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## **GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED**

**大成生化科技集團有限公司 \***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00809)**

### **UPDATE ON DEBT RESTRUCTURING PLAN AND SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report (the “**Annual Report**”) for the year ended 31 December 2022 (the “**Year**”) of the Global Bio-chem Technology Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as defined in the Annual Report.

#### **UPDATE ON DEBT RESTRUCTURING PLAN**

The Company would like to provide updated and further information to its Shareholders on the debt restructuring plan as disclosed in the Annual Report.

As disclosed in the joint announcements of the Company and GSH dated 23 December 2020 and 26 March 2021, and the announcement of the Company dated 8 March 2022, as part of the Group’s debt restructuring plan, four major lender banks of the Group had transferred the loans owed by the Group to Jilin Cinda and Changchun Rudder.

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

- (i) the ABC Transferred Loans, being the loans with an aggregate outstanding principal amount of approximately RMB1,400.0 million (the “**ABC Aggregate Principal**”) together with outstanding interest owed by, among others, the Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.\*) (“**Dajincang**”), an independent third party to the Group, to Jilin Branch ABC and Nongan Branch ABC, were transferred to Jilin Cinda at a consideration of approximately RMB414.7 million. Among the ABC Aggregate Principal, approximately RMB300.0 million were owed by Dajincang, and the rest of the ABC Aggregate Principal of approximately RMB1,100.0 million were owed by the Group. The Group is not responsible for the financing of the repayment obligations of debts owed by Dajincang;

- (ii) the CCB Transferred Loans, being the loans owed by the Group to Jilin Branch CCB with an aggregate outstanding principal amount of approximately RMB1,983.5 million together with outstanding interest, were transferred to Jilin Cinda at a consideration of approximately RMB583.6 million;
- (iii) the Export-Import Bank Transferred Loans, being the loans owed by the Group to the Export-Import Bank with an aggregate outstanding principal amount of approximately RMB1,184.3 million together with outstanding interest, were transferred to Jilin Cinda at a consideration of approximately RMB356.0 million; and

(ABC Transferred Loans, CCB Transferred Loans and Export-Import Bank Transferred Loans, collectively known as the “**Entire Transferred Loans**”)

- (iv) the repurchased loans (the “**Repurchased Loans**”), being a portion of loans owed by the Group that was first transferred by the then creditors to Jilin Cinda, and then further transferred to Changchun Rudder, and finally repurchased by the Group from Changchun Rudder at a total consideration of RMB815.0 million on 31 March 2021, with such consideration for the purchase of the Repurchased Loans remaining outstanding.

The Group has been exploring various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan in relation to the Entire Transferred Loans with the support of 吉林省人民政府辦公廳 (the General Office of the People’s Government of Jilin Province\*) and Jilin SASAC. As at the date of this announcement, certain potential investors (the “**Potential Investors**”) have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB 1.5 billion to RMB1.6 billion for the Group to repurchase the Entire Transferred Loans. Negotiations to date are still at its early stages and no written agreement regarding the same has been entered into. The Potential Investors have yet to make their final decision of investment to the Group. Further announcement(s) will be made by the Company as and when appropriate. **Shareholders should note that such investment may or may not proceed.**

In relation to the Repurchased Loans, as previously disclosed in the joint announcement of the Company and GSH dated 6 April 2023, it is the current plan of the Group that the outstanding consideration for the purchase of the Repurchased Loans will be settled by the proceeds from the resumption of the Relevant Properties. As certain portion of the remaining land and buildings situated in Luyuan District, Changchun, the PRC held by the Group with an aggregate book value of approximately RMB524.7 million as at 31 December 2022 and land area of approximately 474,000 square meters have been pledged as security for these Repurchased Loans. Even if the land resumption does not take place in time or at all, given that the aforementioned properties have been pledged as security, the pledgee-lenders may apply for the pledged properties to be sold by way of auction and receive proceeds of sale settling the Repurchased Loans.

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

Other than the Entire Transferred Loans and the Repurchased Loans of the Group and their respective intended settlement as disclosed above, as at 31 January 2023, the total outstanding principal amount of the loans or borrowings of the Group amounted to approximately RMB1,326.3 million, among which (i) approximately RMB834.8 million is intended to be settled by the renewal of loan facilities for the Group's daily operation and to be later settled via future operating cash flow; (ii) approximately RMB40.0 million is intended to be settled through future operating cashflow of the debtor company, being a subsidiary of the Group, upon its resumption of operation; (iii) upon completion of the GSH Disposal, loans amount of approximately RMB401.5 million will no longer be consolidated into the financial statement of the Group (excluding the GSH Group); and (iv) in relation to the loan amount of approximately RMB50.0 million owed to Daxinganling Bank by Harbin Dacheng, Harbin Dacheng has already been declared insolvent and is in the liquidation process.

#### **DISCLAIMER OPINION ISSUED BY THE AUDITOR OF THE COMPANY**

The Company would like to provide supplemental information on the disclaimer of opinion (the "**Disclaimer Opinion**") on the consolidated financial statements of the Company for the Year issued by the auditor of the Company, Mazars CPA Limited (the "**Auditor**").

Regarding the Disclaimer Opinion, the Audit Committee held discussion with the Auditor and generally understood the concerns of the Auditor and the reasons for the Disclaimer Opinion. The Auditor is of the view that upon completion of all remedial measures as set out in the Annual Report and note 2.2 to the consolidated financial statements of the Group for the Year and the debt restructuring plan as mentioned above, where the Group is able to demonstrate a stable improving trend in its financials and operating cash flows, the Auditor will revisit the situation on a dynamic basis and consider removing the audit modification in next year's financial statement of the Group.

Save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 24 July 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Yang Jian and Mr. Wang Guicheng; one non-executive Director, namely, Mr. Gao Dongsheng; and three independent non-executive Directors, namely, Ms. Dong Hongxia, Mr. Ng Kwok Pong and Mr. Yeung Kit Lam.*

*\* For identification purposes only*