the State Administration of Foreign Exchange, Jilin Branch in respect of overseas investment of domestic enterprises, and all such acknowledgements, approvals and consents remaining in full force and unrevoked;

- (e) (where applicable or necessary) the Company having obtained any necessary and required consents and given any necessary and required notifications (or having caused all relevant members of the Group to obtain such consents or give such notifications) for the Transactions under any loan agreements or security documents to which any relevant member of the Group is a borrower or an obligor; and
- (f) the Company having complied with all of its undertakings under the Subscription Agreement in all material respects.

Save for the conditions set out in paragraphs (e) and (f) above which may be waived only by the Subscribers, none of the other Subscription Conditions may be waived by any party to the Subscription Agreement.

If any of the Subscription Conditions has not been satisfied or waived (as the case may be) on or before the Long Stop Date, then the Subscription Agreement shall automatically terminate (other than in respect of certain surviving provisions including confidentiality, costs, waivers, rights and remedies). In such event, none of the parties (nor any of their respective affiliates) shall have any claim under the Subscription Agreement of any nature whatsoever against any other parties (or any of their respective affiliates) except in respect of any rights and liabilities which have accrued before termination or under any of the surviving provisions.

As at the date of this announcement, none of the Subscription Conditions have been fulfilled.

Subscription Completion

Subscription Completion shall take place on the Subscription Completion Date.

Ranking of the Subscription CPS

The Subscription CPS shall rank, upon issue, *pari passu* in all respect among themselves and with the CPS in issue as at the date of allotment and issue of the Subscription CPS.

Application for listing of the Conversion Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares to be issued upon full conversion of the Subscription CPS on the Stock Exchange.

The Company will not apply to the Listing Committee for the listing of, and permission to deal in, the Subscription CPS on the Stock Exchange.

PRINCIPAL TERMS OF THE SUBSCRIPTION CPS

The principal terms of the Subscription CPS are as follows:

Issuer:	The Company
Par value:	HK\$0.10 each
Subscription amount:	100% of the aggregate nominal amount of the Subscription CPS
Preferred distribution:	Subject to compliance with all applicable laws and the Articles, each Subscription CPS shall confer on its holder the right to receive a preferred distribution from the date of the issue of the Subscription CPS at a rate of not exceeding 5% per annum on the aggregate issue price of the Subscription CPS, payable annually in arrears. Each preferred distribution is non-cumulative. The Board may, in its sole discretion, elect to defer or not to pay a preferred distribution. No interest accrues on any unpaid preferred distribution. If the Board elects to defer or not to pay a preferred distribution, the Company shall not pay any dividends, distributions or make any other payment on any Shares, unless at the same time it pays to the holders of Subscription CPS any deferred or unpaid preferred distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments is made.

Conversion rights:

The Subscription CPS shall be convertible at the option of the holder thereof at any time after twelve (12) months from the date of issue of the Subscription CPS and without the payment of any additional consideration therefor, into such number of fully-paid Shares as determined in accordance with the Conversion Ratio provided that if the issue of Shares following the exercise by a holder of the Subscription CPS of the conversion rights relating to any of the Subscription CPS held by such holder would result in the Company not meeting the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules (the “**Public Float Requirement**”) immediately after the conversion, then the number of Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.

Conversion Ratio:

The rate for conversion of the Subscription CPS into Shares on a one for one basis.

Protection of Conversion Ratio:

If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or sub-division shall be effected on the Subscription CPS, in which case the Conversion Ratio shall remain as one Subscription CPS for one Share (as consolidated or sub-divided, as the case may be).

Transferability:

The Subscription CPS (and each of them) may be transferred by the holder thereof after twelve (12) month from the date of issue of the Subscription CPS without restriction, provided that the holder thereof shall give prior written notice to the Company and (if applicable) the Stock Exchange where the transferee is a connected person of the Company (as defined in the Listing Rules), the Company shall facilitate any such assignment or transfer of the Subscription CPS, including making any necessary applications to the Stock Exchange or any other regulatory authority for the said approval (if so required) at the cost of such holder.

Redemption: Subject to the consent of the relevant holder(s) of the Subscription CPS, the Company may redeem part or all of the Subscription CPS at a price equal to the Subscription Price per each Subscription CPS by giving not less than 30 days' written notice to the holders of the Subscription CPS.

Ranking: Subject to the paragraph below, the Subscription CPS shall rank in priority to the Shares and any other shares of the Company on a distribution of assets on liquidation, winding-up or dissolution of the Company.

Return of capital: On a distribution of assets on liquidation, winding-up or dissolution of the Company, the Subscription CPS shall confer on their holders the right to be paid, in priority to any other class of shares of the Company, an amount equal to the aggregate of the nominal amount paid up or credited as paid up on all the outstanding Subscription CPS (pro rata to the aggregate of the nominal amounts of the Subscription CPS held by each such holder).

Voting right: Subject to the paragraph below, the Subscription CPS shall not confer on the holders thereof any right to vote at a general meeting of holders of Shares of the Company in any circumstances, including without limitation the general meeting of holders of Shares or meeting of any other class of shares of the Company.

Under the Articles, any variation or abrogation of all or any of the special rights attaching to the CPS shall be subject to the consent in writing of the then holders of the CPS or the sanction of a special resolution passed at a class meeting of the then holders of the CPS, and the CPS entitles its holders to vote at that class meeting only (but not the general meeting of holders of Shares or other class of shares of the Company).

Listing: The Subscription CPS will not be listed on any stock exchange.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION ON THE SUBSCRIBERS

Jilin Yuanheng

Jilin Yuanheng is a limited liability partnership established in the PRC and is principally engaged in the business of equity investment.

The general partner is Changbaishan (as defined below) holding approximately 2.1875% of the investment capital of Jilin Yuanheng (the “**Jilin Yuanheng Investment Capital**”).

The limited partners are:

- (1) 吉林省致晟投資管理有限公司 (Jilin Zhisheng Investment Management Co., Ltd.*) (which is owned as to approximately 90.2828% by Jilin SASAC and approximately 9.7172% by Jilin Province Department of Finance (“**Jilin DOF**”)) holding approximately 62.5000% of the Jilin Yuanheng Investment Capital;
- (2) 吉林省股權基金投資有限公司 (Jilin Provincial Equity Fund Investment Co., Ltd.*) (which is wholly-owned by Jilin DOF) holding approximately 15.6250% of the Jilin Yuanheng Investment Capital;
- (3) 長春市股權投資基金管理有限公司 (Changchun Equity Investment Fund Management Co., Ltd.*) (which is ultimately wholly-owned by 長春市財政局(Changchun Municipal Finance Bureau*) (“**Changchun MFB**”)) holding approximately 12.5000% of the Jilin Yuanheng Investment Capital; and
- (4) 長春淨月產業基金投資有限公司 (Changchun Jingyue Industrial Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by 長春淨月高新技術產業開發區財政局 (Finance Bureau of Changchun Jingyue High-tech Industrial Development Zone*)) holding approximately 7.1875% of the Jilin Yuanheng Investment Capital.

The ultimate beneficial owners of the partners of Jilin Yuanheng are all PRC Governmental Bodies, and therefore the partners and their ultimate beneficial owners are Independent Third Parties according to Rule 14A.10 of the Listing Rules, and all partners of Jilin Yuanheng are principally engaged in the business of equity investment.

Jilin Liheng

Jilin Liheng is a limited liability partnership established in the PRC and is principally engaged in the business of equity investment.

The general partners are:

- (1) 吉林長白山股權投資管理有限公司 (Jilin Changbaishan Equity Investment Management Co., Ltd.*) (“**Changbaishan**”) (which is ultimately owned as to approximately 90.2828% by Jilin SASAC and approximately 9.7172% by Jilin DOF) holding approximately 1.1111% of the investment capital of Jilin Liheng (the “**Jilin Liheng Investment Capital**”); and
- (2) 吉林省現代農業產業基金有限公司 (Jilin Province Modern Agricultural Industry Fund Co., Ltd.*) (“**Modern Agricultural Fund**”) (*Note 1*) holding approximately 1.1111% of the Jilin Liheng Investment Capital.

The limited partners are:

- (1) 長春潤城投資有限公司 (Changchun Runcheng Investment Co., Ltd.*) (which is owned as to approximately 51.8559% by 長春市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 Changchun City*) (“**Changchun SASAC**”) and approximately 48.1441% by Changchun MFB) holding approximately 67.7778% of the Jilin Liheng Investment Capital;
- (2) 吉林省股權基金投資有限公司 (Jilin Province Equity Fund Investment Co., Ltd.*) (which is wholly-owned by Jilin DOF) holding approximately 18.5185% of the Jilin Liheng Investment Capital; and
- (3) Nongtou (*Note 2*) holding approximately 11.4815% of the Jilin Liheng Investment Capital.

Notes:

1. Modern Agricultural Fund is wholly-owned by Nongtou and at the same time, is the general partner of 吉林省現代農業產業投資基金(有限合夥)(Jilin Province Modern Agricultural Industry Investment Fund (LLP)*) (“**Modern Agricultural PRC LLP**”), a limited liability partnership established in the PRC, which wholly owns Modern Agricultural Investment. As at the date of this announcement, the investment capital of Modern Agricultural PRC LLP is owned as to approximately 60.0% by Nongtou (see note 2 below), as to approximately 26.7% by 銀華長安資本管理(北京)有限公司 (Yinhua Wealth Capital Management (Beijing) Co., Ltd.*) (“**Yinhua Capital**”) and as to approximately 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.*) (“**Changchun Investment Fund**”). Based on publicly available information, (i) the owners of Nongtou, namely Jilin SASAC and Jilin DOF, are PRC Governmental Bodies, (ii) Yinhua Capital is an asset management company directly wholly-owned by 銀華基金管理股份有限公司 (Yinhua Fund Management Co., Ltd.*) (“**Yinhua Fund**”), which is in turn owned as to 49.00% by 西南證券股份有限公司 (Southwest Securities Co., Ltd.) (Stock Code: 600369), which being a company listed on the Shanghai Stock Exchange; 29.00% by 第一創業證券股份有限公司 (First Capital Securities Co., Ltd.) (Stock Code: 002797); and 21.00% by 東北證券股份有限公司 (Northeast Securities Co., Ltd.) (Stock Code: 000686), both of which being companies listed on the Shenzhen Stock

Exchange. The remaining 1.0% interest in Yinhua Fund is ultimately controlled by Mr. Zhang Zhixiang, Mr. Zhang Weixiang, Mr. Tao Zhonghai, Mr. Li Mingdong, Mr. Yuan Zhanyong, and 復星國際有限公司 (Fosun International Limited), a company listed on the Stock Exchange (Stock Code: 00656). Changchun Investment Fund is a Changchun municipal government owned investment company ultimately owned as to approximately 84.12% by Changchun SASAC, 8.56% by Jilin DOF and 7.32% by Changchun MFB.

2. Nongtou is owned as to 90.0% by Jilin SASAC and as to 10.0% by Jilin DOF. Both Jilin SASAC and Jilin DOF are PRC Governmental Bodies.

Modern Agricultural Fund is at the same time the general partner of Modern Agricultural PRC LLP, which in turn wholly owns Modern Agricultural Investment. Modern Agricultural Investment and Nongtou are controlling Shareholders. The ultimate beneficial owners of the partners of Jilin Liheng (except Modern Agricultural Fund and Nongtou) are all PRC Governmental Bodies, and therefore the partners (except Modern Agricultural Fund and Nongtou) and their ultimate beneficial owners are Independent Third Parties according to Rule 14A.10 of the Listing Rules, and all partners of Jilin Liheng are principally engaged in the business of equity investment.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products in the PRC.

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2021 and 2022 and unaudited consolidated financial results of the Group for the six months ended 30 June 2023 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended		For the
	31 December		six months
	2021	2022	ended
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	30 June
	<i>(audited)</i>	<i>(audited)</i>	2023
			<i>(HK\$'000)</i>
			<i>(unaudited)</i>
Revenue	746,551	372,278	622,467
Loss after tax for the year/period	435,389	1,519,565	95,122

The audited net liabilities of the Group as at 31 December 2021 and 31 December 2022 were approximately HK\$6,700,825,000 and HK\$7,787,056,000, respectively. The unaudited net liabilities of the Group as at 30 June 2023 was approximately HK\$7,487,877,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company and Directors have considered the feasibility of debt financing. However, given that the Group recorded finance costs of approximately HK\$362.2 million for the six months ended 30 June 2023, representing approximately 54.7% of the revenue of the Group for the corresponding period, the Directors considered that debt financing will incur further interest expenses and leverage for the Group. Due to the increasing market rate of interest in the debt financing market and the high leverage status of the Group, the Directors are of the view that the Group may not be able to obtain new banking facilities on terms that are favourable or cost-effective and would place additional financial burden on the Group in view of its net liabilities position of approximately HK\$7,487.9 million as at 30 June 2023. As such, equity financing by way of the Subscription is the most appropriate mean of raising additional capital as (i) it is more practicable and direct under volatile and uncertain global market conditions prevailing; and (ii) it is less costly and minimal financial burden is imposed given that the Company is only required to pay preferred distribution to the Subscribers for the Subscription CPS at a rate of not exceeding 5% per annum on the aggregate issue price of Subscription CPS.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) is of the views that it is in the interest of the Group and the Shareholders as a whole to raise funds by the Subscription, which allows the Group to (i) improve its liquidity and strengthen its capital position; (ii) reduce the Group's gearing ratio so as to enhance the Group's debt financing capacities; and (iii) bring in new shareholders which has a state-owned background and could provide financial and business support to the Group through its extensive business and governmental network in the PRC.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider the terms of the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds of the Subscription will amount to approximately HK\$1,755,555,555.56 (equivalent to RMB1,580,000,000.00). The net proceeds from the Subscription, after the deduction of the professional and other related expenses, are estimated to be approximately HK\$1,745,000,000.00, representing a net issue price of approximately HK\$0.099 per Subscription CPS.

The whole amount of the estimated net proceeds from the Subscription will be used for the settlement of the Debt Restructuring Arrangement.

FUND RAISING ACTIVITY OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Save for the proposed subscription of Shares as announced by the Company on 24 July 2022 which had been terminated on 28 February 2023, the Company had not undertaken any fund raising exercise in the 12 months immediately prior to the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming that there is no other change in the issued share capital of the Company and adopting an exchange rate of HK\$: RMB = 1: 0.9 for illustration purpose only, the effect of the Subscription on the shareholding structure of the Company immediately upon completion of the Subscription in the case of (i) no conversion of the Subscription CPS and the Convertible Bonds; (ii) full conversion of the Subscription CPS (but no conversion of the Convertible Bonds); (iii) full conversion of the Convertible Bonds (but no conversion of the Subscription CPS); and (iv) full conversion of the Subscription CPS and the Convertible Bonds) is as follows:

	As at the date of this announcement		Immediately following the completion of the Subscription, assuming								
			(i) no conversion of the Subscription CPS; and (ii) no conversion of the Convertible Bonds		(i) full conversion of the Subscription CPS; and (ii) no conversion of the Convertible Bonds		(i) no conversion of the Subscription CPS; and (ii) full conversion of the Convertible Bonds		(i) full conversion of the Subscription CPS; and (ii) full conversion of the Convertible Bonds		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Subscribers											
Jilin Yuanheng	-	-	-	-	2,777,777,777	10.50	-	-	2,777,777,777	8.78	
Jilin Liheng	-	-	-	-	14,777,777,777	55.84	-	-	14,777,777,777	46.72	
Subtotal	-	-	-	-	17,555,555,554	66.34	-	-	17,555,555,554	55.50	
Other substantial Shareholder											
Modern Agricultural Investment	3,135,509,196	35.20	3,135,509,196	35.20	3,135,509,196	11.85	8,308,269,029	59.01	8,308,269,029	26.26	
HK Bloom Investment Limited (Note 1)	2,508,407,357	28.16	2,508,407,357	28.16	2,508,407,357	9.48	2,508,407,357	17.82	2,508,407,357	7.93	
Director											
Mr. Wang Guicheng	500,000	0.01	500,000	0.01	500,000	0.00	500,000	0.00	500,000	0.00	
Public Shareholders	3,262,989,164	36.63	3,262,989,164	36.63	3,262,989,164	12.33	3,262,989,164	23.17	3,262,989,164	10.31	
Total	8,907,405,717	100.00	8,907,405,717	100.00	26,462,961,271	100.00	14,080,165,550	100.00	31,635,721,104	100.00	

Notes:

- HK Bloom Investment Limited is beneficially owned as to 50% by Mr. Li Zhenghao and 50% by Ms. Sun Zhen.

2. This table is for illustrative purpose only. While the Subscribers are ultimately controlled by PRC Governmental Bodies of Jilin Province, for the purpose of the Public Float Requirement, the Conversion Shares held by the Subscribers upon conversion of the Subscription CPS will not be regarded as public float. Pursuant to the terms of the Subscription CPS and the Convertible Bonds, the conversion rights must not be exercised to such an extent that the public float of the Shares shall become less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at the relevant time in breach of the Public Float Requirement.
3. The aggregate of the percentage figures in the table above may not add up to the total percentage figures shown due to rounding of the percentage figures.

The Company will seek the grant of the Specific Mandate from the Independent Shareholders to cater for the allotment and issue of the Conversion Shares upon exercise of the conversion rights of the Subscription CPS. The general mandate to allot and issue Shares granted at the annual general meeting of the Company held on 25 April 2023 by the then Shareholders will not be utilised for the allotment and issue of the Conversion Shares upon exercise of the conversion rights of the Subscription CPS.

NO ADJUSTMENT TO CONVERTIBLE BONDS

According to the terms of the Convertible Bonds, the conversion price of the Convertible Bonds shall be adjusted in accordance with the instrument creating the Convertible Bonds if securities are issued at less than 90% of the current market price (the “**Current Market Price**”) which is the average of the closing prices published in the Stock Exchange’s daily quotations sheet for the five consecutive dealing days ending on the trading day before the date of determining such current market price. Since the Subscription Price is above the Current Market Price on the trading day immediately preceding the date of this announcement, no adjustment to the Convertible Bonds is required.

LISTING RULES IMPLICATIONS

As set out in the paragraph headed “Information on the Subscribers – Jilin Liheng” above in this announcement, Modern Agricultural Fund, one of the general partners of Jilin Liheng, is at the same time the general partner of Modern Agricultural PRC LLP, which in turn wholly owns Modern Agricultural Investment, the controlling Shareholder. Jilin Liheng is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription by Jilin Liheng constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. To the best knowledge and belief of the Directors, the ultimate beneficial owners of the partners of Jilin Yuanheng are all PRC Governmental Bodies, and therefore Jilin Yuanheng is an Independent Third Party according to Rule 14A.10 of the Listing Rules. The Subscription by Jilin Yuanheng is therefore not a connected transaction of the Company under the Listing Rules.

While the Subscribers are ultimately controlled by PRC Governmental Bodies of Jilin Province, for the purpose of the Public Float Requirement, the Conversion Shares to be held by the Subscribers upon conversion of the Subscription CPS will not be regarded as public float under the Listing Rules. Nonetheless, pursuant to the terms of the Subscription CPS, the conversion rights must not be exercised to such an extent that the public float of the Shares shall become less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at the relevant time in breach of the Public Float Requirement. The Subscribers will also comply with the disclosure and approval requirement(s), if any, in compliance with the Takeovers Code, when exercising the conversion rights attached to the Subscription CPS.

(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes that the CPS be created and that the memorandum and articles of association of the Company be amended to, among others, (i) incorporate the relevant terms of the CPS summarised in the paragraph headed “Principal Terms of the Subscription CPS” in this announcement; and (ii) reflect the Increase in Authorised Share Capital, further details of which are set out in the paragraph headed “(3) Proposed Increase in Authorised Share Capital” in this announcement. The amendments to the memorandum and articles of association of the Company are subject to the approval of the Shareholders by way of a special resolution at the EGM. Further details of the proposed amendments to the memorandum and articles of association of the Company will be set out in the circular to be despatched to the Shareholders.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$6,000,000,000 divided into 30,000,000,000 Shares and 30,000,000,000 CPS.

Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM. In order to accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

BOARD APPROVAL

Mr. Yang Jian, an executive Director, who is also a director and the general manager of Nongtou, a controlling Shareholder, and Mr. Li Yuewen, a non-executive Director, who is the deputy general manager of Changchun Investment Fund, have abstained from voting in respect of the relevant Board resolutions approving, among others, the Transactions. Save as disclosed, none of the Directors has a material interest in the Transactions and therefore had to abstain from voting on the relevant Board

resolutions. No Director had a material interest in the Increase in Authorised Share Capital, amendment of the memorandum and articles of association of the Company and therefore had to abstain from voting on the relevant Board resolutions.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders (i) as to whether the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) as to voting, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders. The Independent Board Committee will formally provide its views in the circular to be sent to the Independent Shareholders after considering the advice of the Independent Financial Adviser.

A circular containing, among other matters, further information on (i) the Transactions; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM will be despatched to the Shareholders in accordance with the Listing Rules, and is expected to be despatched on or before 15 December 2023.

Completion of the Subscription is conditional upon, among other matters, the Subscription Agreement becoming unconditional in all respects and having been completed in accordance with its terms, and may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changbaishan”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement

“Changchun Investment Fund”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Changchun MFB”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Changchun SASAC”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Company”	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00809)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Ratio”	the rate for conversion of the Subscription CPS into Shares on a one for one basis
“Conversion Shares”	the new Shares which may be issued upon exercise by the holder(s) of the Subscription CPS of the conversion rights attached thereto at the Conversion Ratio
“Convertible Bonds”	convertible bonds in the principal amount of HK\$1,086,279,565 issued by the Company on 15 October 2015 held by Modern Agricultural Investment
“CPS”	non-voting convertible preference share(s) of HK\$0.10 each in the capital of the Company
“Debt Restructuring Arrangement”	the debt restructuring arrangement to be entered into between, among others, the Company, Nongtou and Jilin Cinda in relation to the assignment by Jilin Cinda of the loan owed by the Group to Nongtou
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve (among other matters) the Transactions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$6,000,000,000 divided into 30,000,000,000 Shares and 30,000,000,000 CPS
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu, which has been established in accordance with the Listing Rules to give recommendation to the Independent Shareholders in respect of the Transactions, and as to the voting action therefor
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	the Shareholders other than the Subscribers, Modern Agricultural Investment, its associates and those parties who are interested in any of the Transactions and those who are required to abstain from voting at the EGM to consider the approval of the Transactions under the Listing Rules
“Independent Third Party/(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive of the Company, substantial Shareholders, its subsidiaries or any of their respective associates
“Jilin Cinda”	中國信達資產管理股份有限公司吉林省分公司 (Jilin Branch of China Cinda Asset Management Co., Ltd.*)
“Jilin DOF”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Jilin Liheng”	吉林省利亨股權投資合夥企業(有限合夥) (Jilin Province Liheng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Subscribers
“Jilin Liheng Investment Capital”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement

“Jilin Liheng Subscription Monies”	the subscription monies to be applied by Jilin Liheng for the subscription of Subscription CPS of RMB1,330,000,000 to be converted into Hong Kong dollars at the exchange rate applied by the bank when the subscription monies are transferred to a bank account of Jilin Liheng in Hong Kong after the fulfillment of the condition precedent (d) as set out in the paragraph headed “Conditions Precedent” in this announcement
“Jilin SASAC”	吉林省人民政府國有資產監督管理委員會 (The State-owned Assets Supervision and Administration Commission of the People’s Government of Jilin Province), a PRC Governmental Body holding of 90% interests in Nongtou
“Jilin Yuanheng”	吉林省元亨股權投資合夥企業(有限合夥) (Jilin Province Yuanheng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Subscribers
“Jilin Yuanheng Investment Capital”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Jilin Yuanheng Subscription Monies”	the subscription monies to be applied by Jilin Yuanheng for the subscription of Yuanheng CPS of RMB250,000,000 to be converted into Hong Kong dollars at the exchange rate applied by the bank when the subscription monies are transferred to a bank account of Jilin Yuanheng in Hong Kong after the fulfillment of the condition precedent (d) as set out in the paragraph headed “Conditions Precedent” in this announcement
“Last Trading Day”	30 November 2023, being the date of the Subscription Agreement
“Liheng CPS”	the CPS to be issued to Jilin Liheng pursuant to the Subscription
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2024 (or such other date as may be agreed by the Subscribers and the Company in writing)
“Modern Agricultural Fund”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement

“Modern Agricultural Investment”	Modern Agricultural Industry Investment Limited, the controlling Shareholder holding approximately 35.20% of the issued share capital of the Company as at the date of this announcement, and the holder of the Convertible Bonds
“Modern Agricultural PRC LLP”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Nongtou”	吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*), a controlling Shareholder, which owns 60% of the investment capital of Modern Agricultural PRC LLP which indirectly wholly owns Modern Agricultural Investment
“PRC”	the People’s Republic of China
“PRC Governmental Body/(ies)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in the Subscription CPS and the additional Shares to be sought from the Independent Shareholders to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights of the Subscription CPS
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Jilin Liheng and Jilin Yuanheng
“Subscription”	the issuance by the Company of, and the subscription by the Subscribers for, the Subscription CPS on and subject to the terms and conditions set out in the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 30 November 2023 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Completion”	completion of the Subscription

“Subscription Completion Date”	the same date of the satisfaction or waiver of all the Subscription Conditions (or such other date as the parties may agree)
“Subscription Conditions”	the conditions precedent to completion of the Subscription as set out in the Subscription Agreement and summarised under the paragraph headed “Conditions Precedent” in this announcement
“Subscription CPS”	the Yuanheng CPS and the Liheng CPS
“Subscription Monies”	the Jilin Yuanheng Subscription Monies and the Jilin Liheng Subscription Monies
“Subscription Price”	HK\$0.10 per Subscription CPS
“substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transactions”	the Subscription, the Specific Mandate, and the transactions so contemplated
“Yinhua Capital”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Yinhua Fund”	has the meaning as defined in the paragraph headed “Information on the Subscribers” in this announcement
“Yuanheng CPS”	the CPS to be issued to Jilin Yuanheng pursuant to the Subscription
“%”	per cent.

In this announcement, an exchange rate of HK\$: RMB = 1: 0.9 has been adopted. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute representation that any amounts were or may have been exchanged at such rate or any other rates.

By order of the Board
Global Bio-chem Technology Group Company Limited
Yang Jian
Chairman

Hong Kong, 30 November 2023

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

** For identification purpose only*