

GLOBAL BIO-CHEM 2023 PROFIT REACHED HK\$4,224.6 MILLION ACTIVELY PROMOTED ORGANISATIONAL AND DEBT RESTRUCTURING

28 March 2024 – Global Bio-chem Technology Group Company Limited (“Global Bio-chem” or the “Company”, stock code: 00809) together with its subsidiaries (the “Group”) announced its audited consolidated revenue for the year ended 31 December 2023 (the “Year”) from continuing operations amounted to approximately HK\$1,373.9 million (2022: HK\$12.7 million); EBITDA (i.e. earnings before interest, taxation, depreciation and amortisation) of approximately HK\$4,695.0 million (2022: LBITDA (i.e. loss before interest, taxation, depreciation and amortisation): HK\$467.3 million). Profit attributable to owners of the Company for the Year amounted to approximately HK\$4,224.6 million (2022: loss attributable to owners of the Company: approximately HK\$1,443.1 million).

During the Year, the Group made significant progress in organisational and debt restructuring. Upon the completion of the disposal of Global Sweeteners Holdings Limited (“GSH”) and its subsidiaries (excluding Changchun Dihao Foodstuff Development Co., Ltd. and Changchun Dihao Crystal Sugar Industry Development Co., Ltd.) (collectively, the “New GSH Group”), the New GSH Group ceased to be a subsidiary of the Group. The financial results of the New GSH Group have been presented as discontinued operations in the consolidated financial statements for the Year of the Group. It is expected that the sweeteners segment of the Group will be scaled down in 2024. During the Year, the Group also recognised: (1) a one-off gain on debt restructuring of approximately HK\$4,284.8 million in relation to the debt restructuring arrangements between the Group, Jilin Branch of China Cinda Asset Management Co., Ltd. and Jilin Agricultural Investment Group Co., Ltd.; (2) a one-off gain on modification of convertible bonds of approximately HK\$301.4 million due to the further extension of the maturity date of the convertible bonds from 15 June 2023 to 30 September 2025; and (3) a one-off gain of approximately HK\$421.9 million regarding the derecognition of the assets and liabilities of Harbin Dacheng Bio Technology Co., Ltd. Owing to the aforementioned factors, the Group recorded a profit from continuing operations attributable to owners of the Company of approximately HK\$3,743.1 million (2022: loss from continuing operations attributable to owner of the Company: HK\$1,301.7 million) for the Year.

In the first half of 2023, the overall market was still under the pressure from international geopolitics. Nevertheless, in the second half of the year, the overall consumption of food was boosting and export demand increased, resulting in an improved industry situation. Moreover, as the impact of COVID-19 gradually subsided, and coupled with the decline in corn price and increase in sugar price and lysine demand, the Group has significantly increased the production capacity in Changchun Dahe during the Year. The sales volume of the lysine business during

the Year substantially increased by 3,400.0% to 245,000 metric tonnes (“MT”) (2022: 7,000 MT). The consolidated revenue of the Group for the Year increased considerably by approximately 10,718.1% to approximately HK\$1,373.9 million (2022: HK\$12.7 million), and its gross profit surged to HK\$43.6 million (2022: HK\$7.3 million).

Upstream products

During the Year, the Group resumed the upstream operation of Changchun Dahe to supply all of its raw material, i.e. corn starch for its downstream production. The Group sold approximately 60,000 MT (2022: nil) of other corn refined products, which amounted to approximately HK\$217.2 million (2022: HK\$0.8 million). Due to the poor market sentiment of the corn refinery industries, the other corn refined products recorded gross loss of approximately HK\$14.3 million (2022: gross profit: HK\$0.1 million), with gross loss margin of 6.6% (2022: gross profit margin: 12.5%) for the Year.

Amino acids

Since December 2022, the Group resumed its amino acids operation. As a result, the Group’s amino acids segment recorded a significant increase in revenue of approximately HK\$1,151.3 million to HK\$1,156.7 million (2022: HK\$5.4 million) with sales volume of 185,000 MT (2022: 1,000 MT) for the Year. Due to the poor market sentiment of the feed and husbandry industries and high production cost as a result of the relatively low utilisation rate of the Group’s lysine production facilities in the initial stage of resumption, the amino acids segment recorded a gross loss and gross loss margin in the first half of 2023. During the second half of 2023, benefiting from the cost savings resulting from lower raw material cost and facilities upgrade, the average production cost of amino acids dropped at the end of 2023. In addition, the selling price of amino acids increased as a result of a temporary supply shortage in the PRC market during the second half of the year. As a result, the Group recorded gross profit of HK\$108.2 million with a gross profit margin of 13.9% (second half of 2022: gross loss margin 12.3%) for the second half of 2023. For the Year, the Group recorded gross profit of HK\$57.9 million (2022: HK\$0.7 million) with gross profit margin of 5.0% (2022: 13.0%) in amino acids segment.

Polyol chemicals

To minimise financial risks and secure financial resources, the Group has suspended the production of anti-freeze products since the last quarter of 2022. As a result, no revenue and gross profit from the sale of polyol chemicals products (2022: HK\$6.5 million and HK\$6.5 million) were recorded during the Year.

During the Year, export sales accounted for 25.8% (2022: nil) of the Group’s total revenue and amounted to approximately HK\$354.2 million (2022: nil) owing to the resumption of operation of

Changchun Dahe since December 2022.

Looking ahead, the Group will continue to enhance its capability in developing high value-added products and new applications to maintain its competitiveness, and will strive to realise the resumption of the remaining part of the relevant properties owned by the Group in Luyuan District, Changchun, the PRC, in order to settle the outstanding consideration for the purchase of the repurchased loans and enhance the financial resources of the Group with the proceeds from the resumption of the relevant properties. In the short run, the Group will further upgrade the production facilities in Changchun Dahe, launch various new amino acid products, and maintain stable production of its lysine products, in order to lower the production cost and strengthen its position in the industry. In the long run, the Group strives to introduce industry players to facilitate the resumption of production of the Xinglongshan site to improve the operational efficiency and strengthen the working capital of the Group. The Group will continue to optimise its risk and return decisions with respect to capital expenditure and adopt a prudent approach in relation to operational and capacity expansion.

About Global Bio-chem

Global Bio-chem (stock code: 00809.HK) has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 2001. The Group is principally engaged in the manufacture and sale, research and development of corn-based biochemical products in the People's Republic of China (the "PRC"). The Company's production facilities are based in various provinces in the PRC.

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Global Bio-chem's financial highlights

	For the year ended 31 December		
	2023	2022 (Re-presented)	Change %
Revenue (HK\$ million)	1,373.9	12.7	10,718.1
Gross profit (HK\$ million)	43.6	7.3	497.3
Profit (Loss) from continuing operations (HK\$ million)	3,743.1	(1,378.2)	N/A
Profit (Loss) from discontinued operations (HK\$ million)	481.5	(141.4)	N/A
Profit (Loss) for the Year (HK\$ million)	4,224.6	(1,519.6)	N/A
Profit (Loss) attributable to owners of the Company arising from			
Continuing operations (HK\$ million)	3,743.1	(1,301.7)	N/A
Discontinued operations (HK\$ million)	481.5	(141.4)	N/A
	4,224.6	(1,443.1)	N/A
Basic earnings (loss) per share (HK cents) arising from			
Continuing operations	42.0	(14.6)	N/A
Discontinued operations	5.4	(1.6)	N/A
Diluted earnings (loss) per share (HK cents) arising from			
Continuing operations	25.7	(14.6)	N/A
Discontinued operations	3.4	(1.6)	N/A
Proposed final dividend per share (HK cents)	—	—	N/A