

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker(s) or other licensed securities dealer(s), bank manager(s), solicitor(s), professional accountant(s) or other professional adviser(s).

**If you have sold or transferred** all your shares in Global Bio-chem Technology Group Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank(s), stockbroker(s) or licensed securities dealer(s) or other agent(s) through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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)**

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
(1) DISPOSAL OF APPROXIMATELY 47.00% OF THE ISSUED SHARES IN GSH  
AND  
(2) DEEMED DISPOSAL OF INTEREST IN GSH  
AS A RESULT OF ISSUE OF CONVERTIBLE BONDS BY GSH  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial adviser to the Company**



---

Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at Salon 1, 7/F, Harbour Plaza Metropolis Hotel, 7 Metropolis Drive, Hungghom, Kowloon, Hong Kong at 11:30 a.m. on Tuesday, 20 June 2023 is set out on pages 94 to 96 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. at or before 11:30 a.m. on Sunday, 18 June 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

A letter from the Board containing further details of the matters to be considered at the EGM is set out on pages 11 to 52 of this circular.

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	i
<b>Letter from the Board</b> .....	11
<b>Appendix I — Financial information of the Group</b> .....	53
<b>Appendix II — Financial information of the GSH Group</b> .....	71
<b>Appendix III — Unaudited Pro Forma Financial Information of the Remaining Group</b> .....	72
<b>Appendix IV — General Information</b> .....	90
<b>Notice of EGM</b> .....	94

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day(s)”	a calendar day which is not a Saturday, a Sunday, a public holiday in Hong Kong, or a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted at any time between 9:00 a.m. and 5:00 p.m. in Hong Kong
“CB Completion”	collectively, CB First Completion and CB Second Completion
“CB First Completion”	completion of the issuance of the GSH Convertible Bonds in the aggregate principal amount of RMB60.0 million by GSH and the subscription of the aforesaid GSH Convertible Bonds by the Purchasers, as subscribers, on the CB First Completion Date pursuant to the terms of the GSH CB Subscription Agreement
“CB First Completion Date”	the 60th business day following the date on which the conditions precedent (other than conditions precedent that are stipulated to be fulfilled on the date of CB First Completion) in respect of CB First Completion as set out in the GSH CB Subscription Agreement are fulfilled or waived (as the case may be), or such other date as GSH and the Purchasers, as subscribers, shall agree in writing
“CB Second Completion”	completion of the issuance of the remaining GSH Convertible Bonds in the aggregate principal amount of RMB60.0 million and the subscription of the aforesaid remaining GSH Convertible Bonds by the Purchasers, as subscribers, on the CB Second Completion Date pursuant to the terms of the GSH CB Subscription Agreement
“CB Second Completion Date”	a business day falling within six calendar months from the CB First Completion Date as notified by GSH to the Purchasers, as subscribers, by not less than one month’s written notice, or such other date as GSH and the Purchasers, as subscribers, shall agree in writing
“Changchun Dahe”	長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price per GSH Conversion Share at which GSH Conversion Shares will be issued upon exercise of the Conversion Rights, being initially HK\$0.1 per GSH Conversion Share, subject to adjustments pursuant to the terms and conditions of the GSH Convertible Bonds
“Conversion Rights”	the rights pursuant to the terms and conditions of the GSH Convertible Bonds attaching to each GSH Convertible Bond to convert the principal amount or a part thereof into GSH Shares
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Dacheng Bio-Tech”	長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Dihao Companies”	collectively, Dihao Crystal Sugar and Dihao Foodstuff, the companies to be disposed of under the Dihao SPAs
“Dihao Completion”	the completion of the sale and purchase of the Dihao Sale Interests in accordance with the Dihao SPAs
“Dihao Crystal Sugar”	長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*), an indirect wholly-owned subsidiary of GSH as at the date of the Dihao SPA II and prior to Dihao Completion (assuming no other change to the shareholding structure of Dihao Crystal Sugar)
“Dihao Crystal Sugar Sale Interest”	the entire registered capital of Dihao Crystal Sugar in the amount of USD22,200,000, which had been fully paid-up and owned as to approximately 73.0% by Dihao Vendor A and as to approximately 27.0% by Dihao Vendor C
“Dihao Foodstuff”	長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*), an indirect wholly-owned subsidiary of GSH as at the date of the Dihao SPA I and prior to Dihao Completion (assuming no other change to the shareholding structure of Dihao Foodstuff)

---

## DEFINITIONS

---

“Dihao Foodstuff Guarantee”	the guarantee provided by GSH to Nongan ABC in respect of the debts to be owed by Dihao Foodstuff to Nongan ABC under a guarantee agreement dated 20 May 2019, being the underlying guarantee to which the GBT Counter-guarantee relates
“Dihao Foodstuff Loan”	a loan with a principal amount of RMB180.0 million and a term of two years from the drawdown date, i.e. 18 June 2019, granted by Nongan ABC to Dihao Foodstuff for debts refinancing purposes, which was subsequently transferred by Jilin ABC (acting on behalf of Nongan ABC) to Jilin Cinda
“Dihao Foodstuff Sale Interest”	the entire registered capital of Dihao Foodstuff in the amount of RMB725,100,000, RMB307,574,472 of which had been paid up and owned as to approximately 31.4% by Dihao Vendor A and approximately 68.6% by Dihao Vendor B
“Dihao Purchaser”	Global Bio-Chem Technology (HK) Limited (大成生化科技集團有限公司), a direct wholly-owned subsidiary of the Company, the purchaser under the Dihao SPAs
“Dihao Sale Interests”	collectively, the Dihao Foodstuff Sale Interest and the Dihao Crystal Sugar Sale Interest
“Dihao SPA I”	the sale and purchase agreement dated 6 April 2023 entered into between Dihao Vendor A and Dihao Vendor B and the Dihao Purchaser for the acquisition of the Dihao Foodstuff Sale Interest
“Dihao SPA II”	the sale and purchase agreement dated 6 April 2023 entered into between Dihao Vendor A and Dihao Vendor C and the Dihao Purchaser for the acquisition of the Dihao Crystal Sugar Sale Interest
“Dihao SPAs”	collectively, Dihao SPA I and Dihao SPA II for the acquisition of the Dihao Sale Interests
“Dihao Transfer”	the transfer of the Dihao Sale Interests from the GSH Group to the GBT Group under the Dihao SPAs, further details of which are set forth in the Joint Announcement
“Dihao Vendor A”	Global Sweeteners (China) Limited (大成澱粉糖(中國)有限公司), a wholly-owned subsidiary of GSH and one of the Dihao Vendors under Dihao SPA I and Dihao SPA II

---

## DEFINITIONS

---

“Dihao Vendor B”	Global Starch (Changchun) Investments Limited (大成澱粉(長春)投資有限公司), a wholly-owned subsidiary of GSH and one of the Dihao Vendors under Dihao SPA I
“Dihao Vendor C”	Global Sorbitol (H.K.) Company Limited (大成山梨醇(香港)有限公司), a wholly-owned subsidiary of GSH and one of the Dihao Vendors under Dihao SPA II
“Dihao Vendors”	Dihao Vendor A, Dihao Vendor B and Dihao Vendor C, which are the vendors under the Dihao SPAs
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Salon 1, 7/F, Harbour Plaza Metropolis Hotel, 7 Metropolis Drive, Hunghom, Kowloon, Hong Kong at 11:30 a.m. on Tuesday, 20 June 2023, the notice of which is set out on pages 94 to 96 of this circular, and any adjournment thereof, for the Shareholders to consider and, if thought fit, approve, among others, the GSH Disposal and the GSH CB Subscription
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GBT Counter-guarantee”	the counter-guarantee and indemnity to be provided by the Company to GSH in respect of the obligations and liabilities GSH may incur and suffer under the Dihao Foodstuff Guarantee, further details of which are set forth in the Joint Announcement
“GBT Counter-guarantee Deed”	the deed of guarantee to be executed by the Company and GSH pursuant to which the Company will, among others, provide the GBT Counter-guarantee to GSH
“GBT Group”	collectively, the Company and its subsidiaries from time to time but excluding the GSH Group
“Global Corn”	Global Corn Bio-Chem Technology Company Limited, a wholly-owned subsidiary of the Company which holds 977,778,000 GSH Shares (representing approximately 64.01% of the entire issued share capital of GSH) as at the date of the GSH SPA and prior to the GSH Completion (assuming no other change to the shareholding structure of GSH)
“Group”	collectively, the Company and its subsidiaries from time to time, including the GBT Group and, as at the date of the GSH SPA and prior to the GSH Completion, the GSH Group

---

## DEFINITIONS

---

“GSH”	Global Sweeteners Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03889), which was owned as to an aggregate of approximately 64.04% by the Company and a subsidiary of the Company as at the date of the GSH SPA and will continue to be so owned until the GSH Completion (assuming no other change to the shareholding structure of GSH)
“GSH Bondholder(s)”	the holder(s) of the GSH Convertible Bonds
“GSH CB Subscription”	the subscription of the GSH Convertible Bonds
“GSH CB Subscription Agreement”	the conditional subscription agreement entered into between GSH as issuer and the Purchasers as subscribers dated 6 April 2023 in relation to the GSH CB Subscription
“GSH Completion”	the completion of the sale and purchase of the GSH Sale Shares in accordance with the GSH SPA, which shall take place on the GSH Completion Date
“GSH Completion Date”	the fifth business day after all conditions precedent (other than those conditions precedent that are stipulated to be fulfilled on the GSH Completion Date) have been fulfilled or waived (as the case may be) or any other date as agreed by the parties to the GSH SPA in writing, being the completion date under the GSH SPA
“GSH Conversion Shares”	the new GSH Shares that fall to be allotted and issued by GSH pursuant to the exercise of the Conversion Rights pursuant to the terms and conditions of the GSH Convertible Bonds
“GSH Convertible Bonds”	the RMB120.0 million (equivalent to approximately HK\$138.0 million), three-year, 5 per cent. convertible bonds to be issued by GSH to the Purchasers as subscribers in accordance with the terms of the GSH CB Subscription Agreement
“GSH Counter-guarantee”	the counter-guarantee and indemnity to be provided by GSH to the Company and Dihao Foodstuff in respect of the obligations and liabilities that the Company and Dihao Foodstuff may incur and suffer under the Jinzhou Yuancheng Guarantees, further details of which are set forth in the Joint Announcement
“GSH Counter-guarantee Deed”	the deed of counter-guarantee to be executed by GSH, the Company and Dihao Foodstuff pursuant to which GSH will, among others, provide the GSH Counter-guarantee to the Company and Dihao Foodstuff

---

## DEFINITIONS

---

“GSH Disposal”	the disposal of the GSH Sale Shares under the GSH SPA
“GSH EGM”	the extraordinary general meeting of GSH to be convened for the GSH Shareholders to consider and, if thought fit, approve, among others, the GSH CB Subscription and the Special Deals
“GSH Group”	collectively, GSH and its subsidiaries from time to time, which were subsidiaries of the Company as at the date of the GSH SPA and will continue to be so until the GSH Completion (assuming no other change to the shareholding structure of GSH)
“GSH Long Stop Date”	30 September 2023 or such later date as shall be agreed between Global Corn and the Purchasers in writing, being the long stop date under the GSH SPA
“GSH Sale Shares”	717,965,000 GSH Shares held by Global Corn as at the date of the GSH SPA and to be sold to the Purchasers under the GSH SPA, representing approximately 47.00% of the entire issued share capital of GSH as at the date of the GSH SPA
“GSH Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of GSH
“GSH Shareholder(s)”	holder(s) of the GSH Shares
“GSH SPA”	the sale and purchase agreement dated 6 April 2023 entered into between Global Corn as vendor and the Purchasers as purchasers in relation to the sale and purchase of the GSH Sale Shares
“Harbin Dacheng”	哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio-Technology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongcheng Bio-Tech”	長春鴻成生物化工材料技術開發有限公司 (Changchun Hongcheng Bio-Technology Materials Technology Development Co., Ltd.*), a wholly-owned subsidiary of the Company
“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.*), a lender of Dihao Foodstuff

---

## DEFINITIONS

---

“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 within the meaning of the Listing Rules and a substantial Shareholder within the meaning of Part XV of the SFO as at the Latest Practicable Date
“Jinzhou CCB”	中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank Corporation*), a lender of Jinzhou Yuancheng
“Jinzhou CCB Loans”	the loans granted by Jinzhou CCB to Jinzhou Yuancheng pursuant to the loans agreements entered into between Jinzhou Yuancheng and Jinzhou CCB on 18 October 2019 with an aggregate principal amount of RMB189.9 million and a term of ten months from the date of the loan agreements, i.e. 18 October 2019, for debts refinancing purposes
“Jinzhou Yuancheng”	錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*), an indirect wholly-owned subsidiary of GSH
“Jinzhou Yuancheng Guarantees”	the guarantees provided by the Company and/or Dihao Foodstuff to Jinzhou CCB and Tiebei BOJ in respect of the debts to be owed by Jinzhou Yuancheng to Jinzhou CCB and Tiebei BOJ under the guarantee agreements dated 13 September 2018, 20 May 2019 and 27 December 2021, being the underlying guarantees to which the GSH Counter-guarantee relates
“Joint Announcement”	the joint announcement of the Company and GSH dated 6 April 2023 in connection with, among others, in respect of the Company the (i) very substantial disposal in relation to (a) disposal of approximately 47.00% of the issued shares in GSH by the GBT Group to the Purchasers; and (b) deemed disposal of interest in GSH as a result of issue of GSH Convertible Bonds by GSH to the Purchasers; (ii) discloseable transaction in relation to acquisition of entire equity interests in Dihao Companies by GBT Group from GSH Group; and (iii) discloseable transaction in relation to provision of counter-guarantee and indemnity by the Company to GSH
“Independent Third Party(ies)”	person(s) or company(ies) which is(are) not connected person(s) of the Company

---

## DEFINITIONS

---

“Latest Practicable Date”	19 May 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained in this circular
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Luyuan Properties”	certain land and buildings in Luyuan District in Changchun owned by the Dihao Companies and the GBT Group that became subject to resumption following the announcement by 長春市人民政府 (The Changchun Municipal Government*) in 2019 that these properties formed part of the redevelopment plan under the PRC government’s Slum Redevelopment Policy. Resumption of a portion of such properties that were owned by Dihao Foodstuff was completed in 2020, and resumption of the Remaining Luyuan Properties had yet to be completed as at the Latest Practicable Date
“MT”	metric tonnes
“Ningxia Huarong”	寧夏華融資本拓譽投資中心(有限合夥)(Ningxia Huarong Capital Tuoyu Investment Centre (Limited Partnership*)), a lender of Dihao Foodstuff, Changchun Dahe and Dacheng Bio-Tech
“Nongan ABC”	中國農業銀行股份有限公司農安縣支行 (Nongan Branch of Agricultural Bank of China Limited*), an ex-lender of Dihao Foodstuff whose loan to Dihao Foodstuff has been assigned to Jilin Cinda
“Nongtou”	吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*)
“Nongtou Group”	collectively, Nongtou and its subsidiaries from time to time
“Offer”	the mandatory unconditional general cash offer to be made by the Purchasers or persons on their behalf to acquire all of the issued GSH Share(s) not already owned or agreed to be acquired by the Purchasers and parties acting in concert with them pursuant to Rule 26.1 of the Takeovers Code, further details of which are disclosed by GSH in the Joint Announcement

---

## DEFINITIONS

---

“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchasers”	collectively, Purchaser A and Purchaser B, the purchasers under the GSH SPA
“Purchaser A”	Mr. Kong Zhanpeng (孔展鵬), one of the purchasers under the GSH SPA
“Purchaser B”	Mr. Wang Tieguaog (王鐵光), one of the purchasers under the GSH SPA
“Remaining Group” or “Restructured Group”	collectively, the Group and its subsidiaries from time to time with effect from the GSH Completion and the Dihao Completion that is to take place concurrently with the GSH Completion, which shall not include the GSH Group that will cease to be subsidiaries of the Company upon the GSH Completion (other than the Dihao Companies that will become part of the GBT Group upon the Dihao Completion and hence remain indirect wholly-owned subsidiaries of the Company notwithstanding the GSH Completion)
“Remaining Luyuan Properties”	the Luyuan Properties resumption of which had not been completed as at the Latest Practicable Date. Approximately one seventh of such properties were owned by the Dihao Companies and approximately six sevenths of such properties were owned by the GBT Group as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Haocheng”	上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co., Ltd.*), an indirect wholly-owned subsidiary of GSH
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

---

## DEFINITIONS

---

“Shenyang Intermediate Court”	遼寧省瀋陽市中級人民法院 (Intermediate People’s Court of Shenyang City, Liaoning Province*)
“Special Deals”	transactions that constitute special deals under Rule 25 of the Takeovers Code, i.e. the GSH Counter-guarantee and the Dihao Transfer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tiebei BOJ”	錦州銀行股份有限公司鐵北支行 (Tiebei Branch of Bank of Jinzhou Co., Ltd.*), a lender of Jinzhou Yuancheng
“USD”	United States dollars, the lawful currency of the United States of America
“Yatai BOJ”	吉林銀行股份有限公司長春亞泰大街支行 (Yatai Main Road Branch of Bank of Jilin*), a lender of Changchun Dahe and Dacheng Bio-Tech
“Yuancheng CCB Guarantees”	the guarantees provided by the Company and Dihao Foodstuff, as a holding company and group company of Jinzhou Yuancheng at that time respectively, to Jinzhou CCB under the guarantee agreements both dated 13 September 2018 entered into between Jinzhou CCB as lender and the Company and Dihao Foodstuff as the respective guarantor, in respect of the debts to be owned by Jinzhou Yuancheng to Jinzhou CCB arising during the period from 13 September 2018 to 31 December 2019, each with a maximum guaranteed principal amount of RMB200.0 million and a guarantee period of ending three years after the date of expiration of the respective debts repayment period pursuant to the respective loan agreement, which covered the obligations of Jinzhou Yuancheng in connection with the Jinzhou CCB Loans
“%”	per cent.

\* *In this circular, the English translation of the Chinese name of a PRC entity is marked with an asterisk (\*) and included for identification purposes only. In the event of any inconsistency, the Chinese name of the entity shall prevail.*

---

LETTER FROM THE BOARD

---



**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)**

*Executive Directors:*

Mr. Yang Jian  
Mr. Wang Guicheng

*Non-executive Director:*

Mr. Gao Dongsheng

*Independent non-executive Directors:*

Ms. Dong Hongxia  
Mr. Ng Kwok Pong  
Mr. Yeung Kit Lam

*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, 10<sup>th</sup> Floor  
Tower A, Cheung Kei Center  
18 Hung Luen Road  
Hung Hom, Kowloon  
Hong Kong

25 May 2023

*To the Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
(1) DISPOSAL OF APPROXIMATELY 47.00% OF THE ISSUED SHARES IN GSH  
AND  
(2) DEEMED DISPOSAL OF INTEREST IN GSH  
AS A RESULT OF ISSUE OF CONVERTIBLE BONDS BY GSH  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the Joint Announcement of the Company and GSH dated 6 April 2023 in connection with, among others, in respect of the Company, the very substantial disposal in relation to (a) disposal of approximately 47.00% of the issued shares in GSH by the GBT Group to the Purchasers; and (b) deemed disposal of interest in GSH as a result of issue of GSH Convertible Bonds by GSH to the Purchasers.

*\* for identification purposes only*

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with further information regarding the GSH Disposal and the GSH CB Subscription and the resolutions to be proposed at the EGM to approve such transactions.

### 2. THE GSH DISPOSAL

On 6 April 2023 (after trading hours), Global Corn as vendor, and the Purchasers as purchasers entered into the GSH SPA, pursuant to which the Purchasers have conditionally agreed to acquire, and Global Corn has conditionally agreed to sell, the GSH Sale Shares, being 717,965,000 GSH Shares, representing approximately 47.00% of the entire issued share capital of GSH as at the date of the GSH SPA.

#### (1) The GSH SPA

Set forth below are further details of the GSH SPA:

- Date: 6 April 2023 (after trading hours)
- Parties: (i) the Purchasers, as the purchasers; and  
(ii) Global Corn, as the vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchasers are third parties independent of the Company and its connected persons.

#### (2) GSH Sale Shares

The GSH Sale Shares comprise 717,965,000 GSH Shares, representing approximately 47.00% of the entire issued share capital of GSH as at the date of the GSH SPA. The number of GSH Sale Shares to be acquired by each of the Purchasers shall be as follows:

- Purchaser A: 358,982,500 GSH Shares
- Purchaser B: 358,982,500 GSH Shares

Pursuant to the terms of the GSH SPA, the GSH Sale Shares to be acquired by each of the Purchasers shall be free from any encumbrance from the GSH Completion Date onwards and carry all rights now and thereafter attaching thereto (including but not limited to all dividends and distributions distributed or declared in respect thereof on or after the GSH Completion Date). As at the Latest Practicable Date, there was no declared but unpaid dividend for any GSH Share.

---

## LETTER FROM THE BOARD

---

### (3) Consideration for the GSH Sale Shares

The total consideration for the GSH Sale Shares is HK\$43,077,900, equivalent to HK\$0.06 per GSH Sale Share, which was determined following arm's length negotiations between Global Corn and the Purchasers. The factors taken into account by the Global Corn and Purchasers are as follows:

- (i) the publicly available financial information of the GSH Group, including (a) the deficit attributable to owners of GSH as at 31 December 2022 of approximately HK\$675.0 million; (b) the net borrowings of the GSH Group as at 31 December 2022 of HK\$791.1 million, with a minimal cash and bank balance HK\$4.3 million; and (c) the prolonged loss-making position of the GSH Group, and, in particular, the net loss of the GSH Group of HK\$212.5 million for the year ended 31 December 2022;
- (ii) the closing prices of GSH Shares on the Main Board of the Stock Exchange during the six-month period prior to the date of the GSH SPA, which ranged between HK\$0.06 and HK\$0.11 per GSH Share;
- (iii) the poor liquidity of the GSH Shares as reflected by their low trading volume on the Main Board of the Stock Exchange averaging 166,413 GSH Shares per day during the six-month period prior to the date of the GSH SPA, which has made it largely impracticable for the GBT Group to realise its equity interests in GSH in the market; and
- (iv) the fact that the Purchasers, after acquiring control over GSH, will need to inject further capital into the GSH Group to maintain its operations and to implement its recovery plan before a turnaround in its business is achieved.

In particular, the consideration per GSH Sale Share has been set at the lower end of the range of closing prices of GSH Shares for the six-month period immediately preceding the date of the GSH SPA having regard to the current financial position of the GSH Group (factor (i) above) and the further financial commitments the Purchasers will have to make (factor (iv) above).

The consideration payable by each Purchaser for the respective number of GSH Sale Shares to be acquired is HK\$21,538,950. The Purchasers shall pay the consideration as follows:

- (i) HK\$6.0 million and HK\$6.0 million shall be paid by Purchaser A and Purchaser B respectively as deposit upon the signing of the GSH SPA, which shall be applied towards payment of the consideration payable by the Purchasers upon GSH Completion; and
- (ii) the balance of the consideration, i.e. HK\$15,538,950 and HK\$15,538,950, shall be paid by Purchaser A and Purchaser B respectively upon GSH Completion.

---

## LETTER FROM THE BOARD

---

### **(4) Conditions precedent**

GSH Completion is conditional upon the following conditions precedent being fulfilled or waived (as the case may be):

- (i) the Dihao SPAs having been signed by the parties thereto, and the Dihao Completion taking place concurrently with the GSH Completion;
- (ii) the GSH CB Subscription Agreement having been signed by the parties thereto, and remaining effective and not having been terminated or rescinded as at GSH Completion;
- (iii) where necessary, the Shareholders' approval for the GSH SPA and the transactions contemplated thereunder (including but not limited to the sale of the GSH Sale Shares, the signing of the Dihao SPAs and the transactions contemplated thereunder, and the signing of the GSH CB Subscription Agreement and the transactions contemplated thereunder) having been obtained in accordance with the Listing Rules;
- (iv) approval of GSH independent shareholders for the Dihao SPAs, the GSH CB Subscription Agreement and the transactions contemplated thereunder having been obtained in accordance with the Takeovers Code and/or the Listing Rules;
- (v) parties to the GSH SPA having obtained all necessary permissions, approvals and consents (including the Executive's consent required in respect of the Special Deals under Rule 25 of the Takeovers Code), from the Executive, the Stock Exchange, other regulatory authorities and/or other third parties in relation to the GSH SPA and the transactions contemplated thereunder (including but not limited to the sale of the GSH Sale Shares, the signing of the Dihao SPAs and the transactions contemplated thereunder, and the signing of the GSH CB Subscription Agreement and the transactions contemplated thereunder), and such permissions, approvals and consent remaining in full force and not revoked;
- (vi) Jinzhou CCB and Jinzhou Yuancheng and other relevant guarantors having executed debt restructuring agreement(s) or similar agreement(s) for debt restructuring or settlement purposes in respect of the Jinzhou CCB Loans;
- (vii) the representations and warranties given by Global Corn under the GSH SPA remaining true, accurate and not misleading in all material respects from the date of the GSH SPA to the GSH Completion, and Global Corn having abided by and fulfilled all obligations and undertakings provided under the GSH SPA and not having breached any term thereunder prior to the GSH Completion; and

---

## LETTER FROM THE BOARD

---

(viii) the GSH Shares remaining listed and traded on the Stock Exchange (save for any trading halt (a) pending the publication of announcement or circular in respect of the transactions contemplated under the GSH SPA and/or the Offer upon obtaining clearance and approval from the Stock Exchange and/or the Executive; (b) pending the announcement of any inside information pursuant to Part XIVA of the SFO; and (c) for less than 15 consecutive business days) and neither the Stock Exchange nor the Executive having indicated on or before the GSH Completion Date that the listing of the GSH Shares on the Stock Exchange will be withdrawn or that it will object to the continued listing of the GSH Shares on the Stock Exchange.

Purchaser A (for itself and on behalf of the Purchasers) may, at any time, waive the conditions precedent referred to above in writing (other than conditions (i) to (v), which are incapable of being waived). As at the Latest Practicable Date, none of the above conditions precedent under the GSH SPA had been fulfilled or waived, and the Directors were not aware of any circumstances that might render any of such conditions precedent not capable of being fulfilled.

In relation to condition (i) above, pursuant to the Dihao SPAs both dated 6 April 2023, it is contemplated that the entire registered capital of each of Dihao Foodstuff and Dihao Crystal Sugar, which were both indirect wholly-owned subsidiaries of GSH as at the date of the Dihao SPAs, shall be transferred from the GSH Group to the GBT Group. Completion of the Dihao SPAs shall take place concurrently and is conditional upon, among others, the GSH Completion taking place concurrently. The Dihao Transfer constitutes a discloseable transaction in respect of the Company, further details of which are set forth in the Joint Announcement.

In relation to condition (ii) above, please refer to the section headed “3. The GSH CB Subscription” in this Letter from the Board for further details.

In relation to condition (v) above, other than the Executive’s consent required under Rule 25 of the Takeovers Code in respect of the Special Deals, the Purchasers and the Company are not aware of any other specific permission, approval or consent that is required to be obtained from the Executive, the Stock Exchange, other regulatory authorities and/or other third parties for the GSH SPA and the transactions contemplated thereunder.

---

## LETTER FROM THE BOARD

---

In relation to condition (vi) above, reference is made to the joint announcements made by the Company and GSH dated 4 May 2020 and 14 January 2022 in relation to breach of loan agreements. The Shenyang Intermediate Court has granted an order in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of the Company and certain subsidiaries of the GSH Group in the aggregate amount of RMB90,103,268.02 (the “**Preserved Assets**”). The court’s order is in respect of the Jinzhou CCB Loans in the principal amount of RMB189.9 million and the outstanding interest accrued thereon under various loan agreements entered into between Jinzhou Yuancheng, an indirect wholly-owned subsidiary of GSH, and Jinzhou CCB. The Preserved Assets include, among others, land and properties (the “**Shanghai Haocheng Mortgaged Properties**”) owned by Shanghai Haocheng, a wholly-owned subsidiary of GSH, that have been mortgaged (the “**Shanghai Haocheng Mortgage**”). Upon GSH Completion, GSH and its subsidiaries, including Jinzhou Yuancheng and Shanghai Haocheng, will be controlled by the Purchasers as the new controlling shareholders, and hence the debt restructuring and settlement status and the financial position of the GSH Group is a matter of concern to the Purchasers. At the request of the Purchasers and after arm’s-length negotiations between Global Corn and the Purchasers, it has been made a condition precedent to GSH Completion that the GSH Group should have reached agreement with Jinzhou CCB for debt restructuring or settlement purposes, such that the risks that Jinzhou CCB will apply to the Shenyang Intermediate Court for enforcement of the Shanghai Haocheng Mortgage by way of judicial auction sale of the Shanghai Haocheng Mortgaged Properties can be reduced and that the Preserved Assets can be retained by the GSH Group to the largest extent possible to support its operations. Depending on the progress of negotiations between Jinzhou CCB, Jinzhou Yuancheng and other relevant parties, Purchaser A (for himself and on behalf of the Purchasers) may opt to waive this condition.

If any of the conditions set out above cannot be satisfied or waived (as the case maybe) by the GSH Long Stop Date, the GSH SPA shall cease and determine, and any deposit paid by the Purchasers shall be refunded by Global Corn. Thereafter, no party shall have any claim against another in respect of the transfer of the GSH Sale Shares contemplated under the GSH SPA save for any antecedent breach thereof.

### (5) **GSH Completion**

GSH Completion shall take place on the fifth business day after all conditions precedent (other than conditions precedent that are stipulated to be fulfilled on the GSH Completion Date) have been fulfilled or waived (as the case may be) or such other date as may be agreed by the parties in writing. Further announcement(s) will be made as soon as practicable in relation to GSH Completion. Upon GSH Completion, the GSH Group will cease to be subsidiaries of the Company.

---

## LETTER FROM THE BOARD

---

### **(6) Irrevocable undertaking**

Pursuant to the GSH SPA, Global Corn has irrevocably undertaken to the Purchasers that during the period from the date of the GSH SPA and up to the date on which the GSH SPA lapses or is otherwise terminated in accordance with its terms and conditions or the closing date of the Offer (whichever is the earlier), save for the GSH Disposal, it will not (and will procure that the Company will not)

- (i) sell, offer to sell, contract to sell or, in any other way, transfer or dispose of any GSH Shares then held by it;
- (ii) enter into any swap or other arrangement to transfer ownership of any GSH Shares then held by it; or
- (iii) accept the Offer in respect of any GSH Shares then held by it.

The above irrevocable undertaking will cease to be binding

- (a) immediately after the GSH Long Stop Date, if any of the conditions set out in the paragraphs headed “(4) Conditions precedent” above cannot be satisfied or waived (as the case maybe) by the GSH Long Stop Date and consequently the GSH SPA lapses;
- (b) immediately after the termination date of the GSH SPA, if any party to the GSH SPA fails to perform any of its obligations at GSH Completion in accordance with the GSH SPA and consequently the non-defaulting party exercises its rights under the GSH SPA to terminate the GSH SPA; or
- (c) immediately after the closing date of the Offer, if the GSH SPA has neither lapsed nor been terminated.

### **(7) Financial effects of the GSH Disposal**

For illustrative purpose only, based on

- (i) the audited book value of the consolidated net liabilities of the GSH Group attributable to owners of GSH as at 31 December 2022 of approximately HK\$675.0 million;
- (ii) the consideration for the GSH Sale Shares of HK\$43,077,900;
- (iii) other expenses attributable to the GSH Disposal of approximately HK\$8.4 million; and
- (iv) the audited book value of the net liabilities of the Dihao Companies as at 31 December 2022 of approximately HK\$408.6 million,

---

## LETTER FROM THE BOARD

---

it is expected that the GBT Group will record a gain of approximately HK\$326.8 million in connection with the GSH Disposal (the actual gain shall be subject to the financial impact of the Dihao Completion which is inter-conditional with the GSH Completion, the financial impact of the GBT Counter-guarantee and the GSH Counter-guarantee which shall be given upon the Dihao Completion, and the financial impact of Jinzhou Yuancheng Guarantees and Dihao Foodstuff Guarantee). Such a gain is non-recurring in nature and shall be recognised in the consolidated statement of profit or loss and other comprehensive income of the GBT Group for the financial year ending 31 December 2023. The actual non-recurring gain to be recognised by the GBT Group will be calculated by reference to the financial position of the GSH Group as at the GSH Completion Date and subject to audit by the auditors of the Company, and hence may differ from the above figure.

The GBT Group intends to use the net proceeds from the GSH Disposal to meet the daily administrative and operational expenses of the GBT Group.

Upon GSH Completion, the GSH Group will cease to be subsidiaries of the Company. Accordingly, the assets, liabilities and financial results of the GSH Group will no longer be consolidated into the consolidated financial statements of the GBT Group.

### (8) Assets of the GBT Group subsequent to the GSH Disposal

Given the asset-heavy nature of GBT Group's business, the non-current assets consist mainly of property, plant and equipment (by carrying value), while current assets consist mainly of prepayments and other receivables. Set forth below are the details of the major assets of GBT Group as at 31 December 2022 (which is based on the audited consolidated accounts of the GBT Group (taking into account the completion of the Dihao Transfer and the GSH Disposal) as of 31 December 2022).

	<b>As at 31 December 2022</b> <i>HK\$'000</i>
Property, plant and equipment ( <i>Note 1</i> )	4,331,145
Right-of-use assets	412,245
Financial guarantee asset	227,273
Cash and bank balances	80,570
Other assets ( <i>Note 2</i> )	560,720
	<hr/>
Total assets	5,611,953
	<hr/> <hr/>

---

## LETTER FROM THE BOARD

---

Notes:

- (1) “Property, plant and equipment” comprises the following:

	<b>As at 31 December 2022</b>
	<i>HK\$ '000</i>
<b>Property, plant and equipment</b>	
Leasehold buildings <sup>#</sup>	3,655,953
Plant and machinery	256,440
Leasehold improvements, furniture, equipment and motor vehicles	5,904
Construction in-progress	412,848
	<hr/>
Total	4,331,145
	<hr/> <hr/>

<sup>#</sup> Production facilities are mainly booked as “Leasehold buildings”, and leasehold buildings in the value of approximately HK\$700,121,000 are subject to land resumption in the Luyuan District, Changchun, the PRC. For further details of the land resumption, please refer to the paragraphs headed “Reasons for and Benefits of the Dihao Transfer” in the Joint Announcement.

- (2) “Other assets” comprises (i) deposits paid for acquisition of property, plant and equipment; (ii) intangible assets; (iii) equity investment at fair value through other comprehensive income; (iv) inventories; (v) trade receivables; (vi) prepayments, deposits and other receivables; (vii) amounts due from a joint venture; (viii) financial assets at fair value through profit and loss; and (ix) pledged bank deposits.

In line with the industrial nature of their operations, the property, plant and equipment and right-of-use assets of the Restructured Group, i.e. the Group and its subsidiaries collectively with effect from the GSH Completion and the Dihao Completion which shall not include the GSH Group (other than the Dihao Companies), represent approximately 84.5% of their total assets as at 31 December 2022. While the cash and cash equivalents of the Restructured Group amounted to approximately HK\$80.6 million as at 31 December 2022, given that the Board intends to focus the production efforts in the manufacturing of amino acids products in the short run, the production capacity of Changchun Dahe, sale contracts on hand and the expected demand for upstream corn refined products and amino acid products in the coming year, the Board believes that the assets of the Restructured Group are sufficient to support its operations.

---

## LETTER FROM THE BOARD

---

The Board is also of the view of that Restructured Group would have sufficient assets to support its operations having regard to the below.

### *Principal business and products*

The Restructured Group shall carry on the business of manufacture and sale of (1) upstream corn refined products; (2) amino acids; (3) corn sweeteners; and (4) polyol chemicals in the PRC, the particular product details of which are set out below.

#### *(1) Upstream corn refined products*

The upstream corn refined products include (1) corn starch; (2) corn gluten meal; (3) corn fibre; and (4) corn oil. The customer base for such products is diverse, generally comprising feed manufacturers, corn sweetener manufacturers, pharmaceutical companies and food additive manufacturers.

#### *(2) Amino acid products*

Amino acid products of the Restructured Group include (1) 70% lysine; (2) 98% lysine; and (3) threonine, all of which are used as additives in animal feed. The customer base for such products are generally animal feed producers in the PRC.

#### *(3) Corn sweeteners*

The main corn sweeteners manufactured by the Restructured Group by the Dihao Companies include (1) dextrin, which is mainly used as a food additive to enhance flavours and texture; and (2) maltose, which is mainly used as a sweetener in food and beverage. The corn sweetener products are sold to beverage manufacturers and pharmaceutical companies.

#### *(4) Polyol chemicals*

The main polyol chemical product of the Restructured Group include (1) ethylene glycol, which is mainly used for processing polyester and making antifreeze agents, cellophane paper, plasticiser and polyester resin; (2) propylene glycol, which is ultimately used in the production of unsaturated polyester resin, ink additives, hydraulic liquids and release agents; (3) resin, a raw material for producing unsaturated polyester resins, and (4) antifreeze products. Customers for polyol chemicals include companies engaged in trading in the bio-chemical and environmental protection fields.

---

## LETTER FROM THE BOARD

---

### *Workforce*

The Restructured Group also places considerable focus on the size and expertise of its workforce, who carry on its operations. As at 31 December 2022, the Restructured Group had approximately 2,822 and 6 employees based in the PRC and Hong Kong, respectively (excluding the Board). As at 31 December 2022, there were approximately 42 employees in the Restructured Group with relevant education, professional experience and/or qualifications in various areas including, among others, process chemistry, agricultural products processing and storage engineering, food engineering, bioengineering and applied chemistry.

The following table sets forth the number of the Restructured Group's employees in the various departments (excluding the Board) as at 31 December 2022:

	<b>Number of employees in</b>	
	<b>the PRC</b>	<b>Hong Kong</b>
Management department	762	6
Sales department	83	–
Production department	1,977	–
	<hr/>	<hr/>
Total	2,822	6
	<hr/> <hr/>	<hr/> <hr/>

In addition, it is estimated that, as a result of the Dihao Transfer, an additional 226 management personnel from the Dihao Companies will join the workforce of the Restructured Group.

### *Latest status of resumed operations*

Since mid-December 2022 and up to 28 February 2023, the Restructured Group has secured over 130 domestic sales contracts for amino acid products and upstream products with aggregate sales volume of over 34,000 MT with a total contract sum of approximately RMB161.5 million.

---

## LETTER FROM THE BOARD

---

### (9) Reasons for and Benefits of the GSH Disposal

The Directors consider that the GSH Disposal carries the following strategic benefits from the perspective of the GBT Group:

#### 1. *Strategic restructuring of the Group to improve operational efficiency*

The GSH Disposal is an integral part of the strategic restructuring of the Group. Upon GSH Completion, a clear delineation can be achieved between the business structures and operation sites and locations of the GBT Group and the GSH Group. While the GSH Group will focus on the manufacture and sale of, among others, corn sweeteners targeting the food and beverage and pharmaceutical industries, the GBT Group will direct its business attention to the manufacture and sale of, among others, amino acids products targeting the feed industry. As disclosed in the paragraphs headed “Reasons for and Benefits of the Dihao Transfer” in the Joint Announcement, given that the production facilities of the Dihao Companies are located in the vicinity of the operation sites of the GBT Group in Changchun, the PRC and that sweeteners are intermediate products which could be processed downstream for the production of amino acids and polyol chemicals, following the Dihao Transfer, the production of amino acids by the GBT Group could continue to be supported by the sweeteners supplied by the Dihao Companies. Apart from addressing the internal production needs of the GBT Group, the corn sweetener products of the Dihao Companies may also be sold externally to third parties if a reasonable level of profits can be generated after GSH Completion and Dihao Completion. In view of (1) the significant size of the corn sweetener market in China relative to the production capacities of the Dihao Companies and the GSH Group; and (2) the differences in geographical locations of the production facilities and in target markets of the Dihao Companies and the GSH Group, there is unlikely to be any direct competition between the GBT Group and the GSH Group even if the GBT Group commences to make external sales of corn sweetener products after GSH Completion and Dihao Completion. As regards production and manufacture of crystallised glucose, while this forms the principal business of Dihao Crystal Sugar within the corn sweeteners segment under the GSH Group, the operation of the relevant production facilities has been suspended since 2014, and such production facilities are no longer fit for production. The GBT Group does not have any plan to resume the operation of production facilities of crystallised glucose in the near future, and hence there will be no issue of competition between the GBT Group and the GSH Group in this regard following GSH Completion and Dihao Completion.

By segregating the business of the GSH Group from that of the Group as a whole, the business objectives and goals of the GBT Group will become more clearly defined. This will be conducive to building better cohesion in the GBT Group’s business and thereby increase the ease of both strategic planning and daily management of the GBT Group.

---

## LETTER FROM THE BOARD

---

As the GBT Group will primarily be conducting its operations in Jilin province, the PRC subsequent to the GSH Completion, the GBT Group will then also be able to more effectively leverage the standing and connections in Jilin province of its controlling shareholder as a state-owned enterprise.

In addition, the Group will have a streamlined management structure where all major business decisions can be made solely by the Board without the need to seek the approval of, consult or involve the board of directors of any other listed company. The entire internal decision-making process can thus be speeded up, and the GBT Group will benefit from the higher degree of operational efficiency this will bring about. In particular, the GBT Group's plans for resumption of land and properties located in Luyuan District, Changchun and debt restructuring can be executed more swiftly going forward.

On the other hand, as the GBT Group and the GSH Group each has individual production facilities and resources, the GSH Disposal is not expected to cause any material disruption to the daily operations of the GBT Group.

As at the Latest Practicable Date, transactions between GBT Group and GSH Group included (i) an insignificant amount of raw material purchased by Shanghai Haocheng, an indirect wholly-owned subsidiary of GSH, from GBT Group, (ii) the reimbursement of costs of utilities on the utilities provided by GBT Group to Dihao Foodstuff; (iii) the leasing of certain land and premises to Dihao Foodstuff by GBT Group, the rental expenses of which were charged based on lease agreements signed between the parties; (iv) a licence agreement entered into between the Company and GSH in respect of the sharing of their head office and principal place of business in Hong Kong; and (v) interest on a loan due from GSH Group to GBT Group for the repayment of the loan from Hongcheng Bio-Tech to Jinzhou Yuancheng amounting to approximately of RMB34.9 million (the "**Hongcheng Yuancheng Loan**") under a written agreement dated 30 September 2022 entered into between Hongcheng Bio-Tech and Jinzhou Yuancheng (the "**Hongcheng Yuancheng Loan Agreement**"), further details of which are set out in the paragraphs headed "3. Improvement of financial position and reduction of gearing level of the GBT Group" below. All the aforementioned transactions are either connected transactions or continuing connected transactions that are fully exempted from the shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules. Save for the interest on the Hongcheng Yuancheng Loan which the parties have yet to agree on concrete terms of repayment as at the Latest Practicable Date and the licensing arrangement between the Company and GSH in respect of their head office and principal place of business in Hong Kong which is expected to continue under the same terms and conditions pursuant to the licence agreement for some time as a transitional period after GSH Completion, the aforementioned transactions are expected not to continue upon GSH Completion and Dihao Completion.

## LETTER FROM THE BOARD

Save as disclosed above, as at the Latest Practicable Date, there were no other connected transactions or continuing connected transactions between GBT Group and GSH Group. As disclosed in the announcements of the Company dated 24 September 2019, 16 December 2019, 10 February 2020 and 29 May 2020, the production activities of operating subsidiaries of the GBT Group, namely Harbin Dacheng, Changchun Dahe and Dacheng Bio-tech have been suspended and the Board has been monitoring local market conditions and the resources of the GBT Group to determine the next steps.

As disclosed in the announcement of the Company dated 29 December 2022, Changchun Dahe had resumed its corn-refining and amino acid production operations in mid-December 2022. Set forth below is the background and status of the major production facilities of GBT Group at the Latest Practicable Date:

Major subsidiary of GBT Group operating the relevant production facilities	Location	Status of operations and reason for suspension (where applicable)	Date from which such suspension began	Plan for resumption of operations and expected timeline	Approximate amount required for resumption of production	Current plans to obtain funding (Note)
Changchun Dahe	Dehui, Changchun, Jilin, the PRC	Resumed operations in mid-December 2022	December 2019	N/A	N/A	N/A
Dacheng Bio-Tech	Xinglongshan, Changchun, Jilin, the PRC	Operations suspended due to the impact of the then-outbreak of the coronavirus disease ("COVID-19") in the PRC, the overall capacity utilisation of the upstream corn refinery such that it was not commercially viable for the GBT Group to resume its upstream corn refining operations, and the need for GBT Group to minimise operating cash outflow and optimise the use of resources for its other core business activities.	February 2020	Production may be resumed as early as the fourth quarter of 2023 provided that GBT Group is able to secure financing in the interim.	RMB0.2 billion to 0.3 billion	Debt restructuring and external financing plans of the Company
Dacheng Bio-Tech and 長春金寶特生物化工有限公司 (Changchun Jinbaote Biochem Co., Ltd*)	Xinglongshan, Changchun, Jilin, the PRC	Operations suspended due to sustained adverse market conditions for polyol chemicals production, such as glycols and resins, and weak market demand for corn-based antifreeze.	Polyol chemicals production: 3rd quarter of 2013  Antifreeze production: December 2022	Production may be resumed as early as the fourth quarter of 2023 provided that GBT Group is able to secure financing in the interim.	No resumption plans for polyol chemicals production until market conditions improve  RMB2.0 million for antifreeze production	Debt restructuring and external financing plans of the Company
Hongcheng Bio-Tech	Xinglongshan, Changchun, Jilin, the PRC	Operations suspended due to such production facilities being trial run facilities, a weak demand for enzymes, its principal product, and the need for GBT Group to minimise operating cash outflow and optimise the use of resources for its other core business activities.	October 2021	Production may be resumed as early as the fourth quarter of 2023 provided that GBT Group is able to secure financing in the interim.	RMB3.0 million	Debt restructuring and external financing plans of the Company
Harbin Dacheng	Harbin, Heilongjiang, the PRC	Operations suspended and is in the process of being liquidated.	September 2019	N/A	N/A	N/A

---

## LETTER FROM THE BOARD

---

*Note:* As at the Latest Practicable Date, no concrete timeline has yet been agreed upon for the debt restructuring plan of GBT Group. For further details of the preliminary debt restructuring plan, please refer to the paragraphs headed “3. Improvement of financial position and reduction of gearing level of the GBT Group” below.

As the Board has determined that resources of the GBT Group shall be focused on the manufacturing and sales of amino acids products, the resumption of operations of the corn refineries are being prioritised in the short run so as to provide necessary feedstock for the production of amino acid products.

**2. *Mitigation of risks of repayment of interest-bearing bank loans out of the GBT Group’s assets or financial resources***

Reference is made to the joint announcements made by the Company and GSH dated 4 May 2020 and 14 January 2022 in relation to breach of loan agreements. The Shenyang Intermediate Court has granted an order in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of the Company and certain subsidiaries of the GSH Group in the aggregate amount of RMB90,103,268.02. The court’s order is in respect of the Jinzhou CCB Loans in the principal amount of RMB189.9 million and the outstanding interest accrued thereon under various loan agreements entered into between Jinzhou Yuancheng, an indirect wholly-owned subsidiary of GSH, and Jinzhou CCB. The Shenyang Intermediate Court may further order enforcement of the mortgage on the land and properties owned by the GBT Group and the GSH Group. The Company and Dihao Foodstuff had also agreed to provide to Jinzhou CCB the Yuancheng CCB Guarantees, which covered the obligations of Jinzhou Yuancheng in connection with the Jinzhou CCB Loans. For further details of the Jinzhou CCB Loans and the Yuancheng CCB Guarantees, please refer to the section headed “Provision of Counter-guarantee and Indemnity by GSH to GBT Group – Background” in the Joint Announcement.

Following the change in control over the GSH Group as a result of the GSH Disposal, the Purchasers, being the new controlling shareholders of GSH, are expected to provide financing and/or assistance to the GSH Group to address its funding needs, including settlement of the Jinzhou CCB Loans and resolution of the disputes with Jinzhou CCB in that connection. As disclosed in the section headed “3. The GSH CB Subscription” in this Letter from the Board, the Purchasers have agreed to subscribe for the GSH Convertible Bonds in the principal amount of RMB120.0 million, and GSH intends to use the net proceeds for repayment of the Jinzhou CCB Loans and funding for the preparation for the resumption of Jinzhou production facilities. Further, as disclosed in the section headed “Provision of Counter-guarantee and Indemnity by GSH to GBT Group – The GSH Counter-guarantee Deed” in the Joint Announcement, GSH will provide the GSH Counter-guarantee under which GSH shall undertake to indemnify the

---

## LETTER FROM THE BOARD

---

Company or Dihao Foodstuff against all liabilities and obligations they may incur as a result of the Jinzhou Yuancheng Guarantees (which include the Yuancheng CCB Guarantees covering the obligations of Jinzhou Yuancheng in connection with the Jinzhou CCB Loans). Hence, there will be reduced likelihood that the relevant mortgage or guarantees will be enforced, or that the Jinzhou CCB Loans will otherwise have to be repaid out of the financial resources of the GBT Group.

**3. *Improvement of financial position and reduction of gearing level of the GBT Group***

The top priority of the management of the Company has always been to continue pushing for its debt restructuring plan, such that the financing costs of the GBT Group can be further reduced. As at 31 December 2022, the Restructured Group's interest-bearing bank and other borrowings amounted to approximately HK\$6,657.3 million (31 December 2021: HK\$6,937.7 million), while the GSH Group's interest-bearing bank and other borrowings (excluding those of Dihao Foodstuff and Dihao Crystal Sugar, the entire equity interests in which are to be transferred by the GSH Group to the GBT Group under the Dihao SPAs) amounted to approximately HK\$456.3 million (31 December 2021: HK\$563.6 million). As illustrated in the paragraphs headed "(7) Financial effects of the GSH Disposal" above, it is expected that GBT Group will record a gain of approximately HK\$326.8 million in connection with the GSH Disposal (taking into account the provision of the GBT Counter-guarantee and GSH Counter-guarantee). In addition, following the GSH Disposal, the GSH Group, which has been loss-making for an extended period of time, will no longer be accounted for and consolidated in the consolidated accounts of the GBT Group, and the net proceeds from the GSH Disposal will enrich the working capital of the GBT Group. The GSH Disposal will therefore improve the financial position of the GBT Group and reduce its needs for funding to meet its loan repayment obligations and working capital requirements.

Set forth below is a breakdown of all outstanding loans and borrowings of the GBT Group as at 31 January 2023 and the proposed plan for their respective settlement.

---

## LETTER FROM THE BOARD

---

Company name	Approximate amount of outstanding loan/borrowing (RMB'000)	Creditor	Due date of such loan/borrowing	Proposed settlement method
Changchun Dahe	1,588,000	Jilin Cinda	Of this outstanding sum:	Settlement through debt restructuring and external financing ( <i>Note 1</i> )
			(i) RMB240,000,000 due on 7 June 2019	
			(ii) RMB239,000,000 due on 19 July 2019	
			(iii) RMB169,000,000 due on 24 January 2020	
			(iv) RMB400,000,000 due on 8 January 2020	
			(v) RMB160,000,000 due on 25 June 2021	
			(vi) RMB180,000,000 due on 25 June 2021	
	592,827	Ningxia Huarong	30 December 2022	Settlement through compensation to be obtained from land resumption ( <i>Note 2</i> )
	200,000	Yatai BOJ	23 June 2023	Renewal of loan facilities for daily operation
Changchun Dahe	51,150	Nongtuo Group	Of this outstanding sum:	Settlement via future operating cash flow of Changchun Dahe
			(i) RMB25,575,000 due on 4 August 2018	
			(ii) RMB25,575,000 due on 1 August 2018	

## LETTER FROM THE BOARD

Company name	Approximate amount of outstanding loan/borrowing (RMB'000)	Creditor	Due date of such loan/borrowing	Proposed settlement method
Dacheng Bio-Tech	1,014,828	Jilin Cinda	24 January 2020	Settlement through debt restructuring and external financing (Note 1)
	108,663	Ningxia Huarong	30 December 2022	Settlement through compensation to be obtained from land resumption (Note 2)
	300,000	Yatai BOJ	21 December 2023	Renewal of loan facilities for daily operation
長春寶成生化發展有限公司 (Changcheng Baocheng Biochem Development Co., Ltd*)	1,485,000	Jilin Cinda	Of this outstanding sum: (i) RMB520,000,000 due on 8 January 2020 (ii) RMB200,000,000 due on 22 July 2020 (iii) RMB765,000,000 due on 24 January 2020	Settlement through debt restructuring and external financing (Note 1)
長春大成實業集團進出口有限公司 (Changchun Dacheng Industrial Group Import Export Co., Ltd*)	278,796	Yatai BOJ	23 November 2023	Renewal of loan facilities for daily operation
Harbin Dacheng	50,000	大興安嶺農村商業銀行股份有限公司 (Daxinganling Rural Commercial Bank Co., Ltd.*)	22 December 2020	Harbin Dacheng is insolvent and is in the process of being liquidated
Hongcheng Bio-Tech	40,000	Nongtou	6 April 2024	RMB34.9 million will be settled via future operating cash flow of Jinzhou Yuancheng after GSH Completion, the remaining balance of RMB5.1 million will be settled by future operating cash flow of Changchun Dahe (Note 3)

---

## LETTER FROM THE BOARD

---

*Notes:*

- (1) Such outstanding loan is subject to the debt restructuring plan of GBT Group. The Company has been pursuing debt restructuring plans following negotiations with creditor banks, which entail the assignment of the GBT Group's debts by the creditor banks to asset management companies followed by repayment and cancellation of the assigned debts by the GBT Group at a discounted price. As at the Latest Practicable Date, the Company has been exploring the possibility of securing capital injection from strategic investors, the preliminary debt restructuring plan shall be facilitated by the end of 2023, but it is pending and subject to the internal approval from the respective creditors and relevant local government authorities and no concrete timelines have been agreed upon. The Company will make further announcement(s) in relation to any progress or details of the debt restructuring involving the GBT Group as and when appropriate.
  
- (2) Certain Remaining Luyuan Properties owned by GBT Group with an aggregate book value of approximately RMB444.9 million as at 31 December 2022 and land area of approximately 374,000 square meters have been pledged as security for these loans. It is intended that the sole repayment method of such loans shall be the sale of the Remaining Luyuan Properties: if the relevant municipal government proceeds with the resumption of the Remaining Luyuan Properties, the compensation received by the GBT Group shall go towards repayment of the outstanding loans; on the other hand, if land resumption does not take place in time or at all, given that the Remaining Luyuan Properties are pledged as security, the pledgee-lenders may apply for the pledged Remaining Luyuan Properties to be sold by way of auction and receive proceeds of sale as settlement the outstanding loans. For further details of the land resumption process and progress, please refer to the paragraphs headed "Reasons for and Benefits of the Dihao Transfer" in the Joint Announcement.

---

## LETTER FROM THE BOARD

---

- (3) Reference is made to the joint announcements of the Company and GSH dated 4 May 2020, 27 April 2021, 24 September 2021, 14 January 2022, 8 September 2022 and 30 September 2022, in relation to, among others, a fixed term loan (the “**Jinzhou BOC Loan**”) due from Jinzhou Yuancheng to 中國銀行股份有限公司錦州港支行 (Jinzhou Port Branch of Bank of China\*) (“**Jinzhou BOC**”). As Jinzhou Yuancheng had failed to adhere to the repayment schedule under a settlement agreement for its breach of the loan agreement extending the Jinzhou BOC Loan, Jinzhou BOC had taken enforcement action against Jinzhou Yuancheng (the “**Claim**”). As part of the negotiation efforts between Jilin SASAC, Jinzhou Yuancheng and Jinzhou BOC to settle the Claim, 吉林省國有資本運營有限責任公司 (Jilin Province State-Owned Capital Operation Co., Ltd.\*) (“**Jilin Capital**”), which is owned as to approximately 90.2% by Jilin SASAC and approximately 9.7% by 吉林省財政廳 (Department of Finance of Jilin Province), and Nongtou, entered into an entrusted loan agreement with Yatai BOJ, pursuant to which Jilin Capital has entrusted Yatai BOJ to provide an entrusted loan in the principal amount of RMB40.0 million (the “**Entrusted Loan**”) to Nongtou for settling the Claim. In turn, Nongtou and Hongcheng Bio-Tech entered into a loan agreement on 30 September 2022, the purpose of which was to advance the Entrusted Loan to Hongcheng Bio-Tech.

Pursuant to the Hongcheng Yuancheng Loan Agreement, the Hongcheng Yuancheng Loan was advanced from Hongcheng Bio-Tech to Jinzhou Yuancheng for repayment of the Jinzhou BOC Loan and thus the full and final settlement of the Claim. Pursuant to the Hongcheng Yuancheng Loan Agreement, Jinzhou Yuancheng had agreed to repay Hongcheng Bio-Tech such principal and interest accrued thereon. While the Hongcheng Yuancheng Loan has matured on 31 December 2022 and therefore had become due and payable under the Hongcheng Yuancheng Loan Agreement, Jinzhou Yuancheng shall give Hongcheng Bio-Tech the same treatment as all other creditors to whom Jinzhou Yuancheng owes overdue loan, and the arrangements for the repayment of the Hongcheng Yuancheng Loan shall not differ from those for repayment of Jinzhou Yuancheng’s other debts.

---

## LETTER FROM THE BOARD

---

Set forth below is a breakdown of all outstanding loans and borrowings of the GSH Group as at 31 January 2023 and the proposed plan for their respective settlement.

Company name	Approximate amount of outstanding loan/borrowing (RMB'000)	Creditor	Due date of such loan/borrowing	Proposed settlement method
Jinzhou Yuancheng	212,500	Tiebei BOJ	Of this outstanding sum:	Renewal of loan facilities for daily operation after GSH Completion ( <i>Note 1 and 2</i> )
			(i) RMB159,000,000 due on 24 August 2023 ( <i>Note 2</i> )	
			(ii) RMB53,500,000 due on 26 December 2022 ( <i>Note 1</i> )	
	189,001	Jinzhou CCB	17 August 2020	First instalment of RMB60.0 million will be settled by proceeds from issue of the GSH Convertible Bonds; the then remaining outstanding loan to be settled within 10 months after the repayment of the first instalment by cash flow generated by the Jinzhou production facilities after its resumption of production, and further financing obtained (if necessary) ( <i>Note 1</i> )
	34,900	Hongcheng Bio-Tech	31 December 2022	Future operating cash flow of Jinzhou Yuancheng after GSH Completion

---

## LETTER FROM THE BOARD

---

Company name	Approximate amount of outstanding loan/borrowing (RMB'000)	Creditor	Due date of such loan/borrowing	Proposed settlement method
Dihao Foodstuff	180,000	Jilin Cinda	17 June 2021	Repayment through debt restructuring and external financing (Note 3)
	113,510	Ningxia Huarong	30 December 2022	Repayment through compensation to be obtained from land resumption (Note 4)
	4,900	Changchun Shuangyang Jiyin Rural Bank Co., Ltd.* (長春雙陽吉銀村鎮 銀行股份有限公司)	31 December 2022	Repayment through debt restructuring and external financing

*Notes:*

- (1) The proposed settlement method has been arrived at upon preliminary negotiation between the GSH Group and the creditor, while the GSH Group has yet to enter into any written agreements or receive any written confirmations from the creditor, the GSH Group is optimistic that parties would be able to reach a favourable outcome with the loan to be settled as proposed. GSH will make further announcement(s) in relation to any progress or details of the settlement of the loan as and when appropriate.
- (2) In reaching the proposed settlement method upon preliminary negotiation between the GSH Group and Tiebei BOJ, the GSH Group had notified Tiebei BOJ, and Tiebei BOJ had taken into consideration, of the Dihao Transfer. Obligation of the GSH Group pursuant to this loan and the relevant guarantee (i.e. one of the Yuancheng Tiebei Guarantees) had been fulfilled. It is expected that the Dihao Transfer will not affect the proposed settlement method nor will it trigger a cross default of this loan.
- (3) The Remaining Luyuan Properties owned by Dihao Companies with a book value of approximately RMB62.5 million as at 31 December 2022 and a land area of approximately 76,000 square meters have been pledged as security for this loan. Despite there are Remaining Luyuan Properties pledged as security, it is intended that the sole repayment method of this loan shall be repayment through debt restructuring and external financing as the proceeds from the sale of the Remaining Luyuan Properties shall go towards the repayment of the loan to be repaid to Ningxia Huarong as described in note 4 below.

---

## LETTER FROM THE BOARD

---

- (4) The Remaining Luyuan Properties owned by Dihao Companies with a book value of approximately RMB79.8 million as at 31 December 2022 and a land area of approximately 100,000 square meters have been pledged as security for this loan. The Remaining Luyuan Properties that are currently owned by the Dihao Companies will be owned by the GBT Group following the Dihao Completion which shall take place concurrently with the GSH Completion, and this loan will continue to be owed by Dihao Foodstuff, as a member of the GBT Group following the GSH Completion, to Ningxia Huarong. It is intended that the sole repayment method of this loan shall be through the sale of the Remaining Luyuan Properties: if the relevant municipal government proceeds with the resumption of the Remaining Luyuan Properties, the compensation received by the GBT Group, as the owner of the Remaining Luyuan Properties following the Dihao Completion, shall go towards repayment of the outstanding loan; on the other hand, if land resumption does not take place in time or at all, given that the Remaining Luyuan Properties are pledged as security, the pledgee-lenders may apply for the pledged Remaining Luyuan Properties to be sold by way of auction and receive proceeds of sale as settlement the outstanding loan. For further details of the land resumption process and progress, please refer to the paragraphs headed “Reasons for and Benefits of the Dihao Transfer” in the Joint Announcement

**4. *Dedication of resources to business segments with higher development potential (such as the amino acids segment) to optimise financial performance of the GBT Group and maximise investment returns of the Shareholders***

Through the GSH Disposal, the business lines of the GBT Group will become more streamlined. This will allow the GBT Group to direct its focus and resources to those operating segments with greater efficiency and readiness to generate cash inflows to the GBT Group, paving its way for further resumption of other operation sites. On 29 December 2022, the Company announced that the operation of its amino acids production facilities at Changchun Dahe has resumed since mid-December 2022. Based on the unaudited financial information of the GBT Group currently available to the management of the Company, since mid-December 2022 and up to 28 February 2023, the Restructured Group had secured over 130 domestic sales contracts for amino acid products and upstream products with aggregate sales volume of over 34,000 MT with a total contract sum of approximately RMB161.5 million. The GBT Group’s amino acids segment has been one of the major revenue contributors of the GBT Group. During the period from the year ended 31 December 2017 to the year ended 31 December 2019, the amino acids segment accounted for approximately 21.7% to 47.8% of the total revenue of the GBT Group for the relevant financial year. The Board believes that the future net cash inflows to be generated by Changchun Dahe will power and benefit the operations of other business segments of the GBT Group. After the GSH Completion, the management can concentrate on utilising the GBT Group’s internally generated funds and resources to revive and develop the various other segments of the GBT Group, such as resumption of upstream production activities at the Xinglongshan sites and research and development work. The GBT Group will thus regain momentum and be in a better position to pursue and/or proceed with its business strategies and future plans.

---

## LETTER FROM THE BOARD

---

Given the poor liquidity of the GSH Shares as reflected by their low trading volume on the Main Board of the Stock Exchange, it has been largely impracticable for the GBT Group to realise its equity interests in GSH in the market. As the opportunity presents itself, the Directors consider that the GBT Group should avail itself of the GSH Disposal to achieve business revival.

As regards the consideration, having considered the factors detailed in the paragraphs headed “(3) Consideration for the GSH Sale Shares” above, the Directors believe that the pricing basis has catered for the financial interests of both parties to the GSH SPA, with an appropriate balance struck and a fair reflection of the prevailing market value of the GSH Shares.

Having regard to the reasons for and benefits of the transaction as set forth above, the Directors are of the view that the terms of the GSH Disposal (including the consideration) are fair and reasonable and in the interests of the Shareholders as a whole.

### 3. THE GSH CB SUBSCRIPTION

On 6 April 2023 (after trading hours), GSH entered into the GSH CB Subscription Agreement with the Purchaser as subscribers, pursuant to which GSH has conditionally agreed to issue, and the Purchaser have conditionally agreed to subscribe for, the GSH Convertible Bonds in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK\$138.0 million) subject to the terms and conditions set out in the GSH CB Subscription Agreement.

#### (1) The GSH CB Subscription Agreement

Set forth below are the details of the GSH CB Subscription Agreement:

Date: 6 April 2023 (after trading hours)

Parties: (i) GSH, as issuer; and  
(ii) the Purchasers, as subscribers

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchasers are third parties independent of the Company and its connected persons.

#### (2) Subscription of GSH Convertible Bonds

Pursuant to the GSH CB Subscription Agreement, GSH has conditionally agreed to issue and the Purchasers, as the subscribers, have conditionally agreed to subscribe for 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 the GSH Conversion Shares pursuant to the terms and conditions of the GSH Convertible Bonds.

---

## LETTER FROM THE BOARD

---

Completion of the GSH CB Subscription shall take place in two tranches. The principal amount of GSH Convertible Bonds to be acquired by each of the Purchasers shall be as follows:

Purchaser A: RMB60.0 million (subscription of GSH Convertible Bonds in the amount of RMB30.0 million upon CB First Completion; and subscription of GSH Convertible Bonds in the remaining amount of RMB30.0 million upon CB Second Completion)

Purchaser B: RMB60.0 million (subscription of GSH Convertible Bonds in the amount of RMB30.0 million upon CB First Completion; and subscription of GSH Convertible Bonds in the remaining amount of RMB30.0 million upon CB Second Completion)

### (3) Conditions precedent to the GSH CB Subscription Agreement

CB First Completion is conditional upon the following conditions being fulfilled (or waived, if applicable) on or before 30 September 2023 (or such other date as GSH and the Purchasers, as subscribers, shall agree in writing):

- (i) the passing by the GSH independent shareholders of the relevant resolution(s) at the GSH EGM approving (a) the transactions contemplated under the GSH CB Subscription Agreement; and (b) the specific mandate to be granted to the GSH directors to allot, issue and deal with the GSH Conversion Shares;
- (ii) the GSH Shares remaining listed and traded on the Stock Exchange and the listing of the GSH Shares not having been withdrawn by the Stock Exchange from the date of the GSH CB Subscription Agreement to the CB First Completion Date (and in any case, trading of the GSH Shares not being suspended for more than five consecutive trading days, save for any suspension of trading due to the GSH CB Subscription or the GSH Disposal);
- (iii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, all the GSH Conversion Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attaching to the GSH Convertible Bonds (the “**Listing Approval**”), and such Listing Approval remaining in full force and effect and not revoked before the CB First Completion Date;
- (iv) the GSH Completion;
- (v) there being no material breach by GSH of the representations, warranties and undertakings given by it under the GSH CB Subscription Agreement on or before the CB First Completion Date; and
- (vi) no material adverse effect (or change) on the overall business, financial condition or operating performance of the GSH Group having occurred or being likely to occur before the CB First Completion Date.

---

## LETTER FROM THE BOARD

---

Save for the conditions set out in paragraphs (v) and (vi) above which may be waived only by Purchaser A, as a subscriber and representative of the Purchasers (as subscribers), by way of written notice, none of the other conditions may be waived by any party to the GSH CB Subscription Agreement.

If the aforementioned conditions have not been satisfied or waived (as the case may be) on or before 30 September 2023 (or such other date as GSH and the Purchasers, as subscribers, shall agree in writing), then the GSH CB Subscription Agreement shall automatically terminate and be of no further effect. In such event, none of the parties to the GSH CB Subscription Agreement shall assume any responsibility or obligation for, or have any claim of any nature whatsoever against, the other in respect of the GSH CB Subscription Agreement, save for any antecedent breaches of the GSH CB Subscription Agreement before termination.

As at the Latest Practicable Date, none of the above conditions precedent under the GSH CB Subscription Agreement had been fulfilled or waived, and the Directors were not aware of any circumstances that might render any of such conditions precedent not capable of being fulfilled.

CB Second Completion is conditional upon the following conditions being fulfilled (or waived, if applicable) on or before the CB Second Completion Date:

- (i) the CB First Completion;
- (ii) the giving of written notice by GSH to the Purchasers, as subscribers, in respect of the CB Second Completion;
- (iii) the GSH Shares remaining listed and traded on the Stock Exchange, and the listing of the GSH Shares not having been withdrawn by the Stock Exchange from the CB First Completion Date to the CB Second Completion Date (and in any case, trading of the GSH Shares not being suspended for more than five consecutive trading days);
- (iv) the Listing Approval remaining in full force and effect and not revoked before the CB Second Completion Date;
- (v) there being no material breach by GSH of the representations, warranties and undertakings given by it under the GSH CB Subscription Agreement on or before the CB Second Completion Date; and
- (vi) no material adverse effect (or change) on the overall business, financial condition or operating performance of the GSH Group having occurred or being likely to occur before the CB Second Completion Date.

---

## LETTER FROM THE BOARD

---

Save for the conditions set out in paragraphs (v) and (vi) above which may be waived only by Purchaser A, as a subscriber and representative of the Purchasers (as subscribers), by way of written notice, none of the other conditions may be waived by any party to the GSH CB Subscription Agreement.

If the aforementioned conditions have not been satisfied or waived (as the case may be) on or before the CB Second Completion Date, the responsibilities and obligations of the parties to the CB Second Completion shall terminate immediately and be of no further effect, none of the parties to the GSH CB Subscription Agreement shall assume any responsibility or obligation for, or have any claim of any nature whatsoever against, the other in respect of the CB Second Completion.

**(4) CB Completion**

CB First Completion shall take place on the CB First Completion Date after the fulfilment and/or waiver (as the case maybe) of the conditions in respect of CB First Completion (other than conditions precedent that are stipulated to be fulfilled on the CB First Completion Date) as set out in the GSH CB Subscription Agreement.

CB Second Completion shall take place on the CB Second Completion Date after the fulfilment and/or waiver (as the case maybe) of the conditions in respect of CB Second Completion (other than conditions precedent that are stipulated to be fulfilled on the CB Second Completion Date) as set out in the GSH CB Subscription Agreement.

**(5) Specific mandate**

The GSH Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought from the GSH independent shareholders at the GSH EGM.

**(6) Principal terms of the GSH Convertible Bonds**

The principal terms of the GSH Convertible Bonds were arrived at after arm's length negotiations between GSH and the Purchaser, as subscribers, and are summarised as follows:

Issuer:	GSH
Principal amount:	RMB120.0 million (equivalent to approximately HK\$138.0 million)
Interest rate:	5.0% per annum

---

## LETTER FROM THE BOARD

---

The interest rate was determined after arm's-length negotiations between GSH and the Purchasers, as subscribers, with reference to (i) prevailing interest rate of convertible bonds issued by the listed companies in Hong Kong; and (ii) the effective interest rate of existing bank and other borrowings taking into consideration the financial position of the GSH Group.

**Maturity Date:** the date falling on the third anniversary of the issue of the GSH Convertible Bonds (the "**CB Maturity Date**")

**Conversion Price:** HK\$0.1 per GSH Conversion Share, subject to adjustments.

The initial Conversion Price of HK\$0.1 per GSH Conversion Share represents

- (i) a premium of approximately 16.3% over the closing price of HK\$0.086 per GSH Share as quoted on the Stock Exchange on the date of the GSH CB Subscription Agreement;
- (ii) a premium of approximately 20.2% over the average of the closing prices of GSH Share for the five consecutive trading days immediately prior to the date of the GSH CB Subscription Agreement as quoted on the Stock Exchange of HK\$0.0832 per GSH Share.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.1 per GSH Conversion Share.

The Conversion Price was determined after arm's length negotiations between GSH and the Purchasers, as subscribers, with reference to (i) the par value of the GSH Shares, being the minimum price for issuing new GSH Shares in accordance with the laws of the Cayman Islands; and, (ii) the prevailing market price of the GSH Shares. The Directors consider that the initial Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

Adjustment to Conversion  
Price:

The initial Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) if and whenever there shall be an alteration to the share capital of GSH as a result of consolidation or subdivision. In this case, the adjusted Conversion Price should be determined using the following formula:

$$CP_A = CP_1 \times A \div B$$

where

$CP_A$  is the adjusted Conversion Price immediately following the alteration to GSH's share capital;

$CP_1$  is the initial Conversion Price immediately before the alteration to GSH's share capital;

A is the number of GSH Shares in issue immediately before the alteration to GSH's share capital; and

B is the number of GSH Shares in issue immediately after the alteration to GSH's share capital.

The adjustment to the Conversion Price shall take effect on the effective date of the alteration to GSH's share capital. In the event of any adjustment to the Conversion Price (other than as a result of subdivision or consolidation of the GSH Shares), GSH shall re-comply with the relevant requirements of the Listing Rules; and

- (ii) if GSH considers that it would be appropriate for an adjustment to be made to the Conversion Price as a result of event or circumstance not referred to in the subparagraph above, GSH shall at its own expense, request an approved merchant bank or the auditors of GSH to determine (acting as experts) as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect.

---

## LETTER FROM THE BOARD

---

- GSH Conversion Shares: The number of GSH Shares to be issued upon conversion of the GSH Convertible Bonds shall be determined by dividing the principal amount of the relevant GSH Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.
- Upon exercise of the Conversion Rights in full at the initial Conversion Price of HK\$0.1 per GSH Conversion Share, a total of 1,380,000,000 GSH Conversion Shares will be issued with an aggregate nominal value of HK\$138,000,000, representing:
- (i) approximately 90.34% of the issued share capital of GSH as at the Latest Practicable Date; and
  - (ii) approximately 47.46% of the issued share capital of GSH as enlarged by the issue of 1,380,000,000 GSH Conversion Shares (assuming there is no other change in the issued share capital of GSH between the Latest Practicable Date and the full conversion of the GSH Convertible Bonds).
- Conversion period: The period commencing from the date of issue of the GSH Convertible Bonds up to seven days before (and excluding) the CB Maturity Date (the “**Conversion Period**”)
- Conversion Rights: Each GSH Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (subject to the terms and conditions of the GSH Convertible Bonds, in the denomination of RMB500,000 and integral multiples thereof) of the outstanding principal amount of the GSH Convertible Bonds held by such a GSH Bondholder into GSH Shares subject to adjustments, provided that the public float of the GSH Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued GSH Shares at the relevant time in compliance with the Listing Rules.

---

## LETTER FROM THE BOARD

---

Event of default:

Pursuant to the GSH CB Subscription Agreement, if any of the events specified below occurs, GSH shall within 10 days of such event occurring give notice to the GSH Bondholders. Within 10 days after GSH despatches the notice, any GSH Bondholder holding, or one or more GSH Bondholders together holding, at least 75% of the then outstanding principal amount of the GSH Convertible Bonds may give notice to GSH that the GSH Convertible Bonds are immediately due and payable, whereupon they shall become immediately due and payable in the amounts which would otherwise be due on the CB Maturity Date:

- (i) a default is made for more than seven days in any payment of any principal or interest relating to the GSH Convertible Bonds when and as the same ought to be paid in accordance with the conditions of the GSH Convertible Bonds;
- (ii) a default is made by GSH in the performance or observance of any covenant, condition or provision of the GSH Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal of the GSH Convertible Bonds) and such default continues for the period of 30 days next following the service by a GSH Bondholder, or GSH Bondholders together, holding at least 51% of the then outstanding principal amounts of the GSH Convertible Bonds on GSH of notice requiring such default to be remedied;
- (iii) a resolution is passed or an order of a court of competent jurisdiction is made that GSH be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a GSH Bondholder, or GSH Bondholders together, holding at least 51% of the then outstanding principal amounts of GSH Convertible Bonds;

---

## LETTER FROM THE BOARD

---

- (iv) an encumbrancer takes possession of or a receiver is appointed over the whole or a material part of the assets or undertaking of GSH or any of its subsidiaries;
- (v) a distress, execution or seizure order before judgement is levied or enforced upon or sued out against the whole or a material part of the property of GSH or any of its subsidiaries (as the case may be) and is not discharged within 40 days thereof;
- (vi) proceedings shall have been initiated against GSH or any of its subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 60 days;
- (vii) any event occurs which has an analogous effect to any of the events referred to in sub-paragraphs (i) to (vi) above;
- (viii) the listing of the shares of GSH is withdrawn from the Stock Exchange; or
- (ix) trading of the shares of GSH are suspended for a consecutive period of more than 90 business days.

Redemption at maturity: The outstanding principal amount of the GSH Convertible Bonds (unless previously converted into GSH Shares or repaid in accordance with the conditions of the GSH Convertible Bonds) and all outstanding interest payable in relation to the GSH Convertible Bonds, shall be repaid by GSH to the GSH Bondholders subject to and in accordance with the terms of the GSH Convertible Bonds on the CB Maturity Date at 100% of the outstanding principal amount of the GSH Convertible Bonds in RMB or HK\$ equivalent.

---

## LETTER FROM THE BOARD

---

- Early redemption: Without prejudice to the sub-section headed “Events of Default” above, GSH may, by giving the GSH Bondholders not less than 30 days’ written notice, at any time after 18 calendar months from the issue date of the GSH Convertible Bonds to (and excluding) the CB Maturity Date, redeem all or part of the outstanding principal amount (unless previously converted, redeemed or cancelled) at 100% of the principal amount of the GSH Convertible Bonds to be redeemed (together with accrued and unpaid interest, if any, in respect of the GSH Convertible Bonds to be redeemed up to and including the redemption date) on a specified redemption date.
- GSH and any GSH Bondholders may at any time agree in writing for GSH to redeem all or part of the GSH Convertible Bonds prior to the CB Maturity Date.
- Ranking: The GSH Conversion Shares shall rank pari passu in all respects with all other existing GSH Shares outstanding at the Conversion Date and the GSH Bondholders shall be entitled in respect of its GSH Conversion Shares to all dividends and other distributions the record date of which falls on a date on or after the Conversion Date.
- Status: The obligations of GSH arising under the GSH Convertible Bonds constitute general, unsecured obligations of GSH and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of GSH except for obligations accorded preference by mandatory provisions of applicable law.
- Transferability: The GSH Convertible Bonds are freely assignable and transferable by the GSH Bondholders subject to the applicable laws and regulations and the Listing Rules, provided that the GSH Convertible Bonds may not be transferred by the GSH Bondholders, without the prior written consent of GSH, to any connected person (as defined in the Listing Rules) of GSH. Any transfer of any GSH Convertible Bond shall be in respect of the whole of the outstanding principal amount or multiples of units of principal amount of RMB500,000 of that GSH Convertible Bond.

---

## LETTER FROM THE BOARD

---

Application for listing: No application shall be made to the Stock Exchange for the listing of the GSH Convertible Bonds. GSH will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the GSH Conversion Shares.

### **(7) Reasons for the GSH CB Subscription and the Use of Proceeds**

The gross proceeds and the net proceeds from the issue of the GSH Convertible Bonds will be RMB120.0 million (equivalent to approximately HK\$138.0 million). GSH intends to use the net proceeds as follows: (i) RMB60.0 million for repayment of the first instalment of the Jinzhou CCB Loans; and (ii) RMB60.0 million for the preparation for the resumption of Jinzhou production facilities such as the expenses in relation to trial run and the procurement of raw materials.

The issue of the GSH Convertible Bonds allows GSH to secure funding for the repayment of the Jinzhou CCB Loans and to enhance the working capital position of GSH for better preparation for the resumption of production operations of the production base in Jinzhou. The issue of the GSH Convertible Bonds is considered to be an appropriate means of capital raising for GSH as such issue will not have an immediate dilution effect on the shareholding of the existing GSH Shareholders, including the GBT Group.

As explained in the section headed “7. Implications under the Listing Rules” in this Letter from the Board, the GSH CB Subscription constitutes a deemed disposal of the GBT Group’s interest in GSH under Rule 14.29 of the Listing Rules. From the perspective of the Company, notwithstanding the potential dilutive effect on the GBT Group’s shareholding in GSH upon exercise of the Conversion Rights by the Purchasers as subscribers, the issue of the GSH Convertible Bonds will still be favourable in that it can facilitate and accelerate repayment of the Jinzhou CCB Loans and thereby help secure release of the GBT Group from its obligations under the Yuancheng CCB Guarantees it has provided in respect of the Jinzhou CCB Loans. In addition, the enhancement of the financial position and operational performance of the GSH Group will also benefit the GBT Group in the long term as, following the GSH Completion and full conversion of the GSH Convertible Bonds, the GBT Group will retain the remaining GSH Shares and remain a GSH Shareholder with aligned financial interests.

Upon GSH Completion, the GSH Group will cease to be subsidiaries of the Company and its remaining equity interests in the GSH Group will be recognised as financial assets measured at fair value through profit or loss (FVPL). Hence, the further decrease in the GBT Group’s shareholding in GSH as a result of the full conversion of the GSH Convertible Bonds, which will in any event only take place after the GSH Completion, will not result in any further gain or loss for the Company. As such, no gain or loss is expected to accrue to the Company in connection with the deemed disposal of the GBT Group’s interest in GSH upon the full conversion of the GSH Convertible Bonds.

---

## LETTER FROM THE BOARD

---

Taking into account the above factors, the Directors are of the view that the terms of the GSH CB Subscription, which were arrived at arm's length negotiation between GSH and the Purchasers, as subscribers, are fair and reasonable and in the interests of the Shareholders as a whole.

**(8) Fund raising activity of GSH in the 12 months immediately preceding the Latest Practicable Date**

Save for the proposed subscription of GSH Shares as announced by GSH on 25 July 2022 and 30 December 2022 which had been terminated as announced by GSH on 28 February 2023, GSH has not conducted any equity fund raising activities which were completed in the 12 months immediately preceding the Latest Practicable Date.

#### **4. SHAREHOLDING STRUCTURE OF GSH**

Set forth below is the shareholding structure of GSH:

- (i) as at the Latest Practicable Date;
- (ii) immediately after GSH Completion and before the Offer and CB Completion (assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to the GSH Completion Date and before the Offer and CB Completion);
- (iii) immediately after the Offer (assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to the date of completion of the Offer and *assuming nil public acceptance of the Offer*) and before CB Completion;
- (iv) immediately after full conversion of the GSH Convertible Bonds issued upon CB First Completion (assuming conversion of the GSH Convertible Bonds issued upon CB First Completion at a Conversion Price of HK\$0.1 per GSH Conversion Share, and assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to CB First Completion Date); and

## LETTER FROM THE BOARD

- (v) immediately after full conversion of the GSH Convertible Bonds issued upon CB Second Completion (assuming conversion of the GSH Convertible Bonds issued upon CB Second Completion at a Conversion Price of HK\$0.1 per GSH Conversion Share, and assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to CB Second Completion Date):

	As at the Latest Practicable Date		Immediately after GSH Completion and before CB Completion and the Offer		After GSH Completion and immediately after the Offer (assuming nil public acceptance of the Offer) and before CB Completion		After GSH Completion and the Offer (assuming nil public acceptance of the Offer), and immediately after full conversion of the GSH Convertible Bonds issued upon CB First Completion and before CB Second Completion		After GSH Completion, the Offer (assuming nil public acceptance of the Offer), and full conversion of the GSH Convertible Bonds issued upon CB First Completion and immediately after full conversion of Convertible Bonds issued upon CB Second Completion	
	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %
The Company (Note 1)	500,000	0.03	500,000	0.03	500,000	0.03	500,000	0.02	500,000	0.02
Global Corn (Note 1)	977,778,000	64.01	259,813,000	17.01	259,813,000	17.01	259,813,000	11.72	259,813,000	8.94
Purchasers and parties acting in concert with them:										
Purchaser A	–	–	358,982,500	23.50	358,982,500	23.50	703,982,500	31.75	1,048,982,500	36.08
Purchaser B	43,264,000	2.83	402,246,500	26.33	402,246,500	26.33	747,246,500	33.70	1,092,246,500	37.57
Rich Mark Profits Limited (Note 2)	16,444,000	1.08	16,444,000	1.08	16,444,000	1.08	16,444,000	0.74	16,444,000	0.57
<b>Sub-total of Purchasers and parties acting in concert with them</b>	<b>59,708,000</b>	<b>3.91</b>	<b>777,673,000</b>	<b>50.91</b>	<b>777,673,000</b>	<b>50.91</b>	<b>1,467,673,000</b>	<b>66.19</b>	<b>2,157,673,000</b>	<b>74.22</b>
Other public GSH Shareholders	489,600,000	32.05	489,600,000	32.05	489,600,000	32.05	489,600,000	22.07 (Note 3)	489,600,000	16.82 (Note 3)
<b>Total</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>2,217,586,000</b>	<b>100.00</b>	<b>2,907,586,000</b>	<b>100.00</b>

*Notes:*

- (1) Global Corn is a wholly-owned subsidiary of the Company.
- (2) Rich Mark Profits Limited is wholly owned by Purchaser B.
- (3) This table is for illustrative purpose only. As disclosed in the section headed “3. The GSH CB Subscription – Principal terms of the GSH Convertible Bonds” in this Letter from the Board, Conversion Rights of the GSH Bondholders are only exercisable when and provided that the public float of GSH Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued GSH Shares at the relevant time in compliance with the Listing Rules.

---

## LETTER FROM THE BOARD

---

Set forth below is the shareholding structure of GSH

- (i) as at the Latest Practicable Date;
- (ii) immediately after GSH Completion and before the Offer and CB Completion (assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to the GSH Completion Date and before the Offer and CB Completion);
- (iii) immediately after the Offer (assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to the date of completion of the Offer and ***assuming full public acceptance of the Offer***, and placing down by the Purchasers equally to restore minimum public float) and before CB Completion;
- (iv) immediately after full conversion of the GSH Convertible Bonds issued upon CB First Completion (assuming conversion of the GSH Convertible Bonds issued upon CB First Completion at a Conversion Price of HK\$0.1 per GSH Conversion Share, and assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to CB First Completion Date); and

## LETTER FROM THE BOARD

- (v) immediately after full conversion of the GSH Convertible Bonds issued upon CB Second Completion (assuming conversion of the GSH Convertible Bonds issued upon CB Second Completion at a Conversion Price of HK\$0.1 per GSH Conversion Share, and assuming no other change to the shareholding structure of GSH from the Latest Practicable Date to CB Second Completion Date):

	As at the Latest Practicable Date		Immediately after GSH Completion and before CB Completion and the Offer		After GSH Completion and immediately after the Offer (assuming full public acceptance of the Offer) and before CB Completion		After GSH Completion and the Offer (assuming full public acceptance of the Offer), and immediately after full conversion of the GSH Convertible Bonds issued upon CB First Completion and before CB Second Completion		After GSH Completion, the Offer (assuming full public acceptance of the Offer), and full conversion of the GSH Convertible Bonds issued upon CB First Completion and immediately after full conversion of GSH Convertible Bonds issued upon CB Second Completion	
	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %	Number of GSH Shares	Approximate %
The Company (Note 1)	500,000	0.03	500,000	0.03	500,000	0.03	500,000	0.02	500,000	0.02
Global Corn (Note 1)	977,778,000	64.01	259,813,000	17.01	259,813,000	17.01	259,813,000	11.72	259,813,000	8.94
Purchasers and parties acting in concert with them:										
Purchaser A	-	-	358,982,500	23.50	412,834,250	27.03	757,834,250	34.17	1,102,834,250	37.93
Purchaser B	43,264,000	2.83	402,246,500	26.33	456,098,250	29.86	801,098,250	36.13	1,146,098,250	39.41
Rich Mark Profits Limited (Note 2)	16,444,000	1.08	16,444,000	1.08	16,444,000	1.08	16,444,000	0.74	16,444,000	0.57
<b>Sub-total of Purchasers and parties acting in concert with them</b>	<b>59,708,000</b>	<b>3.91</b>	<b>777,673,000</b>	<b>50.91</b>	<b>885,376,500</b>	<b>57.96</b>	<b>1,575,376,500</b>	<b>71.04</b>	<b>2,265,376,500</b>	<b>77.91</b>
Other public GSH Shareholders	489,600,000	32.05	489,600,000	32.05	381,896,500	25.00	381,896,500	17.22	381,896,500	13.13
							(Note 3)		(Note 3)	
<b>Total</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>1,527,586,000</b>	<b>100.00</b>	<b>2,217,586,000</b>	<b>100.00</b>	<b>2,907,586,000</b>	<b>100.00</b>

*Notes:*

- (1) Global Corn is a wholly-owned subsidiary of the Company.
- (2) Rich Mark Profits Limited is wholly owned by Purchaser B.
- (3) This table is for illustrative purpose only. As disclosed in the section headed “3. The GSH CB Subscription – Principal terms of the GSH Convertible Bonds” in this Letter from the Board, Conversion Rights of the GSH Bondholders are only exercisable when and provided that the public float of GSH Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued GSH Shares at the relevant time in compliance with the Listing Rules.

---

## LETTER FROM THE BOARD

---

### 5. FINANCIAL INFORMATION OF THE GSH GROUP

The following table sets out a summary of certain financial information of the GSH Group for the two financial years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2022 (audited) <i>HK\$'000</i>	2021 (audited) <i>HK\$'000</i>
Revenue	359,567	728,099
Loss for the year (before tax)	219,922	97,929
Loss for the year (after income tax credit)	<u>212,491</u>	<u>96,262</u>
	As at 31 December	
	2022 (audited) <i>HK\$'000</i>	2021 (audited) <i>HK\$'000</i>
Net liabilities	<u>680,967</u>	<u>500,575</u>

### 6. INFORMATION OF THE PARTIES TO THE GSH SPA AND THE GSH CB SUBSCRIPTION AGREEMENT

#### Global Corn and the GBT Group

Global Corn is the vendor under the GSH SPA.

Global Corn is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability. Global Corn is an investment holding company which held approximately 64.01% of the GSH Shares as at the date of the GSH SPA and the Latest Practicable Date. The GBT Group is principally engaged in the manufacture and sale of corn refined products, amino acids and polyol chemicals.

#### The Purchaser

The Purchasers are (i) the purchasers under the GSH SPA; and (ii) the subscribers under the GSH CB Subscription Agreement.

---

## LETTER FROM THE BOARD

---

Purchaser A is Mr. Kong Zhanpeng. To the best of the knowledge of the Directors, Mr. Kong, aged 60, has over 30 years of extensive experience in industrial industry, corporate development and management. Mr. Kong was one of the founders of the Company. Mr. Kong also served as an executive Director from May 2000 to September 2007 and from December 2013 to May 2014, the chief executive officer of the Company from October 2015 to October 2018 and the chief economist of the Company from December 2018 to December 2019. Mr. Kong was also an executive director of GSH from June 2006 to December 2018.

Purchaser B is Mr. Wang Tieguang. To the best of the knowledge of the Directors, Mr. Wang, aged 58, has over 30 years of extensive experience in sales and marketing. Mr. Wang was one of the founders of the Company. Mr. Wang also served as an executive Director from September 2000 to September 2010.

The Purchasers, through their respective controlled companies, have been engaging in businesses including real property investment and trading, logistics and storage services of corn and corn related products such as corn starch. The GSH Group has been one of their customers for corn starch.

### **GSH and the GSH Group**

GSH is the issuer under the GSH CB Subscription Agreement.

GSH is a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 03889). GSH was a non-wholly-owned subsidiary of the Company ultimately owned as to approximately 64.04% by the Company (including approximately 64.01% owned through its wholly-owned subsidiary Global Corn and approximately 0.03% owned as beneficial owner) as at the date of the GSH SPA and the GSH CB Subscription Agreement and the Latest Practicable Date. GSH is an investment holding company. The GSH Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners.

## **7. IMPLICATIONS UNDER THE LISTING RULES**

Under the GSH Disposal, the GBT Group will dispose of 717,965,000 GSH Shares. As GSH Completion is conditional upon, among others, signing of the GSH CB Subscription Agreement, the GSH Disposal and the GSH CB Subscription are related in substance. In connection with the GSH CB Subscription, new GSH Shares will be allotted and issued by GSH to the Purchasers upon conversion of the GSH Convertible Bonds, which will result in further dilution of the GBT Group's interests in GSH. Therefore, the GSH Disposal and GSH CB Subscription, as a whole, constitute a disposal of interest in GSH entered into at a time when GSH is a subsidiary of the Group. Accordingly, the GSH CB Subscription should be considered a deemed disposal of the GBT Group's interest in GSH under Rule 14.29 of the Listing Rules and aggregated with the GSH Disposal.

---

## LETTER FROM THE BOARD

---

Upon the GSH Completion, the GBT Group's interest in GSH will be reduced from approximately 64.04% to 17.04%. Assuming exercise of the Conversion Rights in full at the initial Conversion Price of HK\$0.1 per GSH Conversion Share, GSH will issue a total of 1,380,000,000 GSH Conversion Shares to the Purchasers. Assuming no further change in the shareholding structure of GSH other than the GSH Disposal and full exercise of the Conversion Rights, the GBT Group's shareholding in GSH will be further reduced to approximately 8.96% upon exercise of the Conversion Rights in full. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the GSH Disposal and the GSH CB Subscription (on an aggregate basis) is above 75%, the GSH Disposal and the GSH CB Subscription collectively constitute a very substantial disposal of the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Wang Guicheng is the chairman of the board of directors of GSH and an executive director of each of the Company and GSH, and held 500,000 Shares (representing approximately 0.01% of the entire issued share capital of the Company) and 300,000 GSH Shares (representing approximately 0.02% of the entire issued share capital of GSH) as at the date of the Board meeting convened to consider the GSH Disposal and the GSH CB Subscription. Mr. Wang had abstained from voting on the resolutions relating to the GSH Disposal and the GSH CB Subscription at the relevant Board meeting in accordance with the Articles of Association of the Company. Save for Mr. Wang, no Director has or is deemed to have any material interest in the GSH Disposal or the GSH CB Subscription.

### 8. EGM

The Company will convene the EGM at Salon 1, 7/F, Harbour Plaza Metropolis Hotel, 7 Metropolis Drive, Hunghom, Kowloon, Hong Kong at 11:30 a.m. on Tuesday, 20 June 2023 for the Shareholders to consider and, if thought fit, approve, among others, the GSH Disposal and the GSH CB Subscription. A notice of the EGM is set out on pages 94 to 96 of this circular.

Pursuant to Rule 13.39 of the Listing Rules, all resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Under the Listing Rules, a shareholder with a material interest in proposed transactions and his close associates shall abstain from voting on the resolutions approving such transactions. To the best of the knowledge of the Directors, no Shareholder has any material interest in the GSH Disposal or the GSH CB Subscription and therefore no Shareholder will be required to abstain from voting on the resolutions to be proposed at the EGM to approve such transactions.

A form of proxy for use at the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not less than 48 hours before the time of the EGM (i.e. at or before 11:30 a.m. on Sunday, 18 June 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such an event, the proxy form previously submitted shall be deemed to be revoked.

---

## LETTER FROM THE BOARD

---

### 9. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the GSH Disposal and the GSH CB Subscription are fair and reasonable in the interests of the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve such transactions in the terms as set out in the notice of the EGM.

### 10. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

## 1. SUMMARY OF FINANCIAL INFORMATION

Details of the financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022. These annual reports are published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.globalbiochem.com](http://www.globalbiochem.com)).

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2023, being the Latest Practicable Date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had indebtedness totaling approximately HK\$8,346,281,000 comprising the following:

	<b>Effective interest rate</b>	<b>HK\$'000</b>
<b>Current</b>		
Bank loans, secured and guaranteed by personal guarantee (Note a)	12.0%	56,818
Bank loans, secured and guaranteed by corporate guarantee (Note b)	7.0%-8.4%	<u>241,477</u>
		<u>298,295</u>
Bank loans, unsecured and guaranteed by personal and corporate guarantee (Note c)	7.5%	316,813
Bank loans, unsecured and guaranteed by corporate guarantee (Note d)	5.0%-10.0%	<u>788,214</u>
		<u>1,105,027</u>
Other loans, secured and guaranteed by corporate guarantee (Note e)	5.9%-10.0%	4,344,122
Other loans, unsecured and guaranteed by corporate guarantee (Note f)	5.7%-12.0%	1,477,273
Other loans, unsecured and unguaranteed	7.8%-13.6%	<u>58,125</u>
		<u>5,879,520</u>
Convertible bonds, unsecured and unguaranteed	10.0%	<u>1,063,439</u>
		<u><u>8,346,281</u></u>

*Notes:*

- a. Such personal guarantee was provided by a former director of a subsidiary of the GBT Group.
- b. Such corporate guarantee was provided by certain subsidiaries of the GSH Group.
- c. Such personal guarantee was provided by a member of senior management of a controlling shareholder of the Company, while the corporate guarantee was provided by a controlling shareholder of the Company.
- d. Such corporate guarantee was provided by the Company, a controlling shareholder of the Company, a subsidiary of the GBT Group and certain subsidiaries of the GSH Group.
- e. Such corporate guarantee was provided by the Company and certain subsidiaries of the GBT Group.
- f. Such corporate guarantee was provided by the Company.

The Group's bank loans amounting to HK\$298,295,000 and other loans amounting to HK\$4,344,122,000 were secured by pledge of certain property, plant and equipment and right-of-use assets of the Group amounted to HK\$1,497,399,000 and HK\$87,779,000, respectively, and a receivable of the Group amounted to HK\$113,636,000.

At the close of business on 31 March 2023, the Company had issued and outstanding convertible bonds for the principal amount of HK\$1,086,279,565 (the “**GBT Convertible Bonds**”) issued by the Company to Modern Agricultural Industry Investment Limited (“**Modern Agricultural**”) in October 2015, which are unsecured and unguaranteed and repayable on 15 June 2023. The convertible bonds carry coupon interest at the rate of 0.01% per annum. At 31 March 2023, the convertible bonds was divided into liability component and equity component which amounted to HK\$1,063,439,000 and HK\$972,056,000 respectively.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, none of the members of the Remaining Group had, as at 31 March 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, any outstanding mortgages, charges, debenture, loan capital issued and outstanding or agreed to be issued, bank loan and overdraft or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liabilities.

The Directors are not aware of any material change in the indebtedness and contingent liability position of the Group since 31 March 2023.

### 3. WORKING CAPITAL SUFFICIENCY

The Group recorded a net loss of approximately HK\$1,519.6 million for the year ended 31 December 2022, and had net current liabilities of HK\$12,818.5 million and net liabilities of HK\$7,787.1 million as at 31 December 2022. These conditions may give rise to uncertainty as to whether the Group will be unable to realise its assets and discharge its liabilities in its normal course of business and cast doubt on the Group's ability to continue as a going concern. In view of these circumstances, the management of the Company has taken the following steps to improve the Group's financial position:

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

As announced by the Company and GSH on 23 December 2020, each of 中國農業銀行股份有限公司吉林省分行 (Jilin Branch of Agricultural Bank of China Co., Ltd.\*) (“**Jilin Branch ABC**”) (acting on behalf of Nongan ABC and 中國建設銀行股份有限公司吉林省分行 (Jilin Branch of China Construction Bank Corporation\*) (“**Jilin Branch CCB**”) announced that they have each reached a transfer agreement with Jilin Cinda to transfer all rights (including security rights) and benefits of certain loans to Jilin Cinda. Jilin Branch ABC has transferred all of its rights (including security rights) and benefits of the loans owed by, among others, the Group with an aggregate outstanding principal amount of approximately RMB1,400.0 million and the aggregate outstanding interest of approximately RMB42.8 million (the “**ABC Transferred Loans**”) to Jilin Cinda at a consideration of RMB414.7 million; and 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 and the aggregate outstanding interest of RMB128.5 million (the “**CCB Transferred Loans**”) to Jilin Cinda at a consideration of RMB583.6 million.

Moreover, as announced by the Company on 8 March 2022, 中國進出口銀行 (The Export-Import Bank of China\*) (“**Export-Import Bank**”) has entered into transfer agreements with 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 RMB1.2 billion together with outstanding interest (the “**Export-Import Bank Transferred Loans**”) to Jilin Cinda. The Export-Import Bank Transferred Loans included (i) the loan under the loan agreements entered into between an indirect wholly-owned subsidiary of the Company and 中國進出口銀行吉林省分行 (Jilin Branch of The Export-Import Bank of China\*) with an aggregate outstanding principal amount of approximately RMB648.0 million together with outstanding interest; and (ii) a portion of the syndicated loan under the syndicated loan agreement entered into among an indirect wholly-owned subsidiary of the Company, 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\*) and Export-Import Bank with an aggregate outstanding principal amount of approximately RMB1.8 billion together with outstanding interest.

With the support from Jilin SASAC, the Company will endeavour to facilitate the implementation of the next stage of the debt restructuring plan, including but not limited to, exploring the possibility of securing capital injection from strategic investors. It is currently expected that debt restructuring in relation to a portion of the loans owed by the Group could be completed by the end of 2023, pending and subject to the internal approval from the respective creditors and relevant local government authorities. The Directors expect that the financial position of the Group will improve significantly upon completion of the debt restructuring plan.

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

It is expected that resumption of the Remaining Luyuan Properties by the local government will be conducted in stages according to the PRC's Slum Redevelopment Policy. The management expects that a substantial part of the Remaining Luyuan Properties will be resumed by the local government during the period from 2024 to 2025. The Directors believe that the proceeds from the resumption of the Remaining Luyuan Properties will help relieve the financial and cash flow pressure of the Group during the period of suspension of its production activities.

**(c) Close monitoring of the Group's operating cash flows and partial resumption of production operation**

The Group has taken various measures to minimise its operating cash outflows and secure financial resources during market turbulence as a result of, among others, the COVID-19 pandemic. As at the Latest Practicable Date, the Group had suspended the production operation of most of the Group's production facilities and consolidated its resources such that the Group can devote them to its business segments with higher operating efficiency and productivity. As China lifted most of the pandemic control measures, 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 inflows to the Group in 2023.

**(d) Financial support from the indirect major shareholder**

The Group has received an updated written confirmation dated 25 April 2022 from Nongtou that it would continue to provide financial support to the Group in the following 24 months on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

Nongtou, being a state-owned enterprise, was established in August 2016 and its unaudited net assets value as at 31 December 2022 amounted to 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 would be able to support the operations of the Group, bring synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support for the continuing and sustainable operation of the Group.

**(e) Group restructuring to streamline operations and improve the financial position of the Group**

Reference is made to the Joint Announcement in relation to, among others, (i) the GSH Disposal; and (ii) the Dihao Transfer. The aforesaid transactions aim to rationalise the operations of the Restructured Group and the GSH Group (excluding the Dihao Companies) in terms of their respective strategic locations and business segments, thereby allowing each group to optimise the allocation and use of resources and to consolidate their business attention towards their respective industries. Moreover, upon completion of the GSH Disposal, the GSH Group will cease to be subsidiaries of the Company. Accordingly, the assets, liabilities and financial results of the GSH Group will no longer be consolidated into the consolidated financial statements of the GBT Group. The proceeds from the GSH Disposal will amount to approximately HK\$43.1 million and for illustrative purpose, the GBT Group is expected to record a gain of approximately HK\$326.8 million (the actual gain shall be subject to the financial impact of each of the Dihao Completion, the GBT Counter-guarantee to be given and the GSH Counter-Guarantee to be received by the Company respectively, the Jinzhou Yuancheng Guarantees and the Dihao Foodstuff Guarantee). Following the change in control over the GSH Group as a result of the GSH Disposal, the new controlling shareholders of GSH, being the Purchasers, are expected to resolve the funding needs of the GSH Group, including the settlement of the Jinzhou CCB Loans and the relevant disputes between the GSH Group and Jinzhou CCB by GSH's own means and financial resources. Therefore, the GBT Group's financial burden and working capital requirements will be reduced.

In view of the steps taken by the Company as disclosed above, it is expected that the financial condition of the Group will gradually improve. The Directors propose to procure additional working capital through the steps mentioned above. The Directors are of the opinion that, after taking into account the above proposals, the internal resources and the present available banking facilities, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

#### 4. FINANCIAL AND TRADING PROSPECTS

Since the resumption of the production operation of Changchun Dahe in mid-December 2022 (as further elaborated below) and up to 28 February 2023, over 34,000 MT of amino acid products have been sold. The resumption of operation of the amino acid production lines is expected to furnish the Group with a steady income stream, further alleviate its financial stress and provide opportunities for resuming other production facilities.

In order to maintain the competitiveness of the Group, it will strive to maintain its market position, diversify its product range and enhance its capability in developing high value-added products and new applications through in-house research; internally, the Group will endeavour to bring to fruition the strategic restructuring of the Group, of which the GSH Disposal forms an integral part, and the debt restructuring plan to improve the financial position of the Group, and will seek to bring in strategic investors and forge business alliances for sustainable development of the Group.

In the year ending 31 December 2023, the Group will continue its collaboration with distributors, actively participate in animal feed industry conferences and campaigns to maintain close business relationships with prominent animal feed producers and secure stable production of its lysine products to strengthen its position in the industry. The Group aims to completely resume the production capacity of its lysine production lines in the second half of 2023. It is expected that the full resumption of the Group's lysine production would generate cash inflows to the Group in 2023 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 and the financial conditions of the Group, and be cautious when formulating the Group's business strategies and determining the opportune timing of resumption of the operation of other production facilities.

Meanwhile, in the upcoming year as well as in the long run, the Group will continue to strengthen its market position utilising its brand name, strive to offer excellent customer services and stay customer-oriented and alert to their ever-changing demand and product requirements, dedicate more time and greater attention to conservation of resources and development of green products, and further improve cost-effectiveness and product mix through continuous research and development efforts. The Board will carefully weigh the associated returns and risks to optimise its capital expenditure plan and will take a prudent approach in relation to capacity expansion.

Save as disclosed above and in this circular, as at the Latest Practicable Date, the Directors were not aware of any material information which may be relevant to financial and trading prospects of the Group which are unlikely to be known or anticipated by the general public, and which could materially affect the profits of the Group.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS IN RESPECT OF THE REMAINING GROUP

Set forth below is the management discussion and analysis in respect of the Remaining Group for the three financial years ended 31 December 2020, 2021 and 2022 (the “**Reporting Period**”):

### Segmental information

The Remaining Group shall be organised into business units based on the respective products and services offered and comprises of four reportable operating segments as follows:

- (a) the upstream products segment which engages in the manufacture and sale of corn starch, gluten meal, corn oil and other corn-refined products;
- (b) the amino acids segment which engages in the manufacture and sale of corn-based biochemical products, including lysine and threonine;
- (c) the corn sweeteners segment which engages in the manufacture and sale of corn sweeteners, including glucose, maltose and maltodextrin; and
- (d) the polyol chemicals segment which engages in the manufacture and sale of corn-based biochemical products, including polyol chemicals, anti-freeze products, hydrogen and ammonia.

A summary of the revenues and gross profits of each business segment and net loss of the Remaining Group with a review of the significant factors underlying them for each of the financial years during the Reporting Period is as follows:

### Year ended 31 December 2022

	<b>Upstream products</b> <i>HK\$'000</i>	<b>Amino acids</b> <i>HK\$'000</i>	<b>Corn sweeteners</b> <i>HK\$'000</i>	<b>Polyol chemicals</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue	801	5,351	–	6,559	12,711
Gross Profits	72	699	–	6,559	7,330
Segment results	(284,723)	(299,567)	(43,147)	(13,688)	(641,125)
Unallocated incomes and expenses					(379,376)
Loss for the year					(1,020,501)

As a result of a challenging operating environment resulting from, among others, high commodity and energy prices and strict pandemic control measures in the PRC which led to lockdowns and suspension of certain economic activities, the Remaining Group had basically suspended most of its upstream operation for the majority of the year ended 31 December 2022 (as further elaborated below).

*Upstream products*

Driven by the shortage in grain supply and the increase in shipping cost intensified by the conflict in Ukraine, international corn price peaked in the second quarter of 2022, and although the appreciation of the US dollar and the Federal Reserves' attempts to lower inflation had cooled the demand for commodities, international corn price still saw a net increase by the end of 2022 as compared to the end of 2021. In terms of the domestic market, it is estimated that the PRC had imported approximately 21.2 million MT of corn in the year ended 31 December 2022. As a result, corn price in the PRC rose to RMB2,816 per MT (end of 2021: RMB2,734 per MT) by the end of 2022. The high corn price, together with economic slowdown in the PRC following the implementation of strict pandemic control measures and the real estate crisis in the PRC continued to make the operating environment for the Remaining Group's upstream corn refinery challenging. Therefore, the Remaining Group's upstream operations had continued to be mostly suspended during most of 2022. Since most of the inventory has been exhausted in the previous financial years, the upstream products segment recorded insignificant sales volume during the year ended 31 December 2022. As a result, the upstream products recorded a revenue of approximately HK\$0.8 million.

*Amino acids*

During the year ended 31 December 2022, the PRC government had made efforts to facilitate husbandry industry consolidation as well as feed formula improvements; for example, guidelines aimed at lowering the proportion of corn and soybean as simple feed and increasing the proportion of feed additives such as lysine in animal feed products were implemented. Coupled with a relatively stable outlook for the swine husbandry industry, domestic lysine prices during the first half of 2022 had been high. As the PRC government had gradually lifted most of its pandemic control measures by the end of 2022 and normal economic activities gradually resumed subsequently, the Remaining Group saw the opportunity to resume its lysine operation at Changchun Dahe in mid-December 2022. However, the revenue generated by the sales contract signed since resumption would only be reflected in 2023.

*Corn sweeteners*

Due to the impact of the COVID-19 pandemic and intermittent lockdown measures across the PRC, the production operation of Dacheng Bio-Tech has been suspended since the first quarter of 2020. As a result, the sweeteners production in Xinglongshan site had remained suspended with the lack of supply of principal raw materials (corn starch either in powder or slurry form), as Dihao Foodstuff relied on corn starch in slurry form purchased from and supplied by Dacheng Bio-Tech under a pipeline transfer system. In addition, most of the inventory had been exhausted in the previous financial years. Owing to the continued suspension of the sweeteners production facilities, the corn sweeteners segment did not record any revenue or profits during the year ended 31 December 2022.

*Polyol chemicals*

The operating environment for the polyol chemical business continued to be challenging during the year ended 31 December 2022. The Remaining Group had suspended most of its polyol chemicals production since March 2014, and had continued to utilise its inventory to produce and sell a small amount of anti-freeze products.

As a result of the foregoing, the revenue of the Remaining Group for the year ended 31 December 2022 was mainly derived from its polyol chemicals segment in the amount of approximately HK\$6.6 million as the Remaining Group continued to utilise its polyol chemicals inventory to produce and sell a small amount of anti-freeze products.

The Remaining Group recorded a net loss of approximately HK\$1,020.5 million for the year ended 31 December 2022 due to a significant decrease in other income and gains as a result of the non-recurring one-off gain on debt restructuring of approximately HK\$1,325.0 million recorded for the year ended 31 December 2021 subsequent to the completion of repurchase agreements dated 26 March 2021 entered into between certain subsidiaries of the Group and Changchun Rudder and the completion of a repurchase agreement dated 26 March 2021 entered into between 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.\*) (“**Dajincang**”) and Changchun Rudder (collectively, the “**Repurchase Agreements**”).

**Year ended 31 December 2021**

	<b>Upstream products</b>	<b>Amino acids</b>	<b>Corn sweeteners</b>	<b>Polyol chemicals</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	17	1,492	931	16,943	19,383
Gross Profits	1	45	189	6,680	6,915
Segment results	(312,126)	(340,459)	(41,641)	(78,304)	(772,530)
Unallocated incomes and expenses					490,292
Loss for the year					(282,238)

For the year ended 31 December 2021, as a result of a challenging operating environment resulting from, among others, the stagnant demand and significant economic slowdown due to disrupted supply chains and stringent lockdown measures in response to the COVID-19 pandemic, the Remaining Group had basically suspended most of its upstream and amino acids production facilities to reduce operating cash outflow and optimise use of financial resources.

*Upstream products*

During the year ended 31 December 2021, the increased corn imports from the PRC, an increase in demand from the corn-based ethanol sector in the US, and droughts in major corn-producing countries had all driven up the international corn price. Meanwhile, in the PRC, due to reduced corn production in the 2020/21 harvest and the concerns about food security in light of the COVID-19 pandemic, corn imports in the PRC had gone up by approximately 152% to 28.4 million MT in the year ended 31 December 2021. The aforesaid culminated in a surge in domestic corn price, while the recovery pace of the downstream user market had lagged behind the rising corn cost. Consequently, it had not been commercially viable for the Remaining Group to resume its upstream operations during the year ended 31 December 2021. Together with the exhaustion of most of the inventories in previous years, the upstream products segment saw a significant drop in sales volume. Consequently, the revenue for the Remaining Group's upstream corn-refinery business dropped during the year ended 31 December 2021 to approximately HK\$17,000.

*Amino acids*

With regards to the amino acids market, the PRC's supportive policy had successfully boosted pork production in the PRC. Despite outbreaks of the African Swine Fever (the "ASF") in various hog-producing regions in the PRC during the first quarter of 2021, pork production still increased by 29% year-on-year. The rebound of the PRC husbandry industry, coupled with high corn costs and global supply shortage, had driven up the demand for lysine products. However, the resumption of the Remaining Group's lysine production operation would have required substantial working capital and the resumption of upstream operation for the production of feedstock based on the designed capacity of the Remaining Group's lysine production lines. It therefore did not make resumption of the Remaining Group's amino acid production commercially viable during the year ended 31 December 2021. Further, as most of the inventory had been sold in the previous financial year, the amino acids segment recorded insignificant sales volume. As a result, the revenue of the amino acids segment amounted to approximately HK\$1.5 million.

*Corn sweeteners*

Due to the impact of the COVID-19 pandemic and intermittent lockdown measures across the PRC, the production operation of Dacheng Bio-Tech has been suspended since the first quarter of 2020. As a result, the sweeteners production in Xinglongshan site had remained suspended with the lack of supply of principal raw materials (corn starch either in powder or slurry form), as Dihao Foodstuff relied on corn starch in slurry form purchased from and supplied by Dacheng Bio-Tech under a pipeline transfer system. In addition, most of the inventory had been exhausted in the previous financial years. As such, the production facilities for corn sweeteners continued to be suspended during the year ended 31 December 2021, resulting in revenue of approximately HK\$0.9 million being recorded for the year ended 31 December 2021.

***Polyol chemicals***

Most of the polyol chemical production facilities of the Remaining Group had remained suspended during the year ended 31 December 2021. Instead, the Remaining Group continued to utilise its inventory to produce and mainly sell anti-freeze products.

Accordingly, the revenue of the Remaining Group for the year ended 31 December 2021 was mainly derived from the polyol chemicals segment in the amount of approximately HK\$16.9 million, as the Remaining Group continued to utilise its polyol chemicals inventory to produce and sell a small amount of anti-freeze products.

Due to a significant increase in other income and gains of the Remaining Group as the recognition of a one-off gain on debt restructuring of approximately HK\$1,325.0 million recorded for the year ended 31 December 2021 subsequent to the completion of the Repurchase Agreements, the Remaining Group recorded a net loss of approximately HK\$282.2 million for the year ended 31 December 2021.

**Year ended 31 December 2020**

	<b>Upstream products</b>	<b>Amino acids</b>	<b>Corn sweeteners</b>	<b>Polyol chemicals</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	37,690	36,570	22,349	5,583	102,192
Gross Profits	(4,614)	1,420	5,626	2,358	4,790
Segment results	(472,661)	(433,801)	234,576	(88,422)	(760,308)
Unallocated incomes and expenses					(1,459,390)
Loss for the year					(2,219,698)

For the year ended 31 December 2020, the Remaining Group had basically suspended most of its upstream and amino acids production facilities to reduce operating cash outflows and secure sufficient financial resources in the face of an adverse operating environment resulting from, among others, surging commodity prices, energy prices and shrunken demand.

*Upstream products*

During the year ended 31 December 2020, a high demand for corn in the PRC and shrinking corn supply by major exporters, together with PRC grain traders stockpiling their grain reserves due to concerns about food security amidst the outbreak of the COVID-19 pandemic, led to an increase in the domestic price of corn. Exacerbated by the stagnant demand and significant economic slowdown due to disrupted supply chains and stringent lockdown measures in response to the COVID-19 pandemic, the Remaining Group had suspended the majority of its upstream corn refinery operations throughout the year ended 31 December 2020, including those at Harbin, Dehui and Xinglongshan sites. Consequently, the revenue for the Group's upstream corn-refinery business dropped during the year ended 31 December 2020, amounting to HK\$37.7 million.

*Amino acids*

Due to the continued impact of the outbreak of the ASF and the COVID-19 pandemic during the year ended 31 December 2020, as well as the increased corn cost which put the profit margin of the amino acids segment under pressure, the Remaining Group continued the suspension the production operation of amino acid products and focused on selling inventory to minimise cash outflow. During the year ended 31 December 2020, the amino acids segment recorded a relatively low sales volume, and sales revenue amounted to approximately HK\$36.6 million.

*Corn sweeteners*

Due to the impact of the COVID-19 pandemic and intermittent lockdown measures across the PRC, the production operation of Dacheng Bio-Tech has been suspended since the first quarter of 2020. As a result, the management of the Remaining Group decided to suspend the operation of the sweeteners production facilities in Xinglongshan site having regard to the lack of supply of principal raw materials (corn starch either in powder or slurry form), as Dihao Foodstuff relied on corn starch in slurry form purchased from and supplied by Dacheng Bio-Tech under a pipeline transfer system, and to focus mainly on sale of inventory, resulting in revenue of approximately HK\$22.3 million.

*Polyol chemicals*

The Remaining Group had suspended most of its polyol chemicals production since March 2014. During the year ended 31 December 2020, the Remaining Group continued to utilise its polyol chemicals inventories to produce and sell a small amount of anti-freeze products. During the ended 31 December 2020, the revenue of the polyol chemicals segment amounted to approximately HK\$5.6 million. As substantial provision in relation to the closing inventories of polyol chemicals has been made in previous years, the polyol chemicals segment recorded a gross profit of approximately HK\$2.4 million.

As a result of the foregoing, the revenue of the Remaining Group for the year ended 31 December 2020 was mainly derived from amino acids segment in the amount of approximately HK\$36.6 million from sales of inventories as well as upstream corn products in the amount of approximately HK\$37.7 million.

As the increase in finance cost as a result of the default in repayment of certain loans and the increase in interest of trade payables continued to weigh on the Remaining Group's performance during the year ended 31 December 2020. In addition, a one-off loss of approximately HK\$728.2 million in relation to the modification of the GBT Convertible Bonds had been recognised during the year ended 31 December 2020. As a result, the Remaining Group recorded a net loss of approximately HK\$2,219.7 million.

### **Liquidity and Financial Resources**

#### ***Net borrowing position***

The total borrowings as at 31 December 2022 decreased by approximately HK\$280.4 million to approximately HK\$6,657.3 million (31 December 2021: HK\$6,937.7 million) as a result of the completion of net addition of certain bank and other borrowings of approximately HK\$192.6 million and exchange rate adjustment of approximately HK\$473.0 million during the year ended 31 December 2022. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2022 increased by approximately HK\$23.0 million to approximately HK\$37.5 million (31 December 2021: HK\$14.5 million). As a result, the net borrowings decreased by approximately HK\$303.4 million to HK\$6,619.8 million (31 December 2021: HK\$6,923.2 million).

The total borrowings as at 31 December 2021 decreased by approximately HK\$633.0 million to approximately HK\$6,937.7 million (31 December 2020: HK\$7,570.7 million) as a result of the completion of net repayment of certain bank and other borrowings of approximately HK\$670.6 million and exchange rate adjustment of approximately HK\$37.6 million during the year ended 31 December 2021. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2021 decreased by approximately HK\$147.5 million to approximately HK\$14.5 million (31 December 2020: HK\$162.0 million). As a result, the net borrowings decreased by approximately HK\$485.5 million to HK\$6,923.2 million (31 December 2020: HK\$7,408.7 million).

The total borrowings as at 31 December 2020 increased by approximately HK\$479.2 million to approximately HK\$7,570.7 million (31 December 2019: HK\$7,091.5 million) as a result of the completion of net repayment of certain bank and other borrowings of approximately HK\$25.2 million and exchange rate adjustment of approximately HK\$504.4 million during the year ended 31 December 2020. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2020 increased by approximately HK\$102.9 million to approximately HK\$162.0 million (31 December 2019: HK\$59.1 million). As a result, the net borrowings increased by approximately HK\$376.3 million to HK\$7,408.7 million (31 December 2019: HK\$7,032.4 million).

*Structure of interest-bearing bank and other borrowings*

As at 31 December 2022, the Remaining Group's interest-bearing bank and other borrowings amounted to approximately HK\$6,657.3 million (31 December 2021: HK\$6,937.7 million), all (31 December 2021: all) of which were denominated in RMB. As at 31 December 2022, all (31 December 2021: all) the interest-bearing bank and other borrowings of the Remaining Group were wholly repayable within one year or on demand.

As at 31 December 2022, interest-bearing bank and other borrowings amounting to approximately RMB101.2 million (31 December 2021: RMB101.2 million) carried interests at fixed interest rates ranging from 8.0% to 13.6% (31 December 2021: 8.0% to 13.6%) for terms from one year to three years. Other than that, the rest of the Remaining Group's interest-bearing bank and other borrowings carried interests at floating interest rates.

As at 31 December 2021, the Remaining Group's interest-bearing bank and other borrowings amounted to approximately HK\$6,937.7 million (31 December 2020: HK\$7,570.7 million), all (31 December 2020: all) of which were denominated in RMB. As at 31 December 2021, all (31 December 2020: all) the interest-bearing bank and other borrowings of the Remaining Group were wholly repayable within one year or on demand.

As at 31 December 2021, interest-bearing bank and other borrowings amounting to approximately RMB101.2 million (31 December 2020: RMB101.2 million) carried interests at fixed interest rates ranging from 8.0% to 13.6% (31 December 2020: 8.0% to 13.6%) for terms from one year to three years. Other than that, the rest of the Remaining Group's interest-bearing bank and other borrowings carried interests at floating interest rate.

As at 31 December 2020, the Remaining Group's interest-bearing bank and other borrowings amounted to approximately HK\$7,570.7 million (31 December 2019: HK\$7,091.5 million), all (31 December 2019: all) of which were denominated in RMB. As at 31 December 2020, all (31 December 2019: all) the interest-bearing bank and other borrowings of the Remaining Group were wholly repayable within one year or on demand.

As at 31 December 2020, interest-bearing bank and other borrowings amounting to approximately RMB101.2 million (31 December 2019: RMB119.0 million) carried interests at fixed interest rates ranging from 8.0% to 13.6% (31 December 2019: 8.0% to 13.6%) for terms from one year to three years. Other than that, the rest of the Remaining Group's interest-bearing bank and other borrowings carried interests at floating interest rate.

*GBT Convertible bonds*

Upon completion of the subscription of shares by Modern Agricultural and the issuance of the GBT Convertible Bonds by the Company to Modern Agricultural in October 2015 (the “**Original CB Subscription**”), the GBT 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 GBT 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 GBT 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 GBT Convertible Bonds into new Shares at any time after the date falling three calendar months following the date of issue of the GBT 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 shall not be less than 25% or any given percentage as required by the Listing Rules. The GBT Convertible Bonds first matured on 15 October 2020 (the “**Original Maturity Date**”), and all the GBT Convertible Bonds remained outstanding on the Original Maturity Date.

As announced by the Company on 19 July 2019 and 27 September 2019, the Company entered into two subscription agreements with the HK Bloom Investment Limited (“**HK Bloom**”), pursuant to which HK Bloom had conditionally agreed to subscribe for, and the Company had 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 GBT Convertible Bonds had been adjusted, in accordance with the terms and conditions of the GBT 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 GBT Convertible Bonds became 5,172,759,833 conversion 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 Original Maturity Date by 32 months to 15 June 2023 (the “**Extension**”). The resolutions to approve the Extension were passed by way of poll at the extraordinary general meeting of the Company held on 30 November 2020 and the Extension took effect from that date.

As at 31 December 2022, the GBT Convertible Bonds were divided into liability component and equity component which amounted to HK\$1,037.5 million and HK\$972.1 million (31 December 2021: HK\$938.9 million and HK\$972.1 million) respectively and effective imputed interest of HK\$98.6 million (2021: HK\$89.2 million) was charged during the year ended 31 December 2022.

As at 31 December 2021, the GBT Convertible Bonds were divided into liability component and equity component which amounted to HK\$938.9 million and HK\$972.1 million (31 December 2020: HK\$849.6 million and HK\$972.1 million) respectively and effective imputed interest of HK\$89.2 million (2020: HK\$59.2 million) was charged during the year ended 31 December 2021.

As at 31 December 2020, the GBT Convertible Bonds were divided into liability component and equity component which amounted to HK\$849.6 million and HK\$972.1 million (31 December 2019: HK\$1,034.2 million and HK\$290.6 million) respectively and effective imputed interest of HK\$59.2 million (2019: HK\$62.5 million) was charged during year ended 31 December 2020.

#### *Liquidity ratios and gearing ratios*

As at 31 December 2022, the current ratio and the quick ratio of the Remaining Group were 0.07 (31 December 2021: 0.05) and 0.05 (31 December 2021: 0.05), respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings and the GBT Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) was approximately 137.0% (31 December 2021: 130.4%).

As at 31 December 2021, the current ratio and the quick ratio of the Remaining Group were 0.05 (31 December 2020: 0.11) and 0.05 (31 December 2020: 0.11), respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings and the GBT Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) was approximately 130.4% (31 December 2020: 116.7%).

As at 31 December 2020, the current ratio and the quick ratio of the Remaining Group were 0.11 (31 December 2019: 0.15) and 0.11 (31 December 2019: 0.13), respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings and the GBT Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) was approximately 116.7% (31 December 2019: 107.1%).

#### **Foreign Currency Exposure**

The operations of the Remaining Group were primarily carried out in the PRC in which transactions were denominated in Renminbi, while export sales, which were denominated in US dollars, accounted for approximately 0.0%, 0.0% and 13.7% of the Remaining Group's revenue during the year ended 31 December 2022, 2021 and 2020, respectively. The Board has been closely monitoring the Remaining Group's exposure to foreign exchange fluctuations in Renminbi and has been of the view that there is no material unfavourable exposure to foreign exchange fluctuation in the short run. Therefore, during the Reporting Period, the Remaining Group did not adopt any financial instruments or currency borrowings for hedging exposure to foreign exchange fluctuations in RMB, nor does it intend to for the time being.

**Charge on Assets**

As at 31 December 2022, the Remaining Group's interest-bearing bank and other borrowings amounting to approximately HK\$4,400,940,000 (31 December 2021: HK\$4,722,959,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Remaining Group of HK\$1,307,539,000 (31 December 2021: HK\$1,717,348,000) and HK\$88,812,000 (31 December 2021: HK\$100,433,000), respectively, and a receivable from disposal of assets which amounted to HK\$113,636,000 (31 December 2021: HK\$121,951,000).

As at 31 December 2021, the Remaining Group's interest-bearing bank and other borrowings amounting to approximately HK\$4,722,959,000 (31 December 2020: HK\$5,409,852,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Remaining Group of HK\$1,717,348,000 (31 December 2020: HK\$1,773,963,000) and HK\$100,433,000 (31 December 2020: HK\$75,520,000), respectively, and a receivable from disposal of assets of HK\$121,951,000 (31 December 2020: HK\$119,048,000).

As at 31 December 2020, the Remaining Group's interest-bearing bank and other borrowings amounting to approximately HK\$5,409,852,000 (31 December 2019: HK\$5,053,697,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Remaining Group of HK\$1,773,963,000 (31 December 2019: HK\$2,052,379,000) and HK\$75,520,000 (31 December 2019: HK\$62,414,000), respectively, and a receivable from disposal of assets of HK\$119,048,000 (31 December 2019: HK\$444,444,000).

**Capital and Other Commitments**

As at 31 December 2022, 2021 and 2020, the Remaining Group's capital commitments amounted for the purchase/construction of property, plant and equipment of approximately HK\$548.7 million, HK\$588.1 million and HK\$573.0 million, respectively.

**Significant Investments, Material Investments and Acquisitions**

The Remaining Group had no material investments for each of the three years ended 31 December 2022.

There was no material acquisition or disposal of subsidiaries, associates or joint ventures conducted by the Remaining Group for each of the three financial years ended 31 December 2022.

**Employees and Remuneration Policies**

As at 31 December 2022, 2021 and 2020, the Remaining Group had approximately 2,800, 3,000 and 3,300 full time employees in Hong Kong and in the PRC, respectively. The employee cost, including Directors' remuneration were approximately HK\$198,097,000, HK\$189,650,000 and HK\$211,660,000 for the three financial years ended 31 December 2022, 2021 and 2020, respectively. The Remaining 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 increasingly turbulent environment. The Remaining Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards to its employees to align employees' performance with the Remaining Group's business strategies. The Remaining Group 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 the industrial practice. Staff benefits provided by the Remaining Group include mandatory funds, insurance schemes and discretionary bonuses.

**Contingent Liabilities**

As at 31 December 2022, 2021 and 2020, the Remaining Group did not have any significant contingent liabilities.

**FINANCIAL INFORMATION OF THE GSH GROUP**

GSH is listed on the Main Board of the Stock Exchange, and publishes its annual reports and interim reports on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and GSH ([www.global-sweeteners.com](http://www.global-sweeteners.com)). The audited consolidated financial statements of GSH for each of the three years ended 31 December 2020, 2021 and 2022 as disclosed in its respective annual reports and published by GSH have been audited by the GSH's auditors in accordance with the Hong Kong Financial Reporting Standards.

Financial information of the GSH Group for each of the three years ended 31 December 2020, 2021 and 2022 is disclosed in the following documents which have been published on both the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and GSH ([www.global-sweeteners.com](http://www.global-sweeteners.com)), and can be accessible by the links as follows:

- annual report of GSH for the year ended 31 December 2020: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300663.pdf>
- annual report of GSH for the year ended 31 December 2021: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0512/2022051200386.pdf>
- annual report of GSH for the year ended 31 December 2022: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400679.pdf>

**I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP****A. INTRODUCTION**

The following unaudited proforma financial information has been prepared by Global Bio-chem Technology Group Company Limited (the “**Company**”) to illustrate (i) the financial position of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”), excluding Global Sweeteners Holdings Limited (“**GSH**”) and its subsidiaries (hereinafter collectively referred to as the “**GSH Group**”), and Dihao Companies (hereinafter referred to as the “**Remaining Group**”) as if the (1) proposed disposal of approximately 47.00% of the issued share capital of GSH (the “**GSH Disposal**”) and (2) proposed transfer of the entire equity interests in Dihao Companies<sup>#</sup> by the GSH Group to the GBT Group<sup>#</sup> (the “**Dihao Transfer**”) (collectively the “**Proposed Disposal**”) had been completed on 31 December 2022; and (ii) the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 as if the Proposed Disposal had been completed on 1 January 2022. Details of the Proposed Disposal are set out in the “Letter from the Board” contained in the circular dated 25 May 2023 (the “**Circular**”) issued by the Company.

The unaudited pro forma financial information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 after taking into account the pro forma adjustments relating to the Proposed Disposal as if the Proposed Disposal had been completed on 31 December 2022; and (ii) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 after taking into account the pro forma adjustments relating to the Proposed Disposal as if the Proposed Disposal had been completed on 1 January 2022.

The unaudited pro forma financial information is presented after making pro forma adjustments that are clearly shown and explained, directly attributable to the Proposed Disposal and not relating to future events or decisions, factually supportable and clearly identified as to those have/have no continuing effect on the Remaining Group.

<sup>#</sup> *As defined in the Circular*

The unaudited pro forma financial information, which has been prepared by the directors of the Company in accordance with paragraph 4.29(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the purposes of illustrating the effect of the Proposed Disposal, is based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of (i) the financial position of the Remaining Group as at 31 December 2022 or at any future date had the Proposed Disposal been completed on 31 December 2022; or (ii) the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 or any future period had the Proposed Disposal been completed on 1 January 2022.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 December 2022 and other financial information included elsewhere in the Circular.

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**
**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION OF THE REMAINING GROUP**

	The Group					Pro forma
	at 31					Remaining
	December					Group at
	2022					31 December
	Pro forma adjustments					2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(Note 1)</i>	<i>(Note 2.1)</i>	<i>(Note 3.1)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	4,706,470	(507,865)	132,540	—	—	4,331,145
Right-of-use assets	451,069	(55,293)	15,302	1,167	—	412,245
Deposits paid for acquisition of property, plant and equipment	835	—	—	—	—	835
Intangible assets	3,751	(1,704)	—	—	—	2,047
Equity investment at fair value through profit or loss (“FVTPL”)	—	—	—	—	17,139	17,139
Equity investment at fair value through other comprehensive income (“Designated FVOCI”)	208	—	—	—	—	208
	<u>5,162,333</u>	<u>(564,862)</u>	<u>147,842</u>	<u>1,167</u>	<u>17,139</u>	<u>4,763,619</u>
<b>CURRENT ASSETS</b>						
Inventories	216,720	(42,434)	350	—	—	174,636
Trade receivables	59,845	(48,960)	—	—	—	10,885
Prepayments, deposits and other receivables	367,995	(26,576)	12,323	—	—	353,742
Due from a joint venture	1,055	—	—	—	—	1,055
Financial guarantee asset	—	—	—	—	227,273	227,273
Pledged bank deposits	173	—	—	—	—	173
Cash and bank balances	41,766	(4,275)	1	—	43,078	80,570
	<u>687,554</u>	<u>(122,245)</u>	<u>12,674</u>	<u>—</u>	<u>270,351</u>	<u>848,334</u>

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	Pro forma adjustments					Pro forma
	The Group					Remaining
	at 31 December 2022					Group at 31 December 2022
HK\$ '000 (Audited) (Note 1)	HK\$ '000 (Audited) (Note 2.1)	HK\$ '000 (Audited) (Note 3.1)	HK\$ '000 (Unaudited) (Note 4)	HK\$ '000 (Unaudited) (Note 5)	HK\$ '000 (Unaudited)	
<b>CURRENT LIABILITIES</b>						
Trade payables	1,201,524	(85,882)	—	—	—	1,115,642
Other payables and accruals	4,046,184	(389,309)	162,217	(34,113)	8,402	3,793,381
Due to an associate	840	—	—	—	—	840
Due to fellow subsidiaries	—	(34,113)	6,319	34,113	(6,319)	—
Tax payables	104,553	(23,421)	23,171	—	—	104,303
Interest-bearing bank and other borrowings	7,113,550	(795,353)	339,102	—	—	6,657,299
Lease liabilities	1,902	(951)	—	951	—	1,902
Financial guarantee liability	—	—	—	—	227,273	227,273
Convertible bonds	1,037,451	—	—	—	—	1,037,451
	<u>13,506,004</u>	<u>(1,329,029)</u>	<u>530,809</u>	<u>951</u>	<u>229,356</u>	<u>12,938,091</u>
<b>NET CURRENT LIABILITIES</b>	<u>(12,818,450)</u>	<u>1,206,784</u>	<u>(518,135)</u>	<u>(951)</u>	<u>40,995</u>	<u>(12,089,757)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>						
	<u>(7,656,117)</u>	<u>641,922</u>	<u>(370,293)</u>	<u>216</u>	<u>58,134</u>	<u>(7,326,138)</u>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities	345	(172)	—	172	—	345
Deferred income	100,806	(21,511)	20,965	—	—	100,260
Deferred tax liabilities	29,788	(17,362)	17,362	—	—	29,788
	<u>130,939</u>	<u>(39,045)</u>	<u>38,327</u>	<u>172</u>	<u>—</u>	<u>130,393</u>
<b>NET LIABILITIES</b>	<u>(7,787,056)</u>	<u>680,967</u>	<u>(408,620)</u>	<u>44</u>	<u>58,134</u>	<u>(7,456,531)</u>
<b>CAPITAL AND RESERVES</b>						
Share capital	890,741	—	—	—	—	890,741
Reserves	(8,429,734)	675,036	(408,620)	44	(184,879)	(8,348,153)
<b>Deficit attributable to owners of the Company</b>	<u>(7,538,993)</u>	<u>675,036</u>	<u>(408,620)</u>	<u>44</u>	<u>(184,879)</u>	<u>(7,457,412)</u>
<b>Non-controlling interests</b>	<u>(248,063)</u>	<u>5,931</u>	<u>—</u>	<u>—</u>	<u>243,013</u>	<u>881</u>
<b>TOTAL DEFICIT</b>	<u>(7,787,056)</u>	<u>680,967</u>	<u>(408,620)</u>	<u>44</u>	<u>58,134</u>	<u>(7,456,531)</u>

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING  
GROUP

	The Group for the year ended 31 December 2022					Pro forma Remaining Group for the year ended 31 December 2022
	Pro forma adjustments					
	HK\$'000 (Audited) (Note 1)	HK\$'000 (Audited) (Note 2.2)	HK\$'000 (Audited) (Note 3.2)	HK\$'000 (Unaudited) (Note 4)	HK\$'000 (Unaudited) (Note 6)	HK\$'000 (Unaudited)
<b>REVENUE</b>	372,278	(359,567)	—	—	—	12,711
Cost of sales	(337,681)	332,300	—	—	—	(5,381)
Gross profit	34,597	(27,267)	—	—	—	7,330
Other income and gains	30,874	(16,303)	1,817	44	357,613	374,045
Selling and distribution costs	(39,650)	32,076	(1,622)	—	—	(9,196)
Administrative expenses	(328,207)	97,846	(27,947)	—	—	(258,308)
Other expenses	(545,180)	64,593	(889,659)	874,264	—	(495,982)
Finance costs	(726,218)	68,977	(27,937)	—	—	(685,178)
<b>LOSS BEFORE TAX</b>	(1,573,784)	219,922	(945,348)	874,308	357,613	(1,067,289)
Income tax credit	54,219	(7,431)	—	—	—	46,788
<b>LOSS FOR THE YEAR</b>	(1,519,565)	212,491	(945,348)	874,308	357,613	(1,020,501)
<b>OTHER COMPREHENSIVE INCOME</b>						
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	433,334	(32,099)	(20,476)	—	—	380,759
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	433,334	(32,099)	(20,476)	—	—	380,759
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	(1,086,231)	180,392	(965,824)	874,308	357,613	(639,742)

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 December 2022					Pro forma Remaining Group for the year ended 31 December 2022
	Pro forma adjustments					
	<i>HK\$ '000</i> <i>(Audited)</i> <i>(Note 1)</i>	<i>HK\$ '000</i> <i>(Audited)</i> <i>(Note 2.2)</i>	<i>HK\$ '000</i> <i>(Audited)</i> <i>(Note 3.2)</i>	<i>HK\$ '000</i> <i>(Unaudited)</i> <i>(Note 4)</i>	<i>HK\$ '000</i> <i>(Unaudited)</i> <i>(Note 6)</i>	<i>HK\$ '000</i> <i>(Unaudited)</i>
<b>LOSS ATTRIBUTABLE TO:</b>						
Owners of the Company	(1,443,068)	212,491	(945,348)	874,308	281,116	(1,020,501)
Non-controlling interests	(76,497)	—	—	—	76,497	—
	<u>(1,519,565)</u>	<u>212,491</u>	<u>(945,348)</u>	<u>874,308</u>	<u>357,613</u>	<u>(1,020,501)</u>
<b>TOTAL COMPREHENSIVE LOSS</b>						
<b>ATTRIBUTABLE TO:</b>						
Owners of the Company	(1,021,289)	180,843	(965,824)	874,308	292,220	(639,742)
Non-controlling interests	(64,942)	(451)	—	—	65,393	—
	<u>(1,086,231)</u>	<u>180,392</u>	<u>(965,824)</u>	<u>874,308</u>	<u>357,613</u>	<u>(639,742)</u>

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH  
FLOWS OF THE REMAINING GROUP

	The Group for the year ended 31 December 2022	Pro forma adjustments					Pro forma Remaining Group for the year ended 31 December 2022
		HK\$'000 (Audited) (Note 1)	HK\$'000 (Audited) (Note 2.2)	HK\$'000 (Audited) (Note 3.2)	HK\$'000 (Unaudited) (Note 4)	HK\$'000 (Unaudited) (Note 6)	
<b>OPERATING ACTIVITIES</b>							
Loss before tax	(1,573,784)	219,922	(945,348)	874,308	357,613	(1,067,289)	
Adjustments for:							
Finance costs	726,218	(68,977)	27,937	—	—	685,178	
Bank interest income	(45)	24	—	—	—	(21)	
Loss on disposal of property, plant and equipment, net	5,904	—	—	—	—	5,904	
Amortisation of deferred income	(7,637)	2,279	(2,093)	—	—	(7,451)	
Depreciation of property, plant and equipment	308,372	(70,192)	16,054	—	—	254,234	
Depreciation of right-of-use assets	22,137	(6,122)	1,332	(44)	—	17,303	
Impairment of property, plant and equipment	4,721	(406)	406	—	—	4,721	
Impairment of deposits paid for acquisition of property, plant and equipment, net	5,421	—	—	—	—	5,421	
Impairment of other receivables, net	10,400	—	—	—	—	10,400	
Impairment of prepayments and deposits, net	2,142	(625)	(407)	—	—	1,110	
Impairment of current accounts with group companies	—	—	874,264	(874,264)	—	—	
Reversal of impairment of trade receivables, net	(1,276)	(446)	—	—	—	(1,722)	
Reversal of write-down of inventories, net	(1,996)	12	—	—	—	(1,984)	
Write-back of payables	(2,538)	—	—	—	—	(2,538)	
Gain on disposal of GSH Group	—	—	—	—	(357,613)	(357,613)	
Changes in working capital:							
Inventories	(142,133)	(19,151)	—	—	—	(161,284)	
Trade receivables	47,031	(44,487)	—	—	—	2,544	
Prepayments, deposits and other receivables	(35,771)	(18,708)	136	—	—	(54,343)	
Pledged deposits	328	—	—	—	—	328	
Trade payables	114,106	20,632	—	—	—	134,738	
Other payables and accruals	431,647	(27,006)	(26,222)	(2,972)	—	375,447	
Due to an associate	(85)	—	—	—	—	(85)	
Due to a joint venture	(1,217)	—	—	—	—	(1,217)	
Cash used in operations	(88,055)	(13,251)	(53,941)	(2,972)	—	(158,219)	
Interest received	45	(24)	—	—	—	21	
<b>Net cash used in operating activities</b>	<b>(88,010)</b>	<b>(13,275)</b>	<b>(53,941)</b>	<b>(2,972)</b>	<b>—</b>	<b>(158,198)</b>	

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	Pro forma adjustments					Pro forma	
	The Group						Remaining
	for the year						Group for
ended						the year ended	
31 December						31 December	
2022						2022	
HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
(Note 1)	(Note 2.2)	(Note 3.2)	(Note 4)	(Note 6)			
<b>INVESTING ACTIVITIES</b>							
Purchases of property, plant and equipment	(6,176)	136	—	—	—	(6,040)	
Changes in amounts due from fellow subsidiaries	—	(19,771)	54,258	(34,487)	—	—	
Disposal of GSH Group	—	—	—	—	35,271	35,271	
Proceeds from disposal of property, plant and equipment	5,763	—	—	—	—	5,763	
<b>Net cash (used in) generated from investing activities</b>	<b>(413)</b>	<b>(19,635)</b>	<b>54,258</b>	<b>(34,487)</b>	<b>35,271</b>	<b>34,994</b>	
<b>FINANCING ACTIVITIES</b>							
Proceeds from new bank and other borrowings	192,665	—	—	—	—	192,665	
Repayment of bank and other borrowings	(68,945)	68,945	—	—	—	—	
Loan from a fellow subsidiary	—	(39,660)	—	39,660	—	—	
Repayment of lease liabilities	(1,915)	—	—	—	—	(1,915)	
Increase in an amount due to the ultimate holding company	—	(13,473)	—	13,473	—	—	
Decrease in amounts due to fellow subsidiaries	—	15,674	—	(15,674)	—	—	
Interest paid	(12,055)	4,644	(336)	—	—	(7,747)	
<b>Net cash generated from financing activities</b>	<b>109,750</b>	<b>36,130</b>	<b>(336)</b>	<b>37,459</b>	<b>—</b>	<b>183,003</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,327</b>	<b>3,220</b>	<b>(19)</b>	<b>—</b>	<b>35,271</b>	<b>59,799</b>	
Cash and cash equivalents at beginning of year	21,810	(7,827)	20	—	7,807	21,810	
Effect of foreign exchange rate changes, net	(1,371)	332	—	—	—	(1,039)	
Cash and cash equivalents at end of year	41,766	(4,275)	1	—	43,078	80,570	

**E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

1. The audited consolidated statement of financial position of the Group as at 31 December 2022 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group are extracted from the consolidated financial statement, included in the Company's published annual report for the year ended 31 December 2022, on which an audit report with disclaimer of opinion on material uncertainty related to going concern has been published.
2. GSH Group
  - 2.1 The adjustment reflects the exclusion of the assets and liabilities of the GSH Group as if the GSH Disposal had been completed on 31 December 2022. The assets and liabilities of the GSH Group as at 31 December 2022 are extracted from the audited consolidated statement of financial position of the GSH Group. The audited consolidated statement of financial position of the GSH Group as at 31 December 2022 is extracted from the consolidated financial statements, included in GSH's published annual report for the year ended 31 December 2022, on which an audit report with disclaimer of opinion on material uncertainty related to going concern has been published.
  - 2.2 The adjustments reflect the exclusion of the financial performance and cash flows of the GSH Group for the year ended 31 December 2022 as if the GSH Disposal had been completed on 1 January 2022. The financial data are extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the GSH Group. These statements are extracted from the consolidated financial statements, included in GSH's published annual report for the year ended 31 December 2022, on which an audit report with disclaimer of opinion on material uncertainty related to going concern has been published.
3. Dihao Transfer
  - 3.1 The adjustments add back the assets and liabilities of Dihao Companies from the GSH Group (which had been excluded together with the GSH Group as mentioned in note 2.1 above) as if the Dihao Transfer had been completed on 31 December 2022. The assets and liabilities of Dihao Companies as at 31 December 2022 are extracted from the audited financial information of Dihao Companies as at 31 December 2022.

- 3.2 The adjustments add back the financial performance and cash flows of Dihao Companies from the GSH Group (which had been excluded together with the GSH Group as mentioned in note 2.2) as if the Dihao Transfer had been completed on 1 January 2022. The financial information of Dihao Companies for the year ended 31 December 2022 are extracted from the audited financial information of Dihao Companies for the year ended 31 December 2022.
4. The adjustments reflect the elimination of intragroup transactions/balances between the Group (excluding the GSH Group), the GSH Group and Dihao Companies and reclassification of accounts as well as reversal of impairment of current accounts with group companies.

5. The calculation of the estimated gain on the Proposed Disposal to be recognised in profit or loss, as if the Proposed Disposal had been completed on 31 December 2022, is as follows:

	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consideration in relation to the GSH Disposal	<i>(i)</i>		43,078
Net liabilities of the GSH Group as at 31 December 2022 (including the effect of the relevant release of exchange reserve and after adjusting the non-controlling interest)			
Net liabilities		(680,967)	
Non-controlling within the GSH Group		5,931	
Release of exchange reserve		(340,471)	
Non-controlling interest		<u>243,013</u>	
	<i>(ii)</i>		772,494
Consideration in relation to the Dihao Transfer	<i>(iii)</i>		—
Net liabilities of Dihao Companies as at 31 December 2022 (after adjusting of exchange reserve, non-controlling interest and current account with the Group)			
Net liabilities		(408,620)	
Exchange reserve		(240,032)	
Non-controlling interest		144,827	
Current account with the Group		<u>6,319</u>	
	<i>(iv)</i>		(497,506)
Fair value of investment (in the GSH Group) retained in the books of the Company	<i>(v)</i>		17,139
Estimated direct transaction costs and professional fees	<i>(vi)</i>		(8,402)
Financial guarantee liability in respect of guarantee provided for a subsidiary of GSH	<i>(vii)</i>		(227,273)
Financial guarantee asset in respect of counter guarantee received from the GSH Group	<i>(viii)</i>		<u>227,273</u>
Estimated gain on the Proposed Disposal as if the Proposed Disposal had been completed on 31 December 2022, net	<i>(ix)</i>		<u><u>326,803</u></u>

*Notes:*

- (i) Amount represents the total consideration for the GSH Disposal in accordance with the GSH SPA.
- (ii) Amount represents the net liabilities amount of the GSH Group attributable to the owners of GSH and adjusted for the release of exchange reserve. The amount was extracted and calculated based on the audited published consolidated financial statements of the GSH Group for the year ended 31 December 2022 on which an audit report with disclaimer of opinion on material uncertainty related to going concern has been published.
- (iii) Amount represents the total consideration for the Dihao Transfer of RMB2.0 in accordance with the Dihao SPAs.
- (iv) Amount represents the net liabilities amount of Dihao Companies and adjusted for the exchange reserve of Dihao Companies (excluded together with the GSH Group) and also after adjusting the amount of current account with the Group. The amount was extracted and calculated based on the audited financial information of Dihao Companies for the year ended 31 December 2022.
- (v) Amount represents the estimated fair value of the remaining investment in the GSH Group immediately after the disposal, based on the share price of GSH at 31 December 2022.
- (vi) Amount represents the best estimates of the direct transaction costs and professional fees in relation to the Proposed Disposal by the directors of the Company.
- (vii) Amount represents estimated fair value amount of the financial guarantee provided by the Group at 31 December 2022 in respect of guarantee provided for the bank loan borrowed by a subsidiary of GSH. Financial guarantee expense and financial guarantee liability are recorded accordingly.
- (viii) Amount represents estimated fair value amount of the counter-guarantee to be provided by the GSH Group to the Group at 31 December 2022 in respect of the financial guarantee provided by the Group as mentioned in (vii) above. Financial guarantee income and financial guarantee asset are recorded accordingly.
- (ix) Actual gain arising from the Proposed Disposal depends on final adjustments to the consideration, actual amount of net liabilities (including the actual amounts of non-controlling interests and reserve) of the GSH Group and Dihao Companies, actual transaction costs and professional fees incurred up to the date of completion of the Proposed Disposal. Therefore, the actual gain shall be different from the amount calculated in the above table.
- (x) Reclassification adjustment on non-controlling interest in respect of the Dihao Transfer is as follows:

	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Dr. Reserves	144,827	
Cr. Non-controlling interests		144,827

Changes in the Group's ownership interests in Dihao Companies in respect of the Dihao Transfer that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in Dihao Companies.

6. The calculation of the estimated gain on the Proposed Disposal to be recognised in profit or loss, as if the Proposed Disposal had been completed on 1 January 2022, is as follows:

	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consideration in relation to the GSH Disposal	<i>(i)</i>		43,078
Net liabilities of the GSH Group as at 31 December 2021 (including the effect of the exchange reserve and after adjusting the non-controlling interest)			
Net liabilities		(500,575)	
Non-controlling within the GSH Group		6,382	
Release of exchange reserve		(308,823)	
Non-controlling interest		<u>177,909</u>	
	<i>(ii)</i>		625,107
Consideration in relation to the Dihao Transfer	<i>(iii)</i>		–
Net liabilities of Dihao Companies as at 31 December 2021 (after adjusting of exchange reserve, non-controlling interest and current account with the Group)			
Net assets		520,167	
Exchange reserve		(260,508)	
Non-controlling interest		33,907	
Current account with the Group		<u>(614,352)</u>	
	<i>(iv)</i>		(320,786)
Fair value of investment (in the GSH Group) retained in the books of the Company	<i>(v)</i>		20,775
Estimated direct transaction costs and professional fees	<i>(vi)</i>		(8,402)
Financial guarantee liability in respect of guarantee provided for a subsidiary of GSH	<i>(vii)</i>		(246,061)
Financial guarantee asset in respect of counter guarantee received from the GSH Group	<i>(viii)</i>		<u>243,902</u>
Estimated gain on the Proposed Disposal as if the Proposed Disposal had been completed on 1 January 2022, net	<i>(ix)</i>		<u><u>357,613</u></u>

*Notes:*

- (i) Amount represents the total consideration for the GSH Disposal in accordance with the GSH SPA.
- (ii) Amount represents the net liabilities amount of the GSH Group attributable to the owners of GSH and adjusted for the release of exchange reserve. The amount was extracted and calculated based on the audited published consolidated financial statements of the GSH Group for the year ended 31 December 2021.
- (iii) Amount represents the total consideration for the Dihao Transfer of RMB2.0 in accordance with the Dihao SPAs.
- (iv) Amount represents the net liabilities amount of Dihao Companies and adjusted for the exchange reserve of Dihao Companies (excluded together with the GSH Group) and also after adjusting the amount of current account with the GBT Group. The amount was extracted and calculated based on the audited financial information of Dihao Companies for the year ended 31 December 2021.
- (v) Amount represents the estimated fair value of the remaining investment in the GSH Group immediately after the disposal, based on the share price of GSH at 31 December 2021.
- (vi) Amount represents the best estimates of the direct transaction costs and professional fees in relation to the Proposed Disposal by the directors of the Company.
- (vii) Amount represents estimated fair value amount of the financial guarantee provided by the Group at 31 December 2021 in respect of guarantee provided for the bank loan borrowed by a subsidiary of GSH. Financial guarantee expense and financial guarantee liability are recorded accordingly.
- (viii) Amount represents estimated fair value amount of the counter-guarantee to be provided by the GSH Group to the Group in respect of the financial guarantee provided by the Group as mentioned in (vii) above. Financial guarantee income and financial guarantee asset are recorded accordingly.
- (ix) Actual gain arising from the Proposed Disposal depends on final adjustments to the consideration, actual amount of net liabilities (including the actual amounts of non-controlling interests and reserve) of the GSH Group and Dihao Companies, actual transaction costs and professional fees incurred up to the date of completion of the Proposed Disposal. Therefore, the actual gain shall be different from the amount calculated in the above table.

- (x) For the purpose of the unaudited pro forma consolidated statement of cash flows of the Remaining Group, the adjustment represents the net cash inflow from the Proposed Disposal as if the Proposed Disposal have taken place on 1 January 2022. An analysis of the net inflow of cash and cash equivalents in respect of the Proposed Disposal is as follows:

	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration			43,078
Cash and cash equivalents disposed of:			
– GSH Group	<i>(a)</i>	(7,827)	
– Dihao Companies	<i>(b)</i>	20	
		<u>          </u>	<u>(7,807)</u>
			<u><u>35,271</u></u>

*Notes:*

- (a) The amount of the GSH Group is extracted from the audited published consolidated financial statements of the GSH Group as at 31 December.
- (b) The adjustment adds back the amount of Dihao Companies as at 31 December 2021.
- (xi) The adjustments represented adjustments for the loss and total comprehensive loss attributable to non-controlling interests of the GSH Group and Dihao Companies because there are no longer any non-controlling interests as if the Proposed Disposal had been completed on 1 January 2022.

7. The adjustments to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows are not expected to have a continuing effect on the Remaining Group.

**II. INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The Board of Directors  
**Global Bio-chem Technology Group Company Limited**  
Suite 1002, 10<sup>th</sup> Floor  
Tower A, Cheung Kei Center  
18 Hung Luen Road  
Hung Hom, Kowloon  
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Global Bio-chem Technology Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022, and related notes as set out on pages 72 to 86 of the circular in connection with (1) proposed disposal of approximately 47.00% of the issued share capital of Global Sweeteners Holdings Limited (“**GSH**”) and (2) proposed transfer of the entire interests in Dihao Companies<sup>#</sup> by the GSH Group<sup>#</sup> to the GBT Group<sup>#</sup> (collectively the “**Proposed Disposal**”) dated 25 May 2023 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part I of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Disposal on the Group’s financial position as at 31 December 2022 and its financial performance and cash flows for the year ended 31 December 2022 as if the Proposed Disposal had taken place on 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group’s consolidated financial position as at 31 December 2022 and the Group’s consolidated financial performance and cash flows has been extracted by the Directors from the Company’s consolidated financial statements for the year ended 31 December 2022 on which an audit report with disclaimer of opinion has been published.

**Directors’ responsibility for the unaudited pro forma financial information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

<sup>#</sup> *As defined in the Circular*

**Reporting accountant's independence and quality control**

We have complied with the independence and other ethical requirements of the “*Code of Ethics for Professional Accountants*” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*” which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountant's responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2022 or 1 January 2022, respectively, would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Mazars CPA Limited**  
*Certified Public Accountants*  
42/F., Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

Hong Kong, 25 May 2023

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, Mr. Wang Guicheng (being an executive Director) had the following interests in the shares of the Company and GSH (as an associated corporation (within the meaning of Part XV of the SFO) of the Company) which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) entered, pursuant to section 352 of the SFO, in the register referred to therein; and (iii) notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules:

Name of company	Nature of interest	Number of shares held	Approximate shareholding percentage
The Company	Beneficial owner	500,000	0.01%
GSH	Beneficial owner	300,000	0.02%

Save as disclosed above, to the best of the knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) entered, pursuant to section 352 of the SFO, in the register referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

To the best of the knowledge of the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DIRECTORS' COMPETING INTERESTS**

As at the Latest Practicable date, none of the Directors and their close associates had any interest in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

**4. DIRECTORS' AND EXPERT'S INTERESTS IN ASSETS**

None of the Directors or the expert (as named in this circular) had any interest, direct or indirect, in any asset which had, since 31 December 2022 (being the date to which the latest published audited accounts of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contract between any Director and any member of the Group, excluding service contracts expiring or determinable by such member of the Group within one year without payment of any compensation (other than statutory compensation).

**6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group.

**7. EXPERT QUALIFICATION AND CONSENT**

The qualification of the expert who has been named in this circular and given opinions or advice contained herein is set out below:

<b>Name</b>	<b>Qualification</b>
Mazars CPA Limited	Certified public accountants

The above expert has given and has not withdrawn its written consent to the issue of this circular with its statements, letter and report and references to its name included in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the conditional agreement dated 19 January 2022 entered into between the Company (as issuer) and 睿炬(控股)投資有限公司 (Rationale (Holdings) Investment Limited) (as subscriber) (the “**Rationale (Holdings)**”) in relation to the subscription of 1,781,481,143 Shares at the subscription price of HK\$0.1345 per Share, equivalent to an aggregate consideration of approximately HK\$239,610,000 (the “**GBT Subscription Agreement**”), which was subsequently terminated pursuant to the GBT Termination Agreement (as defined below);
- (b) the conditional subscription agreement dated 24 July 2022 entered into between GSH (as issuer) and Hartington Profits Limited (as subscriber) in relation to the subscription of 305,517,200 GSH Shares at the subscription price of HK\$0.1 per Share, equivalent to an aggregate consideration of approximately HK\$30,552,000, which was subsequently terminated as the conditions precedent therein had not been fully fulfilled (or, as the case may be, waived) by the specified time of the extend long stop date as announced by the Company on 2 March 2023;
- (c) the termination agreement entered into between the Company and Rationale (Holdings) on 19 January 2022 in relation to termination of the GBT Subscription Agreement with immediate effect (the “**GBT Termination Agreement**”);
- (d) the GSH SPA;
- (e) the Dihao SPAs; and
- (f) the GSH CB Subscription Agreement.

## 9. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited accounts of the Group were made up).

**11. GENERAL**

- (a) As at the Latest Practicable Date,
  - (i) the registered office of the Company was situate at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands;
  - (ii) the head office and principal place of business in Hong Kong of the Company was situate at Suite 1002, 10<sup>th</sup> Floor, Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong;
  - (iii) the principal share registrar and transfer office of the Company was situate at Maples Fund Services (Cayman) Limited, Cricket Square, PO Box 1093, Boundary Hall, Grand Cayman, KY1-1102, Cayman Islands; and
  - (iv) the Hong Kong branch share registrar and transfer office of the Company was situate at Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The company secretary of the Company is Mr. Chan Sing Fai. He is a member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Chartered Governance Institute.
- (c) All references to times and dates in this circular refer to Hong Kong times and dates.
- (d) In the event of any inconsistency between the English version and the Chinese version of this circular, the notice of EGM or the accompanying proxy form, the English version shall prevail.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.globalbiochem.com](http://www.globalbiochem.com)) during the period from the date of this circular and up to and including the date of the EGM:

- (a) the GSH SPA;
- (b) the Dihao SPA;
- (c) the GSH CB Subscription Agreement;
- (d) the independent reporting accountant's assurance report on the compilation of unaudited pro forma financial information issued by Mazars CPA Limited, the text of which is set out in section II of Appendix III to this circular; and
- (e) the written consent referred to in the section headed "Expert Qualification and Consent" in this appendix.

---

## NOTICE OF EGM

---



### 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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** THAT the physical extraordinary general meeting (the “**EGM**”) of Global Bio-chem Technology Group Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Salon 1, 7/F, Harbour Plaza Metropolis Hotel, 7 Metropolis Drive, Hunghom, Kowloon, Hong Kong on Tuesday, 20 June 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions each as an ordinary resolution of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the sale and purchase agreement dated 6 April 2023 (the “**GSH SPA**”, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose) entered into between Global Corn Bio-Chem Technology Company Limited (“**Global Corn**”), a wholly-owned subsidiary of the Company, as vendor and Mr. Kong Zhanpeng (孔展鵬) and Mr. Wang Tieguang (王鐵光) as purchasers (collectively, the “**Purchasers**”) in relation to the sale and purchase of 717,965,000 ordinary shares of HK\$0.10 each in the issued share capital of Global Sweeteners Holdings Limited (“**GSH**”) and the transaction contemplated thereunder be and are hereby approved, and the execution of the GSH SPA and all documents ancillary or incidental thereto by any person(s) by hand or under seal for and on behalf of Global Corn, the Company and/or any other member of the Group before the passing of this resolution be and is hereby approved, confirmed and ratified; and
- (b) any director (the “**Director**”) of the Company or any other person authorised by the Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he may at his absolute discretion consider necessary or desirable for or in connection with the GSH SPA, the transaction contemplated thereunder and/or the matters ancillary or incidental thereto, and/or the implementation of any of the foregoing, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the GSH SPA and all documents ancillary or incidental thereto which is in his/her opinion not of a material nature, and to effect or implement any other matter ancillary or incidental to the matters approved by this resolution.”

\* for identification purposes only

---

## NOTICE OF EGM

---

2. “**THAT**

- (a) the conditional subscription agreement entered into between GSH as issuer and the Purchasers as subscribers dated 6 April 2023 in relation to the subscription of the RMB120.0 million, three-year, 5 per cent. convertible bonds (the “**GSH CB Subscription Agreement**”, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for identification purpose) and the transaction contemplated thereunder be and are hereby approved, and the execution of the GSH CB Subscription Agreement and all documents ancillary or incidental thereto by any person(s) by hand or under seal for and on behalf of GSH, the Company and/or any other member of the Group before the passing of this resolution be and is hereby approved, confirmed and ratified; and
- (b) any Director or any other person authorised by the Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he may at his absolute discretion consider necessary or desirable for or in connection with the GSH CB Subscription Agreement, the transaction contemplated thereunder and/or the matters ancillary or incidental thereto, and/or the implementation of any of the foregoing, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the GSH CB Subscription Agreement and all documents ancillary or incidental thereto which is in his/her opinion not of a material nature, and to effect or implement any other matter ancillary or incidental to the matters approved by this resolution.”

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

Hong Kong, 25 May 2023

*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, 10<sup>th</sup> Floor  
Tower A, Cheung Kei Center  
18 Hung Luen Road  
Hung Hom, Kowloon  
Hong Kong

---

## NOTICE OF EGM

---

*Notes:*

1. A shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a Shareholder. Shareholders are strongly encouraged to appoint the chairman of the EGM as proxy to attend and vote on his/her behalf at the EGM or any adjourned meeting.
2. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time of the EGM (i.e. at or before 11:30 a.m. on Sunday, 18 June 2023 (Hong Kong time)) or any adjournment thereof.
3. The register of members of the Company will be closed from Wednesday, 14 June 2023 to Tuesday, 20 June 2023, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for attendance at the EGM, all transfers of shares in the Company, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar and transfer office at the address stated in note 2 above no later than 4:30 p.m. on Tuesday, 13 June 2023 for registration.
4. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 9:00 a.m. on the date of the EGM, the EGM will be adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the websites of the Stock Exchange and the Company to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
5. The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situation.

*As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Yang Jian and Mr. Wang Guicheng; 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.*