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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)

INSIDE INFORMATION PROFIT ALERT – REDUCTION IN LOSS

This announcement is made by Global Bio-chem Technology Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2023 (the “**Current Period**”) currently available to the Group, the Group recorded significant increase in revenue by 325.8% from approximately HK\$155.6 million as recorded for the six months ended 30 June 2022 (the “**Corresponding Prior Period**”), to approximately HK\$662.5 million for the Current Period. Despite the increase in revenue, the Group recorded a gross loss of approximately HK\$38.2 million for the Current Period as compared with the gross profit of approximately HK\$11.7 million recorded for the Corresponding Prior Period.

The significant increase in revenue of the Group for the Current Period is primarily attributable to the increase in sales volume of the Group by approximately 287.6% during the Current Period as a result of the resumption of lysine production operation since December 2022. Despite the sales of lysine products having been boosted up, the unfavorable operating environment of the lysine market and high production cost due to the relatively low utilisation rate of the Group’s production facilities in the initial stage of production resulted in a gross loss of the Group for the Current Period as compared with the gross profit for the Corresponding Prior Period.

While the Group recorded a gross loss for the Current Period, the Group recorded a reduction in its loss before tax for the Current Period, from approximately HK\$829.2 million as recorded for the Corresponding Prior Period, to the range of approximately HK\$200.0 million to HK\$250.0 million for the Current Period, representing an improvement in the interim results of the Group. Such improvement is primarily attributable to the recognition of a one-off gain resulting from the derecognition of the assets and liabilities of 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co., Ltd.*) (“**Harbin Dacheng**”), an indirect wholly-owned subsidiary of the Company. During the Current Period, one of the creditors of Harbin Dacheng applied to 賓縣人民法院 (People’s Court of Bin County*) (the “**Court**”) to wind up Harbin Dacheng on the basis that Harbin Dacheng was insolvent, and such application had been accepted by the Court. In June 2023, Harbin Dacheng received a notice from the Court regarding the appointment of the joint and several receivers (the “**Receivers**”) over certain assets and books and records of Harbin Dacheng. Following the appointment of the Receivers, the Company no longer have control of whatsoever nature over the affairs of Harbin Dacheng, all assets and liabilities of Harbin Dacheng were derecognised from the consolidated financial statements of the Company, and therefore leading to the recognition of the one-off gain during the Current Period.

As at the date of this announcement, the Company is in the course of finalising its interim results for the Current Period. The information contained in this announcement is only based on the preliminary assessment by the management of the Group with reference to the unaudited consolidated management account of the Company for the Current Period and other currently available information, which have not been confirmed or reviewed by the Company’s auditor or audit committee. Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for the Current Period which is expected to be published by the end of August 2023 in compliance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 August 2023

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

** For identification purpose only*