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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)

DISCLOSEABLE TRANSACTION

RESUMPTION OF PROPERTIES

On 9 October 2019, Changchun JBT entered into the Land and Property Resumption Agreements with the Changchun Housing Requisition Office in relation to the Resumption at the compensation of approximately RMB58.96 million (equivalent to approximately HK\$67.00 million).

As one of the applicable percentage ratios in respect of the Resumption is more than 5% but less than 25%, the Resumption constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

On 9 October 2019, Changchun JBT entered into the Land and Property Resumption Agreements with the Changchun Housing Requisition Office in relation to the Resumption, the principal terms of which are set out below.

THE LAND AND PROPERTY RESUMPTION AGREEMENTS

Date

9 October 2019

Parties

- (1) Changchun JBT, a wholly-owned subsidiary of the Company; and
- (2) Changchun Housing Requisition Office, a governmental body set up by 長春市綠園區人民政府 (Changchun City Luyuan District People's Government*).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Changchun Housing Requisition Office and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Properties to be resumed of

The Properties consist of (i) a parcel of land located at Section C Zhaijia Minggou (翟家明溝C段) of Luyuan District, Changchun City, Jilin Province, the PRC with a site area of approximately 63,742 sq.m. together with the buildings, warehouses and fixtures erected thereon ("**Property I**"), and (ii) a parcel of land located at Section C Zhaijia Minggou (翟家明溝C段) of Luyuan District, Changchun City, Jilin Province, the PRC with a site area of approximately 6,077 sq.m. together with the buildings, warehouses and fixtures erected thereon ("**Property II**").

Pursuant to the Land and Property Resumption Agreements, Property I shall be surrendered to the Changchun Housing Requisition Office before the payment of the first instalment of the compensation for the Resumption and Property II shall be surrendered to the Changchun Housing Requisition Office before 31 December 2019.

The Properties are currently left idle.

Resumption compensation and payment terms

The compensation for the Resumption is approximately RMB58.96 million (equivalent to approximately HK\$67.00 million), which shall be paid by the Changchun Housing Requisition Office in two instalments: (i) the first instalment of the compensation in the amount of RMB50.00 million shall be paid to Changchun JBT within three days after the surrender of Property I and the property ownership certificate, land use certificate and any other ownership certificate in relation to Property I to the Changchun Housing Requisition Office, and cancellation of the ownership registration of Property I at the relevant bureau; and (ii) the remaining balance of the compensation in the amount of approximately RMB8.96 million shall be paid to Changchun JBT within three days after the surrender of Property II and the property ownership certificate, land use certificate and any other ownership certificate in relation to Property II to the Changchun Housing Requisition Office, and cancellation of the ownership registration of Property II at the relevant bureau. Should Changchun JBT fail to surrender Property II to the Changchun Housing Requisition Office before 31 December 2019 after surrendering Property I, Changchun JBT shall unconditionally return the first instalment Resumption compensation in the amount of RMB50.00 million, together with any interest accrued thereon, to the Changchun Housing Requisition Office.

The compensation for the Resumption was determined after arm's length negotiations between Changchun JBT and the Changchun Housing Requisition Office with reference to the appraised value of the Properties and the compensation for relocation.

FINANCIAL INFORMATION OF THE PROPERTIES

According to the unaudited management accounts of Changchun JBT, the book value of the Properties was RMB45.00 million (equivalent to approximately HK\$51.14 million) as at 30 June 2019.

According to the valuation report issued by an independent valuer on 29 September 2019, the appraised value of the Properties as at 23 June 2019 was approximately RMB59.13 million (equivalent to approximately HK\$67.19 million).

FINANCIAL EFFECT OF THE RESUMPTION

Subject to final audit, the estimated net gain arising from the Resumption is expected to be about RMB13.90 million. Such gain has been determined by reference to (i) the difference between the compensation under the Land and Property Resumption Agreements and the book value of the Properties as at 30 June 2019; and (ii) the estimated legal and other professional costs and expenses to be incurred by the Company in respect of the Resumption.

It is intended that the net compensation from the Resumption will be used by the Group for repayment of trade and other payables of the Group's PRC subsidiaries and other operational expenses of the Group.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE LAND AND PROPERTY RESUMPTION AGREEMENTS

As disclosed in the Company's announcement dated 13 January 2014 and the joint announcement of the Company and Global Sweeteners Holdings Limited dated 14 April 2016, in response to the call of the local government to industrial companies to move their factories away from the central districts of Changchun which has been developed rapidly, the Group has planned to relocate all the production facilities of its subsidiaries in Changchun, the PRC from Luyuan District in Changchun to Xinglongshan in Changchun. As such, the production facilities of the Group in Luyuan District have no longer been used by the Group. As the resumption of land in Luyuan District as a whole involves pieces of land owned by various parties in which the Group forms part of them, the resumption has to be carried out in stages. Pursuant to the decision of 長春市綠園區人民政府 (Changchun City Luyuan District People's Government*) to resume certain land in Luyuan District, Changchun City, the PRC for development purpose, the Changchung Housing Requisition Office was appointed to resume the Properties held by Changchun JBT. It is in the interest of the Group to cooperate with the government's resumption and development plan after taking in account (i) the Properties form non-core assets of the Group and are currently left idle; (ii) the Resumption would enable the Group to realise the value of the Properties and generate additional funds for use as the Group's general working capital; and (iii) the Resumption is part of the resumption of the whole site area of the Group's production site in Luyuan District of which the Group has been negotiating with the local government and other relevant governmental bodies to speed up the resumption process so that the Group could obtain the necessary funding for the relocation of the production facilities to Xinglongshan.

The terms of the Land and Property Resumption Agreements have been determined after arm's length negotiations between the parties thereto. In view of the above, the Directors are of the view that the Land and Property Resumption Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE GROUP, CHANGCHUN JBT AND THE CHANGCHUN HOUSING REQUISITION OFFICE

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products. Changchun JBT is a wholly-owned subsidiary of the Company and is principally engaged in the manufacture and sale of polyol chemicals such as glycols, resins, anti-freeze products, hydrogen and ammonia.

To the best of the Directors' knowledge, information and belief, the Changchun Housing Requisition Office is a governmental body set up by 長春市綠園區人民政府 (Changchun City Luyuan District People's Government*) for the purpose of resuming land in Luyuan District, Changchun City, the PRC.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Resumption is more than 5% but less than 25%, the Resumption constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Changchun Housing Requisition Office”	長春市綠園區房屋徵收工作管理辦公室 (Changchun City Green Park Housing Requisition Work Management Office*), a governmental body set up by 長春市綠園區人民政府 (Changchun City Luyuan District People's Government*)
“Changchun JBT”	長春金寶特生物化工有限公司 (Changchun GBT Bio-Chemical Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land and Property Resumption Agreements”	comprising (i) an agreement dated 9 October 2019 entered into between Changchun JBT and the Changchun Housing Requisition Office in relation to the resumption of land comprising the Properties; (ii) an agreement dated 9 October 2019 entered into between Changchun JBT and the Changchun Housing Requisition Office in relation to the resumption of buildings, warehouses and fixtures comprising the Properties; and (iii) a supplemental agreement dated 9 October 2019 regarding the Resumption setting out, amongst others, details of the timing of the Resumption and the payment of the compensation for the Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Properties”	the properties to be resumed of by the Changchun Housing Requisition Office pursuant to the Land and Property Resumption Agreements, being (i) a parcel of land located at Section C Zhaijia Minggou (翟家明溝C段) of Luyuan District, Changchun City, Jilin Province, the PRC with a site area of approximately 63,742 sq.m. together with the buildings, warehouses and fixtures erected thereon; and (ii) a parcel of land located at Section C Zhaijia Minggou (翟家明溝C段) of Luyuan District, Changchun City, Jilin Province, the PRC with a site area of approximately 6,077 sq.m. together with the buildings, warehouses and fixtures erected thereon
“Resumption”	the Resumption of the Properties of Changchun JBT pursuant to the Land and Property Resumption Agreements
“RMB”	Renminbi, the lawful currency in the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, the exchange rate of HK\$1=RMB0.88 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged, at this or any other rates.

By order of the Board
Global Bio-chem Technology Group Company Limited
Yuan Weisen
Chairman

Hong Kong, 9 October 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Yuan Weisen, Mr. Zhang Zihua and Mr. Liu Shuhang; one non-executive Director, namely, Ms. Liang Wanpeng; and three independent non-executive Directors, namely, Mr. Ng Kwok Pong, Mr. Yeung Kit Lam and Mr. Zhao Jin.

* *For identification purposes only*