

To: Business Editors

Global Bio-chem's 2023 H1 Consolidated Revenue Surged 325.8% To HK\$662.5 Million

31 August 2023 – Global Bio-chem Technology Group Company Limited (“Global Bio-chem” or the “Company”, stock code: 00809) together with its subsidiaries (the “Group”) announced a significant increase of approximately 325.8% in its unaudited consolidated revenue for the six months ended 30 June 2023 (the “Period”) to approximately HK\$662,500,000 (2022: HK\$155,600,000). The Group’s net loss for the Period narrowed to approximately HK\$95,100,000 (2022: HK\$829,200,000), with EBITDA (i.e. earnings before interest, taxation, depreciation and amortization) amounted to approximately HK\$395,000,000 (2022: LBITDA (i.e. loss before interest, taxation, depreciation and amortization): HK\$284,000,000).

With the resumption of operation of the Group’s production facilities in Shanghai during the Period (the operation of the said facilities had been temporarily suspended in the second quarter of 2022 due to lockdown measures implemented in Shanghai), business performance of the corn sweeteners segment had improved, with gross profit increased by 78.6% to approximately HK\$20,000,000 (2022: HK\$11,200,000). However, owing to the negative impact of the unfavourable operating environment of the feed market on the Group’s upstream and amino acids business’ profitability, the Group’s upstream and amino acids segments both recorded gross losses accordingly.

Benefiting from the resumption of production of the Group’s amino acids segment, the Group’s export sales (including the sales of amino acids and corn sweeteners) amounted to HK\$77,900,000 during the Period (2022: HK\$5,000,000), representing a remarkable increase of approximately 1,458.0% as compared to the corresponding period last year. Export sales accounted for 11.8% (2022: 3.2%) of the Group’s total revenue.

During the Period, one of the creditors of Harbin Dacheng Bio Technology Co., Ltd. (“Harbin Dacheng”), an indirect wholly-owned subsidiary of the Group, applied to the court to wind up Harbin Dacheng and such application had been accepted. As a result, the Group derecognised all assets and liabilities of Harbin Dacheng from the consolidated financial statements during the Period, leading to the recognition of a one-off gain of HK\$588,700,000 during the Period. In addition, the Group’s other expenses during the Period decreased significantly to approximately HK\$142,700,000 (2022: HK\$294,500,000), mainly attributable

to the decrease in expenses in relation to the suspension of the Group's facilities subsequent to the resumption of operation of Changchun Dahe Bio Technology Development Co., Ltd. As a result, the net loss of the Group for the Period narrowed to approximately HK\$95,100,000 (2022: HK\$829,200,000).

To improve the financial performance of the Group and to rationalise the business strategies and resources allocation of the Group and the GSH Group, the Group and the GSH Group will endeavour to facilitate the completion of the GSH Restructuring. Upon the completion of the GSH Restructuring, the Group will benefit from improved financial position and streamlined management. Furthermore, the Group could also reduce the risk of using the Group's financial resources to repay the loans in connection with GSH that were under disputes with banks.

In order to speed up and implement the next stage of the debt restructuring, the Group, under the auspices of The General Office of the People's Government of Jilin Province and The State-Owned Assets Supervision and Administration Commission of Jilin Province, strives to explore all available funding avenues. As disclosed in the announcement dated 24 July 2023 by the Company, certain potential investors have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB1,500,000,000 to RMB1,600,000,000 for the Group to repurchase the Entire Transferred Loans transferred to Jilin Cinda. The relevant negotiations are yet to finalise. In addition, the Group will also continue to push ahead with the resumption of the remaining part of the land and buildings which are located in Luyuan District, Changchun, the PRC in order to obtain extra funding to settle the outstanding consideration for the purchase of the Repurchased Loans.

As the PRC government promised to dedicate its efforts in optimising the overall business environment and formulating policies to bolster consumption, the operating environment of the Group in the second half of 2023 is expected to improve. The Group will remain cautious on the outlook of the amino acids and sweeteners markets in the second half of 2023. The Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the utilisation of the Group's production facilities, as well as maintain a relatively healthy cash flow while balancing its market presence. The Group will also further improve cost effectiveness and product mix through continuous research and development efforts, with an aim to strengthen its market position.

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 PRC. The Company's production facilities are based in various provinces in the PRC. Global Bio-chem is also the parent company of Global Sweeteners Holdings Limited (stock code: 03889.HK), which is also listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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Global Bio-chem's financial highlights

	For the six months ended 30 June		
	2023	2022	Change %
	(unaudited)	(unaudited)	
Revenue (HK\$ million)	662.5	155.6	325.8
Gross (loss) profit (HK\$ million)	(38.2)	11.7	N/A
Loss for the Period (HK\$ million)	(95.1)	(829.2)	N/A
Basic loss per share (HK cents)	(0.7)	(8.8)	N/A
Diluted loss per share (HK cents)	(0.7)	(8.8)	N/A
Interim dividend per share (HK cents)	Nil	Nil	N/A