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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 DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY AS A RESULT OF THE GSH SUBSCRIPTION

THE GSH SUBSCRIPTION

On 24 July 2022, GSH (a non-wholly owned subsidiary of the Company) entered into the GSH Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and GSH has conditionally agreed to allot and issue to the Subscriber, 305,517,200 GSH Subscription Shares at the Subscription Price of HK\$0.1 per GSH Subscription Share.

LISTING RULES IMPLICATIONS

Upon the GSH Subscription Completion, the Company's interest in the issued share capital of GSH will be diluted from approximately 64.04% to approximately 53.37%. The GSH Subscription will therefore constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal exceed 5% but are less than 25%, the deemed disposal and the transactions contemplated thereunder will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DISCLOSEABLE TRANSACTION

The Board wishes to announce that on 24 July 2022, GSH (a non-wholly owned subsidiary of the Company) entered into the GSH Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and GSH has conditionally agreed to allot and issue to the Subscriber 305,517,200 GSH Subscription Shares at the Subscription Price of HK\$0.1 per GSH Subscription Share.

To the best of the Directors' knowledge, the Subscriber is wholly owned by Mr. Kong Zhanpeng. Mr. Kong Zhanpeng was an executive Director, chief executive officer and chief economist of the Company until 23 May 2014, 1 October 2018 and 20 December 2019, respectively. He was also an executive director of GSH until 31 December 2018.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of, and not connected with the Company and its connected persons.

For details of the GSH Subscription, please refer to the announcement of GSH dated 24 July 2022, which is attached to this announcement and can also be viewed at the Stock Exchange's website at "www.hkexnews.hk" and GSH's website at "www.global-sweeteners.com".

REASONS FOR THE DEEMED DISPOSAL

The GSH Subscription will allow the GSH Group to raise fund for general working capital purposes and relieve part of the financial pressure from bank borrowings. Accordingly, the GSH Subscription, if completed, will benefit GSH and indirectly benefit the GSH Shareholders (including the Company) as a whole. The Company will continue to hold its investment in GSH for long-term purpose. The Directors are of the views that the terms of the GSH Subscription, which were arrived at after arm's length negotiations between GSH and the Subscriber, are fair and reasonable and on normal commercial terms. The GSH Subscription and therefore the deemed disposal, if materialised, are in the interests of the Company, GSH and their respective shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of corn refined products and corn-based biochemical products.

GSH

GSH is a company incorporated in the Cayman Islands whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 03889). The principal activities of GSH is investment holding and, through its subsidiaries, engaged in the manufacture and sale of corn refined products and corn sweeteners.

The audited consolidated profit or loss and net liabilities of GSH for the financial years ended 31 December 2020 and 2021 as extracted from its 2021 annual report are as follows:

	For the year ended	
	31 December	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	(97,929)	9,486
Loss after taxation	(96,262)	(8,726)
	As at	
	31 December	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net Liabilities	500,575	424,858

FINANCIAL IMPACT OF THE DEEMED DISPOSAL TO THE GROUP

Upon the GSH Subscription Completion, all existing GSH Shareholders' interest in the issued share capital of GSH will be diluted. So far as the Company is concerned, its interest in the issued share capital of GSH will be diluted from approximately 64.04% to approximately 53.37%. GSH will remain a non-wholly owned subsidiary of the Company upon the GSH Subscription Completion and its financial results will continue to be consolidated in that of the Company. It is expected that no gain or loss will be recorded by the Group from the GSH Subscription.

LISTING RULES IMPLICATIONS

Upon the GSH Subscription Completion, the Company's interest in the issued share capital of GSH will be diluted from approximately 64.04% to approximately 53.37%. The GSH Subscription will therefore constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal exceed 5% but are less than 25%, the deemed disposal and the transactions contemplated thereunder will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Further announcement regarding the deemed disposal as a result of the GSH Subscription will be made by the Company upon the GSH Subscription Completion.

As the GSH Subscription may or may not complete and therefore the deemed disposal of the Company may or may not materialise, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“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 thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“GSH”	Global Sweeteners Holdings 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: 03889)

“GSH Group”	GSH and its subsidiaries from time to time
“GSH Subscription”	the subscription of the GSH Subscription Shares pursuant to the GSH Subscription Agreement
“GSH Subscription Agreement”	the conditional subscription agreement dated 24 July 2022 entered into between GSH (as issuer) and the Subscriber (as subscriber) in relation to the GSH Subscription
“GSH Subscription Completion”	completion of the GSH Subscription
“GSH Subscription Shares”	305,517,200 new GSH Shares to be subscribed by the Subscriber pursuant to the GSH Subscription Agreement
“GSH Shares”	ordinary share(s) of HK\$0.10 each in the share capital of GSH
“GSH Shareholder(s)”	holder(s) of GSH Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hartington Profits Limited, a company incorporate in the British Virgin Islands with limited liability and an independent third party of the Group

“Subscription Price”

the subscription price of HK\$0.1 per GSH Subscription Share

“0%”

per cent.

By Order of the Board

Global Bio-chem Technology Group Company Limited

Zhang Zihua

Acting Chairman

Hong Kong, 24 July 2022

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

** For identification purposes only*

ATTACHMENT
GSH ANNOUNCEMENT DATED 24 JULY 2022
IN RESPECT OF THE GSH SUBSCRIPTION

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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 24 July 2022, the Company entered into the Subscription Agreement with 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 305,517,200 new Shares at the Subscription Price of HK\$0.1 per Subscription Share.

The Subscription Shares represent 20.0% of the existing issued share capital of the Company and approximately 16.7% of the total issued share capital of the Company as enlarged by the Subscription Shares.

THE SUBSCRIPTION AGREEMENT

On 24 July 2022, the Company and the Subscriber entered into the Subscription Agreement, the principal terms of which are set out below:

Date : 24 July 2022

Parties : (a) The Company, as issuer; and
(b) The Subscriber, as subscriber.

To the best of the Directors' knowledge, the Subscriber is wholly owned by Mr. Kong Zhanpeng. Mr. Kong Zhanpeng was an executive Director who resigned from such position on 31 December 2018. He was also an executive director, chief executive officer and chief economist of GBT until 23 May 2014, 1 October 2018 and 20 December 2019, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of, and not connected with the Company and its connected persons.

Subscription

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 305,517,200 new Shares at the Subscription Price of HK\$0.1 per Subscription Share to the Subscriber, at an aggregate consideration of approximately HK\$30,551,720 and nominal value of HK\$30,551,720. Such consideration shall be paid by telegraphic transfer to the bank account of the Company at least three Business Days prior to the date of the Subscription Completion.

Subscription Shares

The Subscription Shares represent:

- (i) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares only (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion, save for the allotment and issue of the Subscription Shares).

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distributions made or proposed on or after the date of execution of the Subscription Agreement.

Conditions precedent to the Subscription Completion

Subscription Completion is conditional upon fulfilment of the following conditions prior to 4 p.m. on or before the Long Stop Date:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares;
- (b) the Company obtains all approvals and/or filings required for the Subscription Shares and other related transactions under the Subscription Agreement in accordance with the relevant laws and regulations of the PRC involving state-owned enterprises;
- (c) (where necessary) GBT complying with all applicable laws and regulations (including the Listing Rules) in respect of the transactions contemplated under the Subscription Agreement;
- (d) the Subscriber being satisfied with the results of the financial, business and legal due diligence investigations in respect of the Company (including but not limited to the due diligence investigations in respect of all debts owed and guarantees provided by the Company), and the results of such due diligence investigations not indicating any breach of warranties given under the Subscription Agreement and/or any inaccurate and/or misleading statements made by the Company in the Subscription Agreement; and
- (e) all the warranties given under the Subscription Agreement remaining true, accurate and not misleading in all material respects.

If the Company cannot fulfil any of the above conditions precedent, the Company shall serve a written notice to inform the Subscriber. The Subscriber may at its absolute discretion waive conditions precedent (d) and/or (e) above. In the event that any of the conditions of the Subscription is not fulfilled or waived at or prior to 4 p.m. on or before the Long Stop Date (or such later date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall terminate and all obligations of the Company and the Subscriber under the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

Subscription Completion

The Subscription Completion will take place on the fifth Business Day after the fulfilment (or waiver, as the case may be) of conditions precedent (a) to (e) set out in the paragraphs headed “Conditions precedent to the Subscription Completion” in this announcement (or on such other Business Day as may be agreed between the Company and the Subscriber in writing).

Nomination of Director

Subject to the applicable laws, regulations, the Articles and the Listing Rules, the Subscriber shall have the right to nominate and propose one executive Director candidate to be put forward for the appointment to the Board as Director, and the Company shall procure that such candidate be appointed to the Board as soon as practicable provided that (i) such candidate fulfills the qualification and experience requirements of a director under the applicable laws, regulations, the Listing Rules and the Articles; (ii) the appointment of such candidate shall be subject to the normal procedures for appointment of Director in accordance with the relevant provisions of the Articles and the approval of the nomination committee of the Company; and (iii) any Director so appointed by the Board will be subject to the retirement, re-election and Shareholders’ approval requirements under the Articles. Pursuant to the Articles, any Director appointed by the Board shall hold office until the next following general meeting (in the case of an addition to the Board) of the Company and shall then be eligible for re-election by the Shareholders.

Lock-up arrangement for the Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber undertook that, without the prior written consent of the Company, during a period commencing from and including the date of the Subscription Completion and ending on and including the date which is 12 months from the date of the Subscription Completion, the Subscriber shall not, and shall procure that none of its associates, agents or companies controlled by it or nominees or trustees holding in trust for it shall sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any Subscription Shares held by the Subscriber, or the interests in the Subscription Shares, held by the Subscriber.

SUBSCRIPTION PRICE

The Subscription Price is HK\$0.1 per Subscription Share, which represents:

- (a) a premium of approximately 28.2% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 26.9% to the average closing price of HK\$0.0788 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

Taking into account the estimated expenses of the Subscription in the amount of approximately HK\$550,000, the net price to the Company of each Subscription Share is estimated to be approximately HK\$0.098. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to (i) recent market price of the Shares and current market condition; and (ii) the financial situation of the Company. The Directors consider that the Subscription Price is fair and reasonable.

REASONS FOR THE SUBSCRIPTION

As at 31 December 2021, the Group had total cash and cash equivalents of approximately HK\$7.8 million while the Group had current liabilities of approximately HK\$1,381.1 million, which mainly consisted of (i) bank and other borrowings of approximately HK\$927.5 million which are repayable within 12 months; (ii) other payables and accruals of approximately HK\$313.7 million; and (iii) trade payables of approximately HK\$113.8 million. The Group is in an imminent need of cash. By entering into the Subscription Agreement, the Group can raise fund for general working capital purposes and relieve part of the financial pressure from bank borrowings.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

USE OF NET PROCEEDS

The gross proceeds from the Subscription will amount to HK\$30,551,720. It is estimated that the net proceeds from the Subscription, after the deduction of relevant expenses, will be approximately HK\$30,000,000.

Details on the intended use of the net proceeds from the Subscription are as follows:

Proposed use of the net proceeds	Expected timeline of use	Approximate amount (HK\$)
Repayment of bank and other borrowings/payables of the Group's PRC subsidiaries	September 2022 – December 2022	10,000,000
Procurement of corn and other operational expenses	September 2022 – December 2022	20,000,000

FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,527,586,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Subscription Completion (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares).

Name of Shareholders	As at the date of this announcement		Immediately after the Subscription Completion	
	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>
GBT (Notes 1 & 2)	978,278,000	64.04	978,278,000	53.37
The Subscriber and its ultimate beneficial owner (Note 3)	784,000	0.05	306,301,200	16.71
Public Shareholders	548,524,000	35.91	548,524,000	29.92
Total:	1,527,586,000	100.00	1,833,103,200	100.00

Notes:

- (1) As at the date of this announcement, amongst the 978,278,000 Shares held by GBT, 500,000 Shares were held by GBT as beneficial owner, the remaining 977,778,000 Shares were held by GBT through Global Corn Bio-chem Technology Company Limited (“**Global Corn Bio-chem**”), a wholly owned subsidiary of GBT. Therefore, GBT is deemed to be interest in all the Shares in which Global Corn Bio-chem is interested in according to the SFO.
- (2) These Shares are registered in the name of or deemed to be interested by GBT, of which the issued share capital is beneficially owned as to approximately 35.2% by Modern Agricultural Industry Investment Limited (“**Modern Agricultural**”) as at the date of this announcement. The entire issued share capital of Modern Agricultural is held by Modern Agricultural Industry Holdings Limited (“**Modern Agricultural Holdings**”) which is in turn wholly-owned by 吉林省現代農業產業投資基金 (Jilin Province Modern Agricultural Industry Investment Fund*) (“**PRC LLP**”). The sole general partner of PRC LLP is 吉林省現代農業產業基金有限公司 (Jilin Province Modern Agricultural Industry Fund Limited*) (“**GP**”). As at the date of this announcement, the investment capital of PRC LLP is owned as to 60.0% by 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*) (“**Nongtou**”) (Nongtou is controlled by 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**”)), 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, Modern Agricultural Holdings, PRC LLP, GP, Nongtou and Jilin SASAC is deemed to be interested in the interest held by GBT in the Company under the SFO.
- (3) To the best of the Directors’ knowledge, the Subscriber is wholly owned by Mr. Kong Zhanpeng. As at the date of this announcement, Mr. Kong Zhanpeng held 784,000 Shares. Upon the Subscription Completion, Mr. Kong Zhanpeng will be deemed to be interested in all the Shares interested by the Subscriber under the SFO.

GENERAL

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 6 June 2022, on which date the total number of Shares in issue was 1,527,586,000. As at the date of this announcement, the Board has not utilised the aforesaid General Mandate and the available number of Shares that can be issued under the General Mandate is 305,517,200 Shares. The 305,517,200 Subscription Shares to be allotted and issued will utilise all of the aforesaid General Mandate. As the Subscription Shares are to be issued under the General Mandate, the Subscription is not subject to Shareholders’ approval.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

As the Subscription Agreement may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturdays) on which licensed banks in Hong Kong are open for business
“Company”	Global Sweeteners Holdings 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: 03889)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“GBT”	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)
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 6 June 2022 to allot, issue and deal with up to 305,517,200 Shares, representing 20% of the issued share capital of the Company as at 6 June 2022

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	22 July 2022, being the last trading day prior to the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2022 (or such later date as may be agreed between the Company and the Subscriber in writing)
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hartington Profits Limited, a company incorporate in the British Virgin Islands with limited liability and an independent third party of the Company
“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 24 July 2022 entered into between the Company (as issuer) and the Subscriber (as subscriber) in relation to the Subscription

“Subscription Completion”	completion of the Subscription
“Subscription Shares”	305,517,200 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.1 per Subscription Share
“%”	per cent.

By Order of the Board
Global Sweeteners Holdings Limited
Zhang Zihua
Acting Chairman

Hong Kong, 24 July 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Zihua and Mr. Tai Shubin; and three independent non-executive Directors, namely, Mr. Fan Yeran, Mr. Fong Wai Ho and Mr. Lo Kwing Yu.

** For identification purposes only*