GLOBAL Bio-Chem Technology Group Company Limited

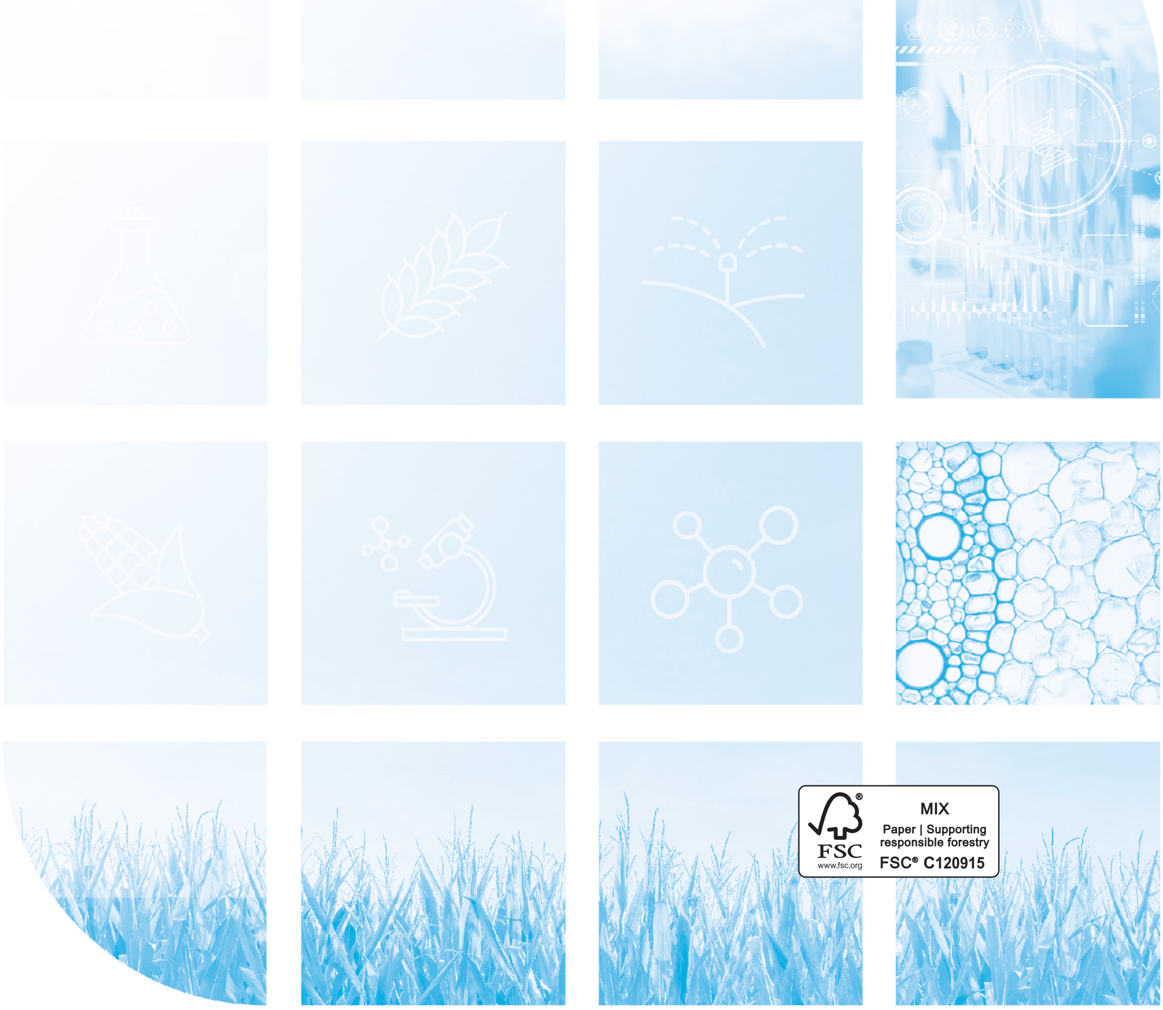
大成生化科技集團有限公司*

Stock Code: 00809

2024
ANNUAL REPORT

*For identification purposes only

Contents



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Definitions

"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Auditor"	the auditor of the Company, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited)
"Audit Committee"	the audit committee of the Company
"Baocheng Bio-chem"	長春寶成生化發展有限公司 (Changchun Baocheng Bio-chem Development Co, Ltd.*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of the companies under the Disposal Group
"Board"	the board of Directors
"Boiler Facilities"	a set of 150t/h ultra-high-temperature and ultra-high-pressure heating system together with its ancillary facilities
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Changchun Dacheng Industrial"	長春大成實業集團有限公司 (Changchun Dacheng Industrial Group Company Limited*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, the entire share capital of which represents the Changchun Dacheng Industrial Sale Shares
"Changchun Dacheng Industrial Sale Shares"	100% of the registered capital of Changchun Dacheng Industrial
"Changchun Dacheng Industrial SPA"	a sale and purchase agreement entered into by Dacheng Industrial (HK) and Changchun Hongxiang on 30 December 2024, pursuant to which Dacheng Industrial (HK) agreed to sell, and Changchun Hongxiang agreed to purchase, the Changchun Dacheng Industrial Sale Shares at the consideration of RMB1.0
"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 established in the PRC with limited liability
"Changchun GBT"	長春金寶特生物化工有限公司 (Changchun GBT Bio-Chemical Co, Ltd.*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of the companies under the Disposal Group
"Changchun Hongxiang"	長春宏祥新能源開發有限公司 (Changchun Hongxiang New Energy Development Company Limited*), the purchaser of the Changchun Dacheng Industrial Sale Shares under the Changchun Dacheng Industrial SPA
"Changchun Investment Fund"	長春市新興產業股權投資基金有限公司 (Changchun Emerging Industry Equity Investment Fund Co., Ltd.*)

Definitions

"Changchun MFB"	長春市財政局 (Changchun Municipal Finance Bureau*)
"Changchun Rudder"	長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*)
"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 (Stock Code: 00809)
"Connected persons(s)"	has the meaning ascribed to it under the Listing Rules
"Convertible Bonds"	convertible bonds in the principal amount of HK$1,086,279,565 issued by the Company on 15 October 2015 held by Modern Agricultural
"Corporate Governance Committee"	the corporate governance committee of the Company
"CPS"	non-voting convertible preference share(s) of HK$0.10 each in the capital of the Company
"CPS Subscribers"	collectively, Jilin Liheng and Jilin Yuanheng
"CPS Subscription"	the issuance by the Company of, and the subscription of the CPS Subscribers for, the Subscription CPS on and subject to the terms and conditions set out in the CPS Subscription Agreement
"CPS Subscription Agreement"	the conditional agreement dated 30 November 2023 entered into between the Company and the CPS Subscribers in relation to the CPS Subscription
"CPS Subscription Completion"	the completion of the CPS Subscription, which took place on 4 January 2024
"CPS Subscription Price"	HK$0.10 per Subscription CPS
"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 established in the PRC with limited liability
"Dacheng Industrial (HK)"	大成實業集團(香港)有限公司 (Dacheng Industrial Group (HK) Limited), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability, the seller of the Changchun Dacheng Industrial Sale Shares under the Changchun Dacheng Industrial SPA
"Dacheng Special Corn"	長春大成特用玉米變性澱粉開發有限公司 (Changchun Dacheng Special Corn & Modified Starch Development Co, Ltd.*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of companies under the Disposal Group

"Debt Restructuring Agreement"	the debt restructuring agreement entered into between Nongfa, as the then creditor, and several subsidiaries of the Group, as the debtors or co-debtors, in respect of the Entire Transferred Loans, pursuant to which the Group had agreed to repay and repaid to Nongfa RMB1,580.0 million for the settlement of the Entire Transferred Loans
"Debt Restructuring Arrangements"	the debt restructuring arrangements of the Group which includes (a) the transfer of the Entire Transferred Loans to Nongfa on 31 December 2023; and (b) the entering into of the Debt Restructuring Agreement
"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 the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of the companies under the Disposal Group
"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 the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of the companies under the Disposal Group
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Changchun Dacheng Industrial Sale Shares pursuant to the terms of the Changchun Dacheng Industrial SPA
"Disposal Group"	a group of indirect wholly-owned subsidiaries of the Company immediately before the Disposal Completion comprising companies wholly-owned by (and including) Changchun Dacheng Industrial, namely (1) Dihao Foodstuff; (2) Dihao Crystal Sugar; (3) Baocheng Bio-chem; (4) Dacheng Special Corn; (5) Changchun GBT; (6) Songyuan Bio-chem; and (7) Huicheng International Trade
"Disposal Completion"	the completion of the Disposal, which took place on 30 December 2024
"EGM"	the extraordinary general meeting of the Company
"Energy Management Contract"	an energy management contract dated 27 May 2024 and entered into between Changchun Dahe and Modern Agricultural Fund in relation to the investment, construction, maintenance and management of the Boiler Facilities
"Entire Transferred Loans"	the loans of approximately RMB4,267.8 million, together with outstanding interests owed by the Group to Jilin Cinda, which had been transferred to Nongfa on 31 December 2023
"Executive Committee"	the executive committee of the Company
"Group"	the Company and its subsidiaries from time to time

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 is directly and indirectly held as to approximately 13.48% by the Company as at the date of this report
"GSH Group"	GSH and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HK Bloom"	HK Bloom Investment Limited
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Huicheng International Trade"	長春大成實業集團惠成進出口有限公司 (Changchun Dacheng Industrial Group Huicheng International Trade Co., Ltd*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of companies under the Disposal Group
"Jilin Changbaishan"	吉林長白山私募基金管理有限公司 (Jilin Changbaishan Private Equity Fund Management Co., Ltd.*) (formerly known as 吉林長白山股權投資管理有限公司 (Jilin Changbaishan Equity Investment Management Co., Ltd.*))
"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.*)
"Jilin DOF"	Jilin Province Department of Finance
"Jilin Liheng"	吉林省利亨股權投資合夥企業(有限合夥) (Jilin Province Liheng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the CPS Subscribers
"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)
"Jilin Yuanheng"	吉林省元亨股權投資合夥企業(有限合夥) (Jilin Province Yuanheng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the CPS Subscribers
"Liheng CPS"	the CPS issued to Jilin Liheng pursuant to the CPS Subscription, being the number of CPS that could be issued to Jilin Liheng by fully utilising the subscription monies of Jilin Liheng of RMB1,330,000,000
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Local Government"	Changchun Municipal People's Government

"Memorandum and Articles of Association"	the memorandum and articles of association of the Company, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Modern Agricultural Fund"	吉林省現代農業產業基金有限公司 (Jilin Province Modern Agricultural Industry Fund Co., Ltd.*)
"Modern Agricultural"	Modern Agricultural Industry Investment Limited, the controlling Shareholder holding approximately 35.20% of the Share, and the holder of the Convertible Bonds
"Modern Agricultural Holdings"	Modern Agricultural Industry Investment Holdings Limited
"Modern Agricultural SPV"	subject to the consent of Changchun Dahe, a special purpose vehicle to be established and wholly-owned by Modern Agricultural Fund to be responsible for the Energy Management Contract
"MT"	metric tonnes
"Nomination Committee"	the nomination committee of the Company
"Nongfa"	吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*) (formerly known as 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*)), a controlling Shareholder, which owns 60% of the investment capital of PRC LLP which indirectly wholly-owns Modern Agricultural
"Nongfa Group"	Nongfa and its subsidiaries from time to time
"Remuneration Committee"	the remuneration committee of the Company
"Remaining Luyuan Properties"	the remaining land and buildings situated in Luyuan District, Changchun, the PRC
"Repurchased Loans"	the outstanding consideration of RMB815.0 million for the purchase of the repurchased loans from Changchun Rudder, being certain loans owed by Dihao Foodstuff, Dacheng Bio-Tech, and Changchun Dahe
"PRC LLP"	吉林省現代農業產業投資基金(有限合夥) (Jilin Province Modern Agricultural Industry Investment Fund (LLP)*)
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Second Supplemental Agreement"	the second supplemental agreement dated 2 June 2023 entered into between the Company and Modern Agricultural in relation to the proposed second extension of the maturity date of the Convertible Bonds from 15 June 2023 to 30 September 2025
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	the ordinary share(s) of par value HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Songyuan Bio-chem"	大成生化科技(松原)有限公司 (Dacheng Bio-chem Technology (Songyuan) Co, Ltd.*), an indirect wholly-owned subsidiary of the Company immediately before the Disposal Completion established in the PRC with limited liability, being one of the companies under the Disposal Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription CPS"	the Yuanheng CPS and the Liheng CPS
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Termination Agreement"	a termination agreement dated 19 August 2024 and entered into between Changchun Dahe and Modern Agricultural Fund to irrevocably terminate the initial Energy Management Contract
"Treasury Shares"	has the meaning ascribed to it under the Listing Rules
"Year"	the year ended 31 December 2024
"Yuanheng CPS"	the CPS issued to the Jilin Yuanheng pursuant to the CPS Subscription, being the number of CPS that could be issued to Jilin Yuanheng by fully utilising the subscription monies of Jilin Yuanheng of RMB250,000,000
"2023 Master Supply Agreement"	the agreement dated 1 November 2023 and entered into between the Company (for itself and on behalf of the Group) and Nongfa (for itself and on behalf of the Nongfa Group) in relation to the supply of corn kernels by the Nongfa Group to the Group
"%"	per cent.

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in this section.

* For identification purposes only

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wang Cheng *(Chairman)*
Mr. Wang Guicheng

Non-executive Director
Mr. Li Yuewen

Independent non-executive Directors
Ms. Jiang Fangfang
Mr. Tan Chao
Ms. Xie Liangqiu

COMPANY SECRETARY

Mr. Chan Sing Fai, ACG, HKACG, HKICPA

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

Unit 1206, 12th Floor
The Metropolis Tower
10 Metropolis Drive
Hung Hom
Kowloon
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants
42nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners
40th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

Bank of Jilin Co., Ltd.
China Construction Bank Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
Cricket Square
PO Box 1093, Boundary Hall
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.globalbiochem.com

STOCK CODE

00809

Message to Shareholders

Dear Shareholders,

Following the completion of the major Debt Restructuring Arrangements and the completion of the disposal of GSH (the "**GSH Completion**"), the Group continued to focus on organisational restructuring and streamlining its operations. Priority has been given to the Group's lysine business to enhance cash inflow with the aim to lay a solid foundation for its future development during the Year. As evidenced by the financial performance for the Year, the Group has continued to expand its lysine production capacity and introduced a variety of high value-added products, achieving a year-on-year growth of approximately 55.9% in sales volume and 45.7% in consolidated revenue. In addition, as a result of the decrease in the average procurement price of corn, a key raw material for the Group's production, the Group recorded a gross profit of approximately HK$191.0 million with gross profit margin of 9.5% for the Year.

During the Year, the Group transferred the Remaining Luyuan Properties and the outstanding debts owed by each of the companies within the Disposal Group to a third party through the Disposal. As such, the Group not only generated a one-off gain of approximately HK$1,235.7 million, but was also relieved from the relevant obligations of the outstanding payables of the Disposal Group. On the other hand, the Group maintains a certain degree of control over the Remaining Luyuan Properties as the Remaining Luyuan Properties have been first pledged to/seized by the Group. Moving forward, the Group will negotiate with the owners of the Remaining Luyuan Properties to jointly resolve the Group's outstanding Repurchase Loans. Through resolving certain debts as a result of the completion of the Debt Restructuring Arrangements in January 2024 and the GSH Completion, the net borrowings of the Group had reduced significantly by approximately HK$1,904.7 million year-on-year, lowering the net liabilities to approximately HK$1,608.2 million as at 31 December 2024.

OUTLOOK

According to the International Monetary Fund (IMF), global economic growth is projected to reach 3.3% in 2025, with China's 2025 gross domestic product ("**GDP**") expected to sustain a 5% growth rate for the upcoming year. Domestic corn supply in 2025 is anticipated to remain relatively ample, with the momentum of corn price retreat gradually slowing down.

To mitigate the impact of raw material price fluctuations and further reduce production costs for the lysine business of the Group, the Group is actively redesigning the proposal of the refurbishment project of the Boiler Facilities of Changchun Dahe. The refurbishment of one of the Boiler Facilities is expected to commence in the first half of 2025. Upon the completion of the refurbishment project, the production costs for lysine of the Group is expected to reduce and thereby further enhancing the operational efficiency of the relevant business.

To continue the expansion of its lysine business, the Group enriches its lysine product range and broadens the flexibility of its product portfolio in respond to different market demands. Other than introducing small-packaging products and developing various high value-added products to strengthen competitiveness of the Group, the Group is also exploring opportunities to introduce business alliances or investors in the operations of its production sites and is proactively working towards resuming production in the Xinglongshan sites to fully utilise its resources and generate synergistic effect. The Group plans to gradually restore the Xinglongshan sites and resume its commercial operations in the fourth quarter of 2025.

Moreover, to comprehensively address the Group's financial burden, we are in discussions with various suppliers for a solution to resolve the outstanding payables, and the latest proposal has received positive feedback. These arrangements, which are expected to be finalised and implemented in 2025, are expected to further improve the Group's financial position.

We would like to express our heartfelt gratitude to the Shareholders, business partners, and stakeholders for their trust and support. Our management team remains committed to driving the Group's steady growth and continuous progress.

Chairman
Wang Cheng

28 March 2025

The Group is principally engaged in the manufacture and sale of corn refined products, amino acids, corn sweeteners and polyol chemicals. The upstream corn refinery serves as a feedstock which breaks down corn kernels into corn starch, gluten meal, fibre and corn oil; and corn starch is further refined through a series of biochemical and/or chemical processes into a wide range of high value-added downstream products.

BUSINESS REVIEW

The selling prices of the Group's products are affected by the prices of their raw materials (principally corn kernels and corn starch), the demand and supply of each of the products and their respective substitutes in the market and the variety of products specifications.

During the Year, the global economy remained under pressure from various internal and external challenges, including ongoing geopolitical tensions, accumulating debt risk and the United States presidential election. While the PRC's economy has shown signs of stabilisation and China's GDP in 2024 increased by 5% year-on-year, meeting the Chinese government's annual economic target set at the beginning of the Year, data released by the National Bureau of Statistics of China showed that in 2024, the national consumer price index (CPI) rose by only approximately 0.2% year-on-year, and the national producer price index for industrial producers (PPI) fell 2.2% year-on-year, reflecting weak consumer sentiment and sluggish demand. The real estate market downturn continued to weigh on the overall economic recovery, making the path to full economic recovery a complex and uneven process.

According to the estimation published by the United States Department of Agriculture in February 2025, global corn production for the year 2024/25 is expected to reach 1,214.35 million MT (2023/24: 1,230.07 million MT). With the global corn supply remaining at a high level, the corn price experienced a substantial decline during 2024. The international corn price dropped below 400 US cents per bushel in the second half of 2024 and closed at 451.5 US cents per bushel by the end of 2024 (equivalent to RMB1,298 per MT) (end of 2023: 471.3 US cents per bushel (equivalent to RMB1,336 per MT)).

In the domestic market, as a result of the increase in total planted area of corn in China by 1.2%, reaching 44.7 million hectares for the Year, China's corn output recorded an increase in 2024 to 294.9 million MT (2023: 288.8 million MT), representing a year-on-year increase of 2.1% according to grain output data released by the National Bureau of Statistics of China. While the corn supply remained abundant, there had been no significant improvement in demand of downstream products, as such, the corn price in the PRC dropped to RMB2,082 per MT at the end of 2024 (2023: RMB2,560 per MT).

The corn refineries showed some positive signs in terms of operating rate and profit during the Year. The atmosphere of upstream products has turned around during the Year, with the average operating rate of corn starch production in China reaching 69.26% in 2024, representing an increase of 7.59% from 61.67% in 2023. The Group has maximised its production capacity of the Group to maintain its presence in the market of corn refinery products.

In the lysine market, the global lysine market experienced a year of ups and downs in 2024. The national average sales price of the swine during the Year was RMB22.36 per kilogram, representing an increase of approximately 9.34% from RMB20.45 per kilogram for 2023. The swine husbandry industry experienced a market rebound during the Year, rising domestic swine prices supported the demand for animal feed. Various feed enterprises reduced corn and soybean meal substitution in their animal feed, laying a solid consumption foundation for feed amino acids and leading to growth in the market of amino acids. As a result, an overall upward price trend of amino acid products had been observed during the Year.

In addition, with the advancement of modern biomanufacturing technology, the demand for high value-added amino acid products has continued to grow in recent years. Changchun Dahe had ridden on the changing market trends and launched various new amino acids products with higher profit margins. The launching of new products, together with the sustained and adequate operating cash flow, had supported the increased production of amino acids during the Year. As such, significant improvement in the revenue and gross profit for Group's lysine segment was recorded during the Year against the intense market competition in the lysine industry.

The Group will endeavour to redesign the proposal of the refurbishment project of boiler facilities of Changchun Dahe to lower the costs of amino acids production and enhance the competitiveness of the Group. In addition, the Group will cooperate with different local universities and professional units to engage in research and development and seek investors and/or strategic partners to raise necessary capital for the gradual resumption of Xinglongshan operations. As such, it is expected that the operations of the polyol chemical production facilities in the Xinglongshan site will be able to resume shortly.

FINANCIAL PERFORMANCE

Continuing operations

During the Year, the Group has continued to undergo organisational restructuring and streamline the operating business. The Group has completed the Disposal, upon which each of the companies of the Disposal Group ceased to be subsidiary of the Company and each of their financial results, assets and liabilities ceased to be consolidated into the consolidated financial statements of the Group. As such, the Group, recognised a one-off gain in respect of the Disposal of approximately HK$1,962.1 million (the "**Disposal Income**") during the Year. On the other hand, the Group endeavored to maximise the production capacity of its production facilities in amino acids operation and launched a series of high value-added amino acid products to expand the sales in 2024. As such, the sales volume of the Group for the Year increased by approximately 55.9% to 382,000 MT (2023: 245,000 MT), resulting in the increased of the consolidated revenue of the Group by approximately 45.7% to approximately HK$2,001.1 million (2023: HK$1,373.9 million) for the Year. The combined effect of (i) the launching of various high value-added new products in the lysine segment of the Group and (ii) the decrease in production cost as a result of the decrease in average corn purchase price by approximately 17.8% for the Year, enabled the Group to record gross profit of approximately HK$191.0 million (2023: HK$43.6 million) with gross profit margin of 9.5% (2023: 3.2%) during the Year. Together with the positive financial effect brought by the Disposal Income, the Group recorded a profit from continuing operations of approximately HK$769.6 million (2023: HK$3,743.1 million) and EBITDA (i.e., earnings before interest, taxation, depreciation and amortisation) of approximately HK$1,297.5 million (2023: HK$4,695.0 million) for the Year.

Upstream products

(Revenue: HK$264.2 million (2023: HK$217.2 million))
(Gross profit: HK$2.6 million (2023: Gross loss: HK$14.3 million))

As the Group has endeavored to maximise the production capacity of production facilities in Changchun Dahe, sufficient raw materials, i.e. corn starch, were needed for its amino acids production during the Year. As such, all the corn starch produced by the Group was for internal use and no external sale of corn starch had been recorded for the Year and the corresponding prior year.

The sale of the Group's other corn refined products increased by approximately 70.0% to approximately 102,000 MT (2023: 60,000 MT) during the Year, amounted to approximately HK$264.2 million (2023: HK$217.2 million). Due to the dropped of the Group's average corn purchase price by approximately 17.8% thus resulting in a decrease in production cost, other corn refined products recorded gross profit of approximately HK$2.6 million (2023: gross loss: HK$14.3 million) during the Year, with gross profit margin of 1.0% (2023: gross loss margin: 6.6%).

Amino acids

(Revenue: HK$1,736.9 million (2023: HK$1,156.7 million))
(Gross profit: HK$188.4 million (2023: HK$57.9 million))

The amino acids segment consists of lysine, protein lysine and threonine products. During the Year, the Group has increased the utilisation rate of production facilities in amino acids operation in order to minimise the operation cost and launched a series of high value-added products to expand the sales. As a result, the Group's amino acids segment recorded a significant increase in revenue by approximately 50.2% to HK$1,736.9 million (2023: HK$1,156.7 million) with sales volume of 280,000 MT (2023: 185,000 MT) for the Year.

In addition to the decrease in production cost brought by the decline of corn price, the Group has also implemented various production process upgrade and cost saving measures, couple with the stable market price of lysine products during the Year, the Group recorded gross profit of the amino acids segment of approximately HK$188.4 million (2023: HK$57.9 million) with gross profit margin of 10.8% (2023: 5.0%) for the Year. Despite the improvement during the Year, the outlook on the amino acids segment remains uncertain with the unpredictable corn price and trade wars between the PRC and the United States. The Group will stock up the lower price corns and continue to closely monitor the development of the market conditions and devote to facilitate various refurbishment projects in respect of its production facilities to further lower the production cost as well as enhance the competitiveness of the Group within the amino acids industry.

Polyol chemicals

(Sales amount: Nil (2023: Nil))
(Gross profit: Nil (2023: Nil))

The polyol chemicals segment consists of polyol chemicals such as glycols and resins, anti-freeze products, hydrogen and ammonia. Due to the prolonged challenging operating environment of polyol chemicals business, the Group had suspended the production to minimise financial risks and secure financial resources since the last quarter of 2022 and no sale of polyol chemicals products was recorded during the Year and the corresponding prior year.

Export sales

During the Year, export sales mainly consisted of the sale of amino acids and upstream products which accounted for approximately 31.6% (2023: 25.8%) of the Group's total revenue. The export sales from continuing operations of the Group amounted to approximately HK$632.1 million (2023: HK$354.2 million) during the Year. Such increase was mainly attributable to the increase in sales volume of Changchun Dahe during the Year. No export sales of polyol chemicals was recorded during the Year and the corresponding prior year.

Other income and gains

During the Year, other income and gains increased by approximately 575.2% to approximately HK$176.9 million (2023: HK$26.2 million). Such increase was mainly attributable to (i) a one-off government grant of approximately HK$67.4 million rewarded to Changchun Dahe for the resumption of its production facilities; (ii) the reversal of impairment of trade and other receivables of approximately HK$43.0 million; and (iii) reversal of write-down of inventories of approximately HK$27.7 million during the Year.

Selling and distribution costs

During the Year, selling and distribution costs increased by approximately 63.1% to approximately HK$107.8 million (2023: HK$66.1 million), accounting for approximately 5.4% (2023: 4.8%) of the Group's revenue. Such increase was generally in line with the increase in sales volume of the Group during the Year.

Administrative expenses

During the Year, administrative expenses significantly decreased by approximately 18.9% to approximately HK$246.5 million (2023: HK$304.1 million). Such decrease was a result of reduction in professional expenses during the Year.

Other expenses

During the Year, other expenses increased by approximately 253.8% to approximately HK$906.7 million (2023: HK$256.3 million). Such increase was mainly attributable to the recognition of (i) loss on properties revaluation of approximately HK$402.9 million; (ii) written off of property, plant and equipment of approximately HK$311.4 million; and (iii) written off of rights-of-use assets of approximately HK$61.8 million during the Year.

Finance costs

During the Year, finance costs of the Group decreased by 56.9% to approximately HK$323.4 million (2023: HK$750.4 million), which was mainly attributable to the completion of the Debt Restructuring Arrangements in January 2024.

Income tax credit

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK$24.0 million during the Year (2023: HK$42.1 million). Meanwhile, during the Year, all subsidiaries of the Group recorded tax losses or the estimated assessable profits were wholly absorbed by tax losses brought forward from previous years, no income tax expenses were recorded for the Year (2023: Nil). As a result, the Group recorded tax credit of approximately HK$24.0 million (2023: HK$42.1 million) for the Year.

Discontinued operations

Upon the GSH Completion which took place on 21 December 2023, the financial results of the GSH Group were no longer consolidated into the consolidated financial statements of the Group and the financial results of the GSH Group of 2023 have been classified as discontinued operations in the prior year's consolidated financial statements of the Group.

Net profit of the Company arising from continuing operations

Despite the Group's improvement in its gross profit and recognition of one-off gain from the Disposal Completion during the Year, in the absence of a one-off gain from the derecognition of 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co. Ltd*), a former indirect wholly-owned subsidiary of the Company, of approximately HK$421.9 million and gain from the Debt Restructuring Arrangements of approximately HK$4,284.8 million recorded for the corresponding prior year, the profit of the Company arising from continuing operations decreased to approximately HK$769.6 million (2023: HK$3,743.1 million) with EBITDA arising from continuing operations (i.e., earnings before interest, taxation, depreciation and amortisation) of approximately HK$1,297.5 million (2023: HK$4,695.0 million) for the Year.

After the completion of the organisation restructuring by disposing the Disposal Group during the Year, the Group is no longer required to be in charge of the negotiation with the Local Government in respect of the resumption of the Remaining Luyuan Properties and can then be able to concentrate its effort in its own business operations without having to expend resources to participate in the negotiation for the land resumption. Meanwhile, the Group will endeavour to closely monitor market changes to streamline the production process and facilitate various refurbishment projects to lower the production cost and launch high value-added products, and monitor the market conditions as well as the financial conditions of the Group in making decisions to resumption of production facilities of the Xinglongshan site.

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

Capital structure

The capital structure of the Group consists of debts, which mainly include interest-bearing bank and other borrowings, Convertible Bonds and equity reserves attributable to owners of the Company which comprises issued ordinary Shares, CPS and various reserves. The Board shall review the Group's cost and risks of capital on a semi-annual basis with the aim to achieve the optimal capital structure for the Group.

Net borrowing position

The total borrowings of the Group as at 31 December 2024 decreased by approximately HK$1,904.7 million to approximately HK$1,693.7 million (31 December 2023: HK$3,598.4 million). The substantial decrease in total borrowings was mainly attributable to (i) the settlement of loans resulting from the completion of the Debt Restructuring Arrangements on 4 January 2024 and the net repayment of certain bank and other borrowings of approximately HK$1,728.7 million in aggregate; (ii) the deconsolidation of certain bank and other borrowings of approximately HK$120.8 million of the Disposal Group as a result of the Disposal Completion; and (iii) the exchange rate adjustment of approximately HK$55.2 million during the Year. On the other hand, the cash and bank balances and pledged bank deposits as at 31 December 2024, which were mainly denominated in Renminbi and Hong Kong dollar, decreased by approximately HK$2.9 million to approximately HK$85.5 million (31 December 2023: HK$88.4 million, denominated in Renminbi and Euro). As a result, the net borrowings of the Group decreased by approximately HK$1,901.8 million to HK$1,608.2 million (31 December 2023: HK$3,510.0 million) as at 31 December 2024.

Structure of interest-bearing bank and other borrowings

As at 31 December 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK$1,693.7 million (31 December 2023: HK$3,598.4 million), all (31 December 2023: all) of which were denominated in Renminbi. As at 31 December 2024, the percentage of interest-bearing bank and other borrowings wholly repayable within one year and in the second to the fifth years were 100.0% and nil (31 December 2023: 99.7% and 0.3%), respectively.

As at 31 December 2024, interest-bearing bank and other borrowings amounted to approximately RMB89.2 million (31 December 2023: RMB51.2 million) have been charged at fixed interest rates ranging from 5.0% to 7.8% (31 December 2023: 5.0% to 7.8%) for terms from one year to three years. Other than that, the rest of the Group's interest-bearing bank and other borrowings were charged with reference to floating interest rate.

Convertible Bonds

Upon completion of the subscription of Shares by Modern Agricultural and the issuance of Convertible Bonds by the Company to Modern Agricultural in October 2015 (the "**Original CB Subscription**"), 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 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 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 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 Convertible Bonds into new Shares at any time after the date falling three calendar months following the date of issue of 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 Convertible Bonds first became mature on 15 October 2020 (the "**Original Maturity Date**"), and all 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 HK Bloom, pursuant to which HK Bloom has conditionally agreed to subscribe for, and the Company has 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 Convertible Bonds has been adjusted, in accordance with the terms and conditions of 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 Convertible Bonds is 5,172,759,833 Shares (the "**Conversion Price Adjustment**").

On 25 September 2020, the Company and Modern Agricultural entered into a supplemental agreement for the proposed extension (the "**First Extension**") of the Original Maturity Date by 32 months to 15 June 2023 (the "**First Extended Maturity Date**"). The resolutions to approve the First Extension were passed by way of poll at the extraordinary general meeting of the Company held on 30 November 2020 and the First Extension took effect from that date. For details of the First Extension, please refer to the announcement of the Company dated 25 September 2020 and the circular of the Company dated 6 November 2020.

In view of the approaching of the First Extended Maturity Date, on 2 June 2023, the Company and Modern Agricultural entered into the Second Supplemental Agreement for the proposed further extension of the First Extended Maturity Date to 30 September 2025 (the "**Second Extension**"). The resolutions to approve the Second Extension were passed by way of poll at the EGM held on 3 August 2023 and the Second Extension took effect from that date. For details of the Second Extension, please refer to the announcement of the Company dated 2 June 2023 and the circular of the Company dated 15 July 2023.

Save for the Conversion Price Adjustment, the First Extension and the Second Extension mentioned above, all other terms and conditions of Convertible Bonds remain unchanged.

At 31 December 2024, all Convertible Bonds remain outstanding and were divided into liability component and equity component which amounted to approximately HK$958.8 million and HK$104.7 million (31 December 2023: HK$801.3 million and HK$104.7 million) respectively and effective imputed interest of approximately HK$157.6 million (2023: HK$169.8 million) was charged during the Year.

CPS

In order for the Group to raise additional capital to facilitate the Debt Restructuring Arrangements, on 30 November 2023, Jilin Yuanheng and Jilin Liheng, as CPS Subscribers, and the Company, as issuer, entered into the CPS Subscription Agreement pursuant to which (i) Jilin Yuanheng conditionally agreed to subscribe for the Yuanheng CPS in the subscription monies of RMB250,000,000 (the "**Jilin Yuanheng Subscription Monies**"); and (ii) Jilin Liheng conditionally agreed to subscribe for the Liheng CPS in the subscription monies of RMB1,330,000,000 (the "**Jilin Liheng Subscription Monies**"), at a subscription price of HK$0.10 per Subscription CPS, representing a premium of approximately 78.6% over the closing price per Share as quoted on the Stock Exchange of HK$0.056 on the day of the CPS Subscription Agreement.

Each Subscription CPS shall confer on its holder the right to receive a preferred distribution from the date of the issue of the Subscription CPS at a rate of not exceeding 5% per annum on the aggregate issue price of the Subscription CPS, payable annually in arrears. Each preferred distribution is non-cumulative. The Board may, in its sole discretion, elect to defer or not to pay a preferred distribution. No interest accrues on any unpaid preferred distribution. If the Board elects to defer or not to pay a preferred distribution, the Company shall not pay any dividends, distributions or make any other payment on any Shares, unless at the same time it pays to the holders of the Subscription CPS any deferred or unpaid preferred distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments is made.

The Subscription CPS shall be convertible at the option of the holder thereof at any time after 12 months from the date of issue of the Subscription CPS and without the payment of any additional consideration therefor, into such number of fully-paid Shares as determined in accordance with the rate for conversion of the Subscription CPS into Shares on a one for one basis, provided that if the issue of Shares following the exercise by a holder of the Subscription CPS of the conversion rights relating to any of the Subscription CPS held by such holder would result in the Company not meeting the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules (the "**Public Float Requirement**") immediately after the conversion, then the number of Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.

The gross proceeds of the CPS Subscription amounted to approximately HK$1,726,775,056.97 (equivalent to RMB1,580,000,000.00). The net proceeds from the CPS Subscription, after the deduction of the professional and other related expenses, were approximately HK$1,716,775,057, representing a net issue price of approximately HK$0.099 per Subscription CPS. All conditions precedent under the CPS Subscription Agreement had been fulfilled and the CPS Subscription Completion took place on 4 January 2024.

The entire amount of the net proceeds of the CPS Subscription had been fully utilised for the settlement of the Entire Transferred Loans in January 2024.

Following the CPS Subscription Completion, a total of 14,535,514,629 Liheng CPS and 2,732,235,940 Yuanheng CPS were issued to Jilin Liheng and Jilin Yuanheng, which may be converted into Shares on a one for one basis, representing approximately 55.63% and 10.46% of the issued share capital (excluding Treasury Shares as at the date of this report) of the Company as enlarged only by the allotment and issue of conversion shares (the "**CPS Conversion Shares**") immediately after the full conversion of the Subscription CPS, respectively. The aggregate nominal value of the Subscription CPS is HK$1,726,775,056.9 based on the nominal value of HK$0.10 per Share.

For details of the CPS Subscription, please refer to the announcements of the Company dated 30 November 2023 and 4 January 2024 and the circular of the Company dated 14 December 2023, respectively.

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging from 30 to 90 days. During the Year, trade receivables turnover days increased to approximately 29 days (31 December 2023: 19 days), as longer credit periods were granted to certain customers with the aim to expand the customer base during the Year.

Trade payables turnover days increased to approximately 211 days (31 December 2023: 144 days) during the Year. Such increase was mainly attributable to the maximisation of the production capacity of production facilities in Changchun Dahe and the purchase of sufficient raw materials in order to fulfill production needs at the end of the Year.

In addition, as the Group maximised the operation capacity and maintained sufficient stocks in order to meet the sale orders during the Year, the inventory turnover days increased to approximately 42 days (31 December 2023: 20 days).

As at 31 December 2024, the current ratio and the quick ratio of the Group were approximately 0.3 (31 December 2023: 0.1) and 0.3 (31 December 2023: 0.1), respectively. The improvement in current ratio and quick ratio were mainly attributable to the completion of the Debt Restructuring Arrangements which took place on 4 January 2024 and the Disposal Completion. Gearing ratio in terms of debts (i.e. total interest-bearing bank, other borrowings, Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) also decreased to approximately 37.3% (31 December 2023: 84.5%).

SIGNIFICANT INVESTMENTS

The Group had no significant investments during the Year. As at the date of this report, the Group has no other future plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for the Disposal, further details of which had been set out in the paragraphs headed "IMPORTANT TRANSACTIONS DURING THE YEAR — Disposal of Changchun Dacheng Industrial" in this section on page 21 of this report, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Year.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK$746,266,000 (31 December 2023: HK$2,054,945,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Group which amounted to approximately HK$1,004,576,000 (31 December 2023: HK$1,420,217,000) and HK$61,376,000 (31 December 2023: HK$83,532,000), respectively.

FOREIGN EXCHANGE EXPOSURE

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, while export sales from continuing operations, which were denominated in US dollars, accounted for approximately 31.6% (2023: 25.8%) of the Group's revenue during the Year. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations in the short run. Therefore, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in the future as and when necessary.

IMPORTANT TRANSACTIONS DURING THE YEAR

Subscription of the CPS under a specific mandate

For details of the CPS Subscription, please refer to the paragraphs headed "CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY — CPS" in this section and "CONNECTED TRANSACTIONS — Connected transaction — (i) Subscription of CPS under a specific mandate" in the Report of the Directors on page 60 of this report, respectively.

Energy Management Contract

Reference is made to the announcement of the Company dated 27 May 2024. On 27 May 2024, Changchun Dahe, an indirect wholly-owned subsidiary of the Company, and Modern Agricultural Fund entered into Energy Management Contract in relation to the implementation of Changchun Dahe's boilers refurbishment project through energy contract management.

As at the date of such announcement, approximately 35.2% of the issued share capital of the Company is held by Modern Agricultural, which is indirectly wholly-owned by PRC LLP. Modern Agricultural Fund is the sole general partner of PRC LLP, and 60.0% of the investment capital of PRC LLP is owned by Nongfa. Modern Agricultural Fund or the Modern Agricultural SPV to be responsible for the Energy Management Contract, is, and shall be wholly-owned by Nongfa. As such, the transactions contemplated under the Energy Management Contract constituted connected transactions of the Company under Chapter 14A of the Listing Rules, and shall be subject to the reporting, announcement and the independent Shareholders' approval requirement.

After further review and examination made by the Local Government, the Boiler Facilities shall be downsized to the comply with the applicable total coal consumption indicator (the "**Coal Consumption Indicator**"). In light of the time required for the negotiation of the re-sized refurbishment of the Boiler Facilities and the terms and conditions of any new energy management contract(s) to be entered into, on 19 August 2024, Changchun Dahe and Modern Agricultural Fund entered into the Termination Agreement to irrevocably terminate the initial Energy Management Contract with effect from the date of the Termination Agreement after due and careful consideration.

The management of the Group will endeavour to redesign the proposal of the refurbishment of the Boiler Facilities and continue to negotiate with different financial institutions (if necessary) and the Local Government in order to complete the resized Boiler Facilities in compliance with the requirements of the relevant Coal Consumption Indicator and satisfy the funding need.

For details of the Energy Management Contract, its related funding arrangement and the Termination Agreement, please refer to the announcements of the Company dated 27 May 2024 and 19 August 2024, respectively.

Disposal of Changchun Dacheng Industrial

References are made to the announcements of the Company dated 30 December 2024 and 17 February 2025. On 30 December 2024, Dacheng Industrial (HK), as seller, and Changchun Hongxiang, as purchaser, entered into the Changchun Dacheng Industrial SPA pursuant to which the seller agreed to sell and the purchaser agreed to purchase, the Changchun Dacheng Industrial Sale Shares, at a consideration of RMB1.0. Immediately before the Disposal Completion, the Disposal Group is wholly and beneficially owned by the Company.

Upon the Disposal Completion, each of the companies of the Disposal Group ceased to be subsidiary of the Company and their financial results, assets and liabilities were no longer consolidated into the consolidated financial statements of the Group.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

There are no other important events of the Group occurred after the end of the reporting period.

FUTURE PLANS AND PROSPECTS

In financial aspect, after the Disposal Completion, the Group will continue to monitor the situation of the resumption of the Remaining Luyuan Properties and ensure the remaining portion of the Repurchased Loans, other than the portion of the Repurchased Loans in the principal amount of approximately RMB113.5 million, together with outstanding interests, remaining to be owed by Dihao Foodstuff (the "**Disposed Rudder Loans**"), in the principal amount of approximately RMB701.5 million, together with outstanding interests remaining to be owed by the Group after the Disposal Completion (the "**Remaining Rudder Loans**") will be settled. Furthermore, the Group will endeavor to continue debts restructuring in relation to long outstanding trade and other payables in order to further improve the financial position of the Group.

In operating business aspect, in order to maintain the competitiveness of the Group, the Group 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. In short run, 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 maintain the stable production of its lysine products to strengthen its position in the industry. After launching various new amino acid products in 2024, the Group will redesign the proposal of the refurbishment of the Boiler Facilities for the reduction of production cost of lysine in short run.

In the long run, the Group will strive to introduce industry players to facilitate the resumption of production of Xinglongshan site to improve the operational efficiency and strengthen the working capital of the Group. The Board will optimise its risk/return decisions with respect to capital expenditure and will take a prudent approach in relation to capacity expansion.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2024, the Group had approximately 1,567 (2023: 2,154) full time employees in Hong Kong and the PRC. During the Year, employee cost of continuing operations, including the Directors' remuneration, was approximately HK$107,970,000 (2023: HK$115,040,000). The 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 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 Group's strategies. The Company 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 industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and discretionary bonuses.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wang Cheng, aged 55, was appointed as an executive Director and the Chairman on 11 December 2023. Mr. Wang graduated from the Central University of Finance and Economics in July 1992, majoring in accounting. Mr. Wang obtained a postgraduate degree in management science and engineering from Liaoning Technical University in July 2007. Mr. Wang is currently a qualified senior accountant (正高級會計師) of the PRC. Mr. Wang has over 31 years of accounting experience in various provincial units/bodies in Jilin Province, the PRC. Mr. Wang joined 遼源礦業(集團)有限責任公司 (Liaoyuan Mining (Group) Co., Ltd.*) in July 1992 and served as chief accountant from December 2007 to March 2009. Mr. Wang had served as deputy chief economist and chief accountant of 吉林省煤業集團有限公司 (Jilin Coal Industry Group Company Limited*) ("**Jilin Coal**") as well as the director, chairman and party committee secretary of various wholly-owned subsidiaries of Jilin Coal from March 2009 to September 2017. Mr. Wang also served as deputy secretary of the party committee of 吉林省國有資本運營有限責任公司 (Jilin Provincial State-owned Capital Operation Co., Ltd.*) from September 2017, and had been further appointed as the general manager from November 2017 to September 2022. From June 2018 to September 2022, he concurrently served as the chairman of 吉林省致晟投資管理有限公司 (Jilin Zhisheng Investment Management Co., Ltd.*). Since September 2022, Mr. Wang has been serving as the party committee secretary and chairman of Nongfa.

Mr. Wang Guicheng, aged 57, was appointed as an executive Director on 31 October 2022. Mr. Wang graduated from 吉林工商學院 (Jilin Business and Technology College*) (formerly known as 吉林糧食高等專科學校 (Jilin Grain College*)) in July 1990, majoring in grain storage and analysis. Mr. Wang has over 34 years of experience in the agricultural industry. Mr. Wang joined 長春大成玉米開發有限公司 (Changchun Dacheng Corn Development Company Limited*), a former subsidiary of the Group, as a quality inspection officer in April 1997. Mr. Wang has then served various senior positions in the Group and the GSH Group and has actively engaged in operational management and the development of production technology. In March 2017, Mr. Wang was appointed as the deputy general manager of the production and operation department of both the Group and the GSH Group, overseeing the overall production operation of the Group and the GSH Group. In December 2018, Mr. Wang has been promoted to the chief operating officer of both the Group and the GSH Group and has been serving in the capacity of the chief operating officer of the Group since then. Mr. Wang was also appointed as an executive director and the chairman of GSH on 31 October 2022. Mr. Wang ceased to be the chairman and the chief operating officer of GSH on 28 December 2023 and resigned as an executive director of GSH on 17 January 2024.

NON-EXECUTIVE DIRECTOR

Mr. Li Yuewen, aged 46, was appointed as a non-executive Director on 10 August 2023. Mr. Li graduated from Southwestern University of Finance and Economics, majoring in economic information management, in June 2002. Mr. Li has over 21 years' experience in finance and wealth management in various securities trading firms and wealth management firms in the PRC. Mr. Li joined Changchun Investment Fund (one of the beneficial owners of PRC LLP which in turn wholly owns Modern Agricultural, the controlling Shareholder) since October 2012 initially as an investment manager and is currently serving in the capacity of deputy general manager. Mr. Li also holds a fund practitioner qualification in the PRC.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Jiang Fangfang, aged 44, was appointed as an independent non-executive Director on 10 August 2023. Ms. Jiang obtained a bachelor's degree from the Jilin University of Finance and Economics (formerly known as 長春稅務學院 (Changchun Tax College*)), majoring in accountancy in December 2004. Ms. Jiang qualified as a senior accountant (高級會計師) in the PRC in January 2023. Ms. Jiang has accumulated over 21 years' experience in accounting in various private enterprises in the PRC. Ms. Jiang joined 吉林省通暢標識標牌有限責任公司 (Jilin Tongchang Signage Co., Ltd.*) (formerly known as 吉林省通暢服務中心 (Jilin Tongchang Service Center*)) in March 2007 as an accountant and is currently the head of the financial department.

Mr. Tan Chao, aged 68, was appointed as an independent non-executive Director on 28 September 2023. Mr. Tan graduated from the Open University of China (formerly known as the China Central Radio and TV University) in August 1986, majoring in financial management. Mr. Tan is also a member of the Chinese Institute of Certified Public Accountants. Mr. Tan has over 43 years of accounting experience in various state-owned enterprises and private enterprises in China. Mr. Tan served as the deputy director of the accounting department of Jilin Province Department of Finance from March 1987 to July 1994 and the financial director of 吉林省國際經濟貿易開發公司 (Jilin Province International Economy and Trade Development Corporation*) from August 1994 to August 1998 respectively. From September 1998 to August 2002, Mr. Tan served as the chairman of 招賢求實會計師事務所 (Zhaoxian Qiushi Certified Public Accountants*). He served as a partner of Da Hua Certified Public Accountants since September 2002 and retired in December 2016. Afterwards, Mr. Tan had continued to serve as a senior consultant of Da Hua Certified Public Accountants until September 2023.

Ms. Xie Liangqiu, aged 55, was appointed as an independent non-executive Director on 10 August 2023. Ms. Xie graduated from the Jilin University of Finance and Economics (formerly known as 吉林財貿學院 (Jilin College of Finance and Trade*)), majoring in accountancy in July 1992. Ms. Xie attained a master's degree in Business Administration and a doctoral degree in Econometrics from Business School of Jilin University in December 2002 and in December 2008, respectively. Since July 1992, Ms. Xie has been teaching in 長春工程學院 (Changchun Institute of Technology*), focusing in the education and researches in accounting and finance areas.

SENIOR MANAGEMENT

Mr. Sha Yu Feng, aged 51, was appointed as chief accountant of the Group in November 2022. Mr. Sha obtained a bachelor's degree from the Jilin University of Finance and Economics (formerly known as 長春稅務學院 (Changchun Tax College*)) in December 1995, majoring in accountancy. Mr. Sha is also a member of the Chinese Institute of Certified Public Accountants. Mr. Sha has over 29 years of accounting experience in various private enterprises and listed enterprises in China. Mr. Sha worked in audit field in China from July 1995 to May 2007. He then served as financial controller and deputy general manager in various PRC private enterprises from May 2007 and September 2012. Mr. Sha joined Nuode New Materials Co., Ltd., a company listed on Shenzhen Stock Exchange (Stock Code: 600110), and served as general manager from September 2015 to May 2017. He served as chief executive officer and chairman of 吉林利源精制股份有限公司 (Jilin Liyuan Precision Manufacturing Co., Limited*) from May 2018 to May 2019. Afterwards, Mr. Sha was appointed by 吉林省東北襪業紡織工業園發展有限公司 (Jilin Northeast Socks and Textile Industrial Park Development Co., Ltd. *) as chief consultant from May 2019 to November 2022.

Mr. Tai Shubin, aged 44, graduated from 吉林工商學院 (Jilin Business and Technology College*) (formerly known as 吉林糧食高等專科學校 (Jilin Grain College*)) in July 2004 majoring in financial management. In December 2014, he obtained a bachelor's degree in social work and management from Jilin University. Mr. Tai qualified as a senior management accountant (高級管理會計師) in the PRC in October 2020 and an International Certified Public Accountant from 中國企業財務管理協會 (Enterprise Financial Management Association of China) in September 2021. Mr. Tai has over 19 years of experience in accounting and financial management and served in various capacities in different state-owned enterprises in Jilin Province's agricultural sector, including 吉林吉糧平安米業有限公司 (Jilin Jiliang Ping'an Rice Industry Co., Ltd.*), 吉林糧食資產管理有限公司 (Jilin Grain Asset Management Co., Ltd.*) and Nongfa. Mr. Tai has been a director of Nongfa from August 2016 to February 2022. Mr. Tai was also the financial controller for mainland China region of the Group between July 2018 and October 2022 and has been promoted to the deputy general manager for mainland China region of the Group in October 2022 and primarily responsible for overseeing the Group's procurement department. Mr. Tai was appointed as executive director of GSH on 17 December 2020 and re-designated to a non-executive director of GSH on 18 January 2024.

Mr. Wang Hongshan, aged 47, graduated from 吉林工商學院 (Jilin Business and Technology College*) (formerly known as 吉林糧食高等專科學校 (Jilin Grain College*)) in July 2004 majoring in grains and oil chemical engineering. In January 2022, he obtained a professional diploma in administrative management from Jilin University. Mr. Wang qualified as a senior engineer in the PRC. He has over 20 years of experience in corn processing industry. Mr. Wang joined 長春金成玉米開發有限公司 (Changchun Jincheng Corn Development Co., Ltd.*), a former subsidiary of the Group, in July 2001. He then served various senior positions in the Group and the GSH Group and has actively engaged in operational management and the development of production technology. Since August 2018, Mr. Wang has been promoted to the deputy general manager for mainland China region of the Group and primarily responsible for overseeing the Group's sales department.

Mr. Chan Sing Fai, aged 41, was appointed as the company secretary and financial controller of the Company on 23 April 2018, and has over 17 years of experience in the related fields of finance, auditing, accounting and corporate governance practices. Mr. Chan graduated from the Hong Kong Polytechnic University with a bachelor's degree with honours in accountancy in 2007 and attained a master's degree in Corporate Governance from the Hong Kong Polytechnic University in 2015. He is a member of the Hong Kong Institute of Certified Public Accountants and is an associate member of the Hong Kong Chartered Governance Institute. Mr. Chan has served the Group for over 9 years. He is also the company secretary and financial controller of GSH.

CORPORATE CULTURE

The Company is committed to ensure high standards of corporate governance at all times and in all areas of its operations. The Board believes that good corporate governance is essential in enhancing the confidence of current and potential Shareholders, investors, employees, business partners and the community as a whole. As such, the Group has been striving to achieve the objectives of (1) providing quality food and excellent service to meet the needs of the customers; (2) protecting the investment of Shareholders; and (3) promoting the sustainable development of the Company for the society. In order to facilitate the objectives of the Group, the Group has established, among others, different departments and teams to promote and maintain high standard of corporate governance, for instance, the Environmental, Social and Governance (the "**ESG**") working group, risk management and internal audit department. The Board (including the independent non-executive Directors) is responsible for the monitoring and supervising of the functions of the teams. The Directors believe that the effectiveness of risk management analysis, internal control policy and ESG functions shall enhance day-to-day operation of the Group, including products safety review, strategy development, business planning, capital allocation and investment decisions.

COMPLIANCE WITH THE CG CODE AND THE MODEL CODE

To the best knowledge and belief of the Board, the Company has applied and complied with all code provisions in part 2 of the CG Code that was in force during the Year.

The Company has adopted a code of conduct regarding the Director's securities transactions on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of each of the Directors, all the Directors have confirmed to the Company that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the Year.

BOARD OF DIRECTORS

The number of meetings and attendance by Board members during the Year are set out in the table below:

Name of Directors	Meetings held and attended by the Directors Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Corporate Governance Committee meeting	Executive Committee meeting	AGM
Executive Directors							
Wang Cheng *(Chairman)* (a)	8/12		2/2	3/4	2/2	–	1/1
Wang Guicheng (b)	10/12					–	1/1
Non-executive Director							
Li Yuewen	12/12						1/1
Independent non-executive Directors							
Jiang Fangfang	12/12	3/3	2/2	4/4	2/2		1/1
Tan Chao	12/12	3/3	2/2	4/4	2/2		1/1
Xie Liangqiu	12/12	3/3					1/1

Remarks:

(a) Mr. Wang Cheng absented from four Board meetings and one Remuneration Committee meeting during the Year, as he was required to abstain from voting and be absent from three out of four of the Board meetings as well as the Remuneration Committee meeting after disclosure of his conflict of interest.

(b) Mr. Wang Guicheng absented from two Board meetings during the Year, as he was required to abstain from voting and be absent from the meetings after disclosure of his conflict of interest.

As of the date of this report, the Board comprises six Directors, being two executive Directors, one non-executive Director and three independent non-executive Directors. There is no relationship (including financial, business, family or other material/relevant relationship) between any of the Directors. Details of the biographies of individual Directors and their range of specialist experience and expertise are set out on page 23 to page 25 of this report.

The Company believes its independent non-executive Directors comprise a synergy of financial management and accounting experts. The Board believes such composition is ideally qualified to advise the management team on future strategic development, financial and other statutory requirements, and to safeguard the interests of the Shareholders.

The Company has established sound mechanism(s) to ensure that the Board has a strong independent element and that independent views and input are available to the Board, and the mechanism(s) will be reviewed annually to ensure their effectiveness. The mechanism(s) for enhancing the independence of the Board are incorporated in our recruitment and selection process of independent non-executive Directors as set out below:

Recruitment process of independent non-executive Directors

When recruiting independent non-executive Directors, other than considering and assessing the independence of the candidates according to the independence requirements as set out under Rule 3.13 of the Listing Rules, the Company will also give special consideration to the time the candidates for the role of independent non-executive Directors can devote and/or contributions they can bring to the Company, as well as their professional qualifications. In considering the suitability of each candidate, the Company will take into account the time each candidate can spend in attending to the matters of the Company. With respect to this, the Company will consider the time spent/contributed by each candidate in other roles taken up by them, including:

- directorship(s) at other issuer(s) undergoing a period with particularly active transactions, such as acquisition(s) or takeover(s);
- chairing the board(s) and/or board committee(s) of other issuer(s);
- membership(s) of board committee(s) of other issuer(s);
- acting as chief executive officer or full-time executive director for other issuer(s); and
- being an independent non-executive director for multiple boards and taking up significant commitments at governmental or non-profit making organisations.

On top of the above, areas of expertise and skills the Company considers for each candidate for the role of individual independent non-executive Directors may include accounting and auditing, compliance, ethics, internal controls, legal, risk management, technical knowledge, people management, business strategy and investments. The Company will also take into consideration whether the relevant expertise of each candidate is consistent with the Company's corporate culture, values and strategies.

Number of independent non-executive Directors

According to Rule 3.10 and 3.10A of the Listing Rules, the Board must: (1) include at least three independent non-executive Directors and at least one of them must have appropriate professional qualifications or accounting or related financial management expertise; and (2) appoint independent non-executive Directors representing at least one-third of the Board. In compliance with abovementioned Listing Rules, during the Year, the Board has three independent non-executive Directors, representing more than one-third of the Board. Mr. Tan Chao, being an independent non-executive Director, is a member of the Chinese Institute of Certified Public Accountants and has the appropriate professional accounting qualifications and related financial management experience.

External independent professional advice

In order to ensure that independent views are available to the Directors, the Directors, in addition to their own expert advice, may also obtain external independent professional advice to assist them when carrying out their duties.

Annual review of the independence of independent non-executive Directors

The Company reviews the independence of independent non-executive Directors at least annually (including requiring each independent non-executive Director to confirm through the execution of an independence declaration confirmation letter) and reviews the number and composition (including skills, knowledge and experience) of the independent non-executive Directors, and makes recommendations in relation to the appointment, re-election or removal of independent non-executive Directors in accordance with the Company's strategy and proposes changes to the Board.

The Board has received written confirmation from each independent non-executive Director regarding each of their independence pursuant to Rule 3.13 of the Listing Rules. Based on the above, as of the date of this report, the Board considers all independent non-executive Directors to be independent.

Board diversity

The Company specialises and embraces the benefits of building a diverse and inclusive Board and has adopted the board diversity policy in order to achieve and maintain its sustainable development and competitive advantage.

The board diversity policy has been considered from a range of diversity perspectives, including but not limited to race, gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. These aspects will be considered in determining the optimum composition of the Board and should be balanced appropriately when possible and necessary. The Nomination Committee will monitor the implementation and effectiveness of the board diversity policy and report to the Board annually.

Underpinned by meritocracy, the Board appointments will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Board annually discusses and establishes measurable objectives for achieving diversity on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

With reference to the business needs of the Group, the following measurable objectives have been set for implementing the board diversity policy:

1) A prescribed proportion of Directors of a different gender on the Board;

2) A prescribed proportion of independent non-executive Directors on the Board;

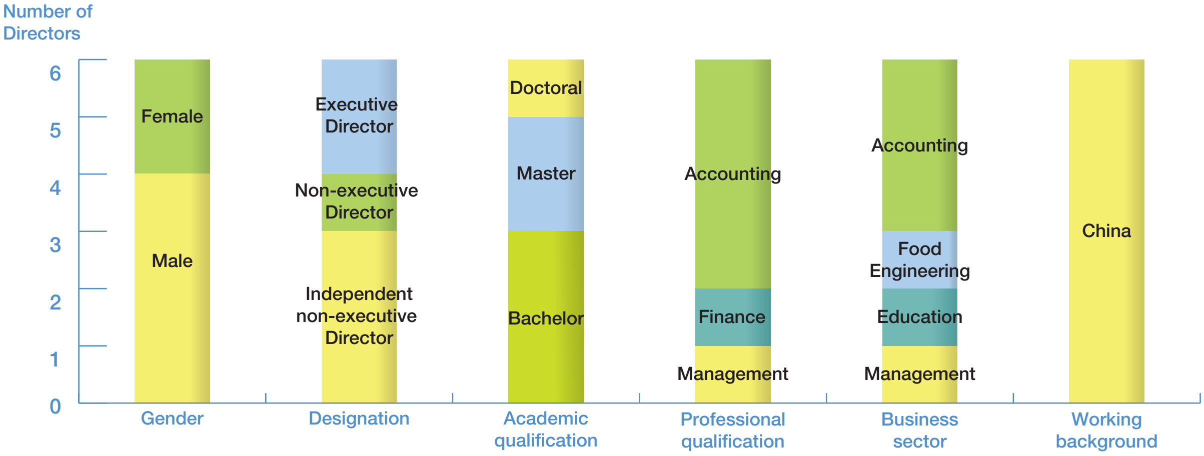
3) A prescribed proportion of members on the Board holding bachelor's degree or above;

4) A prescribed proportion of members on the Board possessing accounting or other professional qualifications; and

5) A prescribed proportion of members on the Board possessing experience in the industry he/she specialised in.

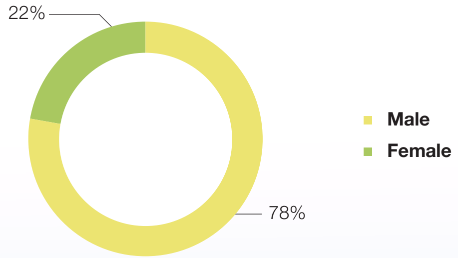
Based on its review, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the board diversity policy of the Company during the Year and as at the date of this report.

Up to the date of this report, composition of the Board is disclosed as below:



As at the date of this report, the Board consisted of two female Directors and four male Directors, the Board is of the view that gender diversity has been achieved at Board level. The Board shall continue to cooperate with the Nomination Committee to identify potential successors to the Board in accordance with the board diversity policy.

The below chart shows an overview of the Group's employment structure in terms of gender diversity (including senior management) as at 31 December 2024:



As at 31 December 2024, the Group's male and female staff accounted for approximately 78% and 22% of its total staff headcount, respectively. Given the nature of the Group's business and the industry the Group operates in, which remain heavily reliant on machines operation and manual labour, equality of gender ratio shall be difficult to achieve within the Group. Taking the aforementioned factors into consideration, the Group is of the view that the gender ratio in the workforce (including senior management) is satisfactory and in line with the industry which the Group operates in. Nonetheless, the Group will strive to enhance gender diversity (in terms of gender ratio) across all levels of the workforce so far as reasonable practicable.

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operation and financial performance. Measures have been taken by the Company to ensure the Board receives all necessary and up to standard information in a timely manner in order to effectively discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Topics discussed at these quarterly Board meetings included but not limited to: overall strategies; enterprise risk management and internal control; major acquisitions and disposals, annual budgets, interim and annual results, recommendations on appointment(s) or reappointment(s) of the Directors, matters relating to share capital, approval of major capital projects, dividend policies, and other significant operational and financial matters. All businesses transacted at individual Board meetings are recorded in the minutes of the respective meeting. All Board members have access to the advice and services of the company secretary of the Company. If necessary, the Directors also have recourse to external professional advice at the Company's expense. During the intervals between the Board meetings, individual Directors are provided with appraisals of all major changes that may affect the Group's businesses.

All new directors, if any, will receive a comprehensive, formal and tailored induction on appointment including but not limited to their duties, responsibilities and obligations as a director of a listed company. Newly-appointed directors will also receive any briefing and professional development necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities as Directors under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. Newly-appointed directors are also encouraged to discuss with the Chairman any additional information or training they may require, in order to discharge their duties in a more effective manner.

In accordance with the Articles of Association, every member of the Board shall retire by rotation at the AGM at least once every three years. The retiring Directors shall be eligible for re-election at the same AGM.

Directors' Training

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Year, the Directors have participated in the following trainings:

	Type of trainings A	B
Executive Directors		
Wang Cheng		✓
Wang Guicheng		✓
Non-executive Director		
Li Yuewen		✓
Independent non-executive Directors		
Jiang Fangfang		✓
Tan Chao		✓
Xie Liangqiu		✓

A: Seminars/conferences relevant to the Directors' duties and responsibilities

B: Reading materials given by the Company relating to the Company's business and regular updates on the Listing Rules and other applicable regulatory requirements relevant to the Directors' duties and responsibilities

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and chief executive officer of the Company are separate and exercised by different persons. As at the date of this report, Mr. Wang Cheng is the Chairman and is mainly responsible for providing leadership and directions to the Board. Mr. Wang Guicheng is the chief operating officer and responsible for overseeing the operation management and product development of the Group.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Li Yuewen was appointed as a non-executive Director on 10 August 2023. Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu were appointed as the independent non-executive Directors on 10 August 2023, 28 September 2023 and 10 August 2023, respectively. The terms of initial appointment of the non-executive Director and the independent non-executive Directors have been fixed for two years, which shall be renewable automatically for a successive term of one year commencing from the day after the expiry of the then current term of the appointment, unless terminated by not less than three months' notice in writing served by either party at any time during the then existing term.

DIRECTORS' AND OFFICER'S LIABILITY INSURANCE AND INDEMNITY

The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the senior management team against any legal liability that may arise from the performance of their duties.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

During the Year, the Directors' remuneration were as follows:

	2024	2023
	HK$'000	*HK$'000*
Fees	**685**	1,087
Other emoluments:		
Basic salaries, housing benefits, other allowances and benefits in kind	**–**	–
Discretionary bonus	**542**	–
Pension scheme contributions	**169**	159
	711	159
Total	**1,396**	1,246

(a) Independent non-executive Directors

The independent non-executive Directors' fees during the Year were as follows:

	Director's fees	**Basic salaries, housing benefits, other allowances and benefits in kind**	**Discretionary bonus**	**Pension contributions**	**Total remuneration**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2024					
Jiang Fangfang	49	–	–	–	49
Tan Chao	49	–	–	–	49
Xie Liangqiu	49	–	–	–	49
Total	147	–	–	–	147
2023					
Jiang Fangfang (a)	47	–	–	–	47
Tan Chao (b)	31	–	–	–	31
Xie Liangqiu (c)	47	–	–	–	47
Dong Hongxia (d)	70	–	–	11	81
Ng Kwok Pong (e)	179	–	–	–	179
Yeung Kit Lam (f)	146	–	–	–	146
Total	520	–	–	11	531

Remarks:

(a) Ms. Jiang Fangfang was appointed as an independent non-executive Director on 10 August 2023.

(b) Mr. Tan Chao was appointed as an independent non-executive Director on 28 September 2023.

(c) Ms. Xie Liangqiu was appointed as an independent non-executive Director on 10 August 2023.

(d) Ms. Dong Hongxia resigned as an independent non-executive Director on 10 August 2023.

(e) Mr. Ng Kwok Pong resigned as an independent non-executive Director on 28 September 2023.

(f) Mr. Yeung Kit Lam resigned as an independent non-executive Director on 10 August 2023.

There were no other emoluments payable to the independent non-executive Directors during the Year (2023: Nil).

(b) Non-executive Director

The non-executive Director is not entitled to any fees, salaries or management bonuses. There were no emoluments payable to the non-executive Director during the Year (2023: Nil).

(c) Executive Directors

The executive Directors' remuneration during the Year were as follows:

	Director's fees *HK$'000*	**Basic salaries, housing benefits, other allowances and benefits in kind** *HK$'000*	**Discretionary bonus** *HK$'000*	**Pension contributions** *HK$'000*	**Total remuneration** *HK$'000*
2024					
Wang Cheng (a)	—	—	—	—	—
Wang Guicheng	538	—	542	169	1,249
Total	538	—	542	169	1,249
2023					
Wang Cheng (a) and (b)	—	—	—	—	—
Wang Guicheng	567	—	—	148	715
Yang Jian (a) and (b)	—	—	—	—	—
Total	567	—	—	148	715

Remarks:

(a) According to the Directors' service contracts entered into between the Company and each of Mr. Wang Cheng and Mr. Yang Jian, they were not entitled to any basic salary, allowances, management bonus, pension scheme contribution and any benefits in kind.

(b) On 11 December 2023, Mr. Yang Jian resigned as an executive Director and Mr. Wang Cheng was appointed as an executive Director.

(d) Senior Management

The remuneration of the senior management of the Group by band and related number of senior management personnel for the Year were set out below:

Remuneration bands	Number of senior management
Nil to HK$1,000,000	3
HK$1,000,000 to HK$2,000,000	1

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the consolidated financial statements respectively.

ACCOUNTABILITY AND AUDIT

The management of the Company is responsible for providing all relevant information to the Board, giving the Board members with sufficient explanation and information they need to discharge their responsibilities. The Board members are provided with monthly updates, including sales updates, projects launched, upcoming projects and financial position, which give the Board members a balanced and understandable assessment of the performance, position and prospects of the Group.

The Directors are responsible for overseeing the preparation of consolidated financial statements of each financial year. In preparing the consolidated financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards in effect, made judgments and estimates that are appropriate, and prepared the consolidated financial statements on a going concern basis. While the Auditor has included in their report a paragraph in relation to material uncertainty related to going concern, the management of the Company is of the view that the Group will be able to continue its operation in foreseeable future for the following reasons:

(a) Disposal of Changchun Dacheng Industrial to improve the financial position of the Group

Upon the Disposal Completion, the net liabilities of the Disposal Group, including but not limited to the Disposed Rudder Loans, immediately ceased to be consolidated into the consolidated financial statements of the Group. In order to further improve the financial position of the Group, the management of the Group will continue to monitor the situation of the resumption of the Remaining Luyuan Properties and ensure the Remaining Rudder Loans will be settled by the Disposal Group on behalf of the relevant Group companies in exchange for the Group's release of the pledge(s)/seizure order(s) attaching to the Remaining Luyuan Properties.

(b) Monitoring of the Group's operating cash flows

The Group has taken various measures to minimise the operating cost and develop new business line to enhance the operating cash flow during market turbulence. During the Year, the Group has continued to maximise the production capacity of the production facilities in amino acids operation and is expected to launch a series of high value-added products to expand the sales. The Directors expect that the amino acids operation will continue to generate adequate cash inflow to the Group in 2025.

(c) Financial support from the indirect major Shareholder

The Group has received an updated written confirmation dated 18 March 2025 (the "**Confirmation**") from Nongfa that it would continue to provide financial support to the Group in the 24 months following the date of the Confirmation on a going concern basis. Such assistance received by the Group was not secured by any assets of the Group.

Nongfa, being a state-owned enterprise, was established in August 2016 and its unaudited net asset value as at 31 December 2024 amounted to approximately RMB3,809.1 million (31 December 2023: approximately RMB2,010.7 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 Nongfa will be able to support the operations of the Group, provide synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support to the Group.

As at 31 December 2024, the Group's liabilities due to the Nongfa Group amounted to approximately HK$1,781.4 million and the Nongfa Group agreed to support the Group in the following 24 months and agreed that repayment request will not be made while the financial situation of the Group does not allow. In addition, the Directors are of the view that the Nongfa Group would be able to support the operations of the Group by providing a stable supply of corn with better commercial terms via the 2023 Master Supply Agreement.

MANAGEMENT FUNCTIONS

The Board decides on corporate strategies, establishes and maintains appropriate and effective risk management and internal control systems, approves overall business plans and supervises the Group's financial performance, management and organisation on behalf of the Shareholders. Specific tasks that the Board delegates to the management of the Group include the preparation of annual and interim accounts for the Board's approval, the implementation of strategies approved by the Board, the monitoring of operating budgets, the assessment of risk management system, the implementation of internal control procedures, and ensuring of compliance with relevant statutory requirements and other rules and regulations by the Company.

BOARD COMMITTEES

In compliance with the CG Code, the Company has set up the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee with clearly defined written terms of reference adopted in compliance with the CG code. The Company also set up the Executive Committee for the purpose of effective and timely management of the day to day activities of the Group.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control systems. The Audit Committee currently comprises all three independent non-executive Directors, namely, Mr. Tan Chao (chairman of the Audit Committee), Ms. Jiang Fangfang and Ms. Xie Liangqiu.

The duties of the Audit Committee are, among others, to review the Company's half yearly and annual financial statements and to make recommendations to the Board on appointment and removal of the Auditor. The Audit Committee meets regularly with the Company's senior management, internal audit team and the Auditor to consider the Company's financial reporting process, the effectiveness of internal control, the audit process and risk management.

The Audit Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company. Set out below is a summary of the work performed by the Audit Committee during the Year:

1. Reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgment, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval;

2. Reviewed, in conjunction with the Auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements;

3. Reviewed and monitored the Auditor's independence, objectivity and the effectiveness of audit process in accordance with applicable standards;

4. Assessed the independence of the Auditor, prior to formally engaging the Auditor to carry out the audit for the Group's financial statements for the Year;

5. Discussed the proposed scope of work and approach of the audit with the Auditor prior to the actual commencement of the audit. Upon completion of the audit, the Audit Committee reviewed the results of the external audit, and discussed with the Auditor on any significant findings and audit issues;

6. Recommended to the Board regarding the appointment and remuneration of the Auditor;

7. Reviewed and approved the internal audit planning, and discussed any significant issues with the internal audit team and the Group's senior management;

8. Reviewed the independence of the internal audit function and the level of support and co-operation given by the Group's management to the internal audit team, as well as the resources of the internal audit team when undertaking its duties and responsibilities;

9. Reviewed the adequacy and effectiveness of the Group's systems of enterprise risk management and internal control through a review of the work undertaken by the Group's internal audit team, senior management and external consultant and discussions with the Board; and

10. Reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget through a review of the work undertaken by the Group's senior financial management and internal audit team, and discussions with the Board.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises one executive Director, Mr. Wang Cheng (chairman of the Nomination Committee), and two independent non-executive Directors, namely, Ms. Jiang Fangfang and Mr. Tan Chao. The Nomination Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Nomination Committee are, among others, determining policy for the nomination of the Directors, including the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the Year. The Nomination Committee also reviews the structure, size and composition of the Board, evaluates the nomination policy, assesses the independence of the independent non-executive Directors and makes recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships, and reviews the board diversity policy adopted by the Company. For more information on the Company's policy on board diversity, please refer to the paragraphs headed "Board diversity" on page 29 of this report.

The Board has adopted a written policy for the nomination of new directors. In evaluating and selecting candidates for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a candidate:

1) Succession planning of the Directors;

2) Leadership required for the Group to maintain or strengthen its competitive edges;

3) Changes in market environment and commercial needs of the market in which the Group operates;

4) Skills and expertise required for being a member of the Board;

5) Relevant requirements for a candidate to be a Director under the Listing Rules;

6) Character and integrity;

7) Commitment of sufficient time for performance of the duties as a member of the Board; and

8) The Board's diversity in all aspects as mentioned in page 29 to page 31 of this report.

The Board has adopted procedures for the nomination of new directors, pursuant to which (i) a meeting of the Nomination Committee in relation to the nominations of new directors to the Board will be held; and (ii) the Board will consider and, if thought fit, approve the appointment of the new directors by way of board meeting or written resolution. To ensure a proper understanding of the operations and businesses of the Company and that he/she is fully aware of his/her responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed directors will be provided with a comprehensive, tailored and formal induction of the Company on the first occasion of his/her appointment.

REMUNERATION COMMITTEE

At the date of this report, the Remuneration Committee comprises one executive Director, Mr. Wang Cheng and two independent non-executive Directors, namely, Mr. Tan Chao (chairman of the Remuneration Committee) and Ms. Jiang Fangfang. The Remuneration Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the Group's policy and structure for the remuneration package of the Directors and the senior management and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee also assesses performance of the Directors and approves the terms of the Directors' service contracts. The Board has adopted remuneration policy of the Directors on the basis of their merit, qualification and competence with reference to the market benchmarks.

The Remuneration Committee held regular meeting to review and make recommendations to the Board on the remuneration packages of the Directors and the senior management.

CORPORATE GOVERNANCE COMMITTEE

As at the date of this report, the Corporate Governance Committee comprises one executive Director, Mr. Wang Cheng and two independent non-executive Directors, namely, Mr. Tan Chao (chairman of the Corporate Governance Committee) and Ms. Jiang Fangfang. The Corporate Governance Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Corporate Governance Committee are, among others, to determine, develop and review the Company's policies and practices on corporate governance and provide supervision over the Board and its committees' compliance with their respective terms of reference and relevant requirements under the CG Code, or other applicable laws, regulations, rules and codes.

During the Year, the Corporate Governance Committee has performed the following works:

1. Reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;

2. Reviewed and monitored the training and continuous professional development of the Directors and the senior management;

3. Reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements;

4. Reviewed the Company's compliance with the code provisions of the CG Code and the corporate governance report issued by the Stock Exchange; and

5. Ensured that good corporate governance practices and procedures had been established and applied.

The Corporate Governance Committee considered that the Company has complied with all code provisions in part 2 of the CG Code during the Year.

EXECUTIVE COMMITTEE

At the date of this report, the Executive Committee comprises two executive Directors, namely, Mr. Wang Cheng and Mr. Wang Guicheng (chairman of the Executive Committee). The Executive Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company.

The duties of the Executive Committee include, among other things, approving any agreement, document, or transaction on behalf of the Company and approving, executing, and authorising the issue, publication, or despatch of all such documents as the committee may consider necessary or desirable in connection with the normal and ordinary course of business and the day-to-day management and operation of the Company.

The powers and authorities of the Executive Committee shall not be extended to:

(a) Approval of final and interim results of the Company;

(b) Declaration, recommendation or payment of any dividend or other distributions;

(c) Proposal to the Shareholders to put the Company into liquidation;

(d) Approval of any discloseable transaction, major transaction, very substantial acquisition or disposal within the meaning of Chapter 14 of the Listing Rules;

(e) Approval of any connected transaction within the meaning of Chapter 14A of the Listing Rules;

(f) Matters involving a conflict of interest for a substantial Shareholder and/or a Director;

(g) Approving any proposed change in the capital structure, including any redemption of the Company's securities listed on the Stock Exchange;

(h) Approving any decision to change the general character or nature of the business of the Company;

(i) Matters specifically set out in the Listing Rules which require approval at a full Board meeting; and

(j) Any regulations or resolutions or restrictions that may be imposed upon the committee by the Board from time to time.

AUDITOR'S REMUNERATION

The Auditor's remuneration amounted to HK$1,430,000 was incurred for the audit services provided by Forvis Mazars CPA Limited for the Year.

During the Year, service fees for the review of interim report and circulars in the aggregate amounted to HK$429,000 were paid as professional fee to the Auditor for the provision of non-audit services to the Group.

The statement about the Auditor's reporting responsibilities for the Company's financial statements is set out in the section headed "Independent Auditor's Report" on page 62 of this report.

COMPANY SECRETARY

The company secretary of the Company, Mr. Chan Sing Fai, is responsible for supporting the Board, ensuring good information flow within the Board and that the Board policies and procedures are followed, advising the Board on corporate governance matters, facilitating induction and monitoring the training and continuous professional development of the Directors. He has attained no less than 15 hours of relevant professional training during the Year. Mr. Chan's biography is set out on page 25 of this report.

INVESTOR RELATIONS

The Group establishes and maintains different communication channels with the Shareholders through the publication of annual and interim reports, information on the Stock Exchange, a corporate website, and general and investor meetings held either face-to-face or via telephone conference calls where Shareholders are given chances to raise questions. The Group also maintains a corporate website "www.globalbiochem.com" to disclose an up-to-date information of the Group's business operations and developments, financial information, corporate governance practices and other information to the public. The Group reports the financial performance of the Company to the Shareholders twice a year and maintains a regular dialogue with investors.

The AGM provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, all members of the Board committees and the Auditor will also attend the AGM to answer questions from the Shareholders.

The notice of AGM will be distributed to all Shareholders at least 21 days prior to the AGM. Separate resolutions are proposed at the AGM on each substantially separate issue, including the election of the Directors. Details of the proposed resolutions will be contained, where necessary, in circulars of the Company. The chairman of the AGM shall exercise his/her power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll will be explained at the meeting. Poll results will be posted on the websites of the Company and the Stock Exchange after the meeting.

Further details in relation to the Group's communication channels with the Shareholders are set out in the Shareholders' communication policy (the "**Policy**") adopted by the Company, which is available on the website of the Company to maintain an on-going dialogue with the Shareholders, to encourage them to communicate actively with the Company and for the Company to solicit and understand the views of the Shareholders and stakeholders. The Company has reviewed and assessed the Policy and considered that it is effectively implemented during the Year on the basis that:

— All announcements, circulars, annual and interim reports are available on the website of the Company in a timely manner after publishing the same on the website of the Stock Exchange so that the Shareholders and investment community at large are provided with timely access to the latest information and current development about the Company;

— Physical AGM was held reaching out to individual Shareholders and stakeholders to encourage their participation and for them to raise questions; and

— Shareholders' request or enquiries, as received through the Company's share registrar in Hong Kong, was attended to by the Company promptly.

To the best knowledge of the Directors, as of 31 December 2024, details of the Shareholders by type and aggregate shareholding are as follow:

	Number of Shares held (excluding Treasury Shares)	Percentage of shareholding (excluding Treasury Shares)	Market capitalisation (HK$ million)
Director			
— Mr. Wang Guicheng	**500,000**	**0.01%**	**0.053**
Modern Agricultural	**3,135,509,196**	**35.33%**	**332.4**
HK Bloom	**2,508,407,357**	**28.26%**	**265.9**
Public float in Hong Kong	**3,231,323,164**	**36.40%**	**342.5**
Total	**8,875,739,717**	**100.00%**	**940.853**

As at 31 December 2024, 31,666,000 Shares were held by the Company as Treasury Shares, representing approximately 0.36% of the total number of issued Shares (including Treasury Shares).

The 2024 AGM was held on 20 June 2024 to approve the 2023 audited consolidated financial statements, grant of the new issue mandate and the repurchase mandate and the re-election of the Directors. All resolutions proposed were passed by way of poll.

On 25 October 2024, an EGM was held to approve (i) the adoption of the third amended and restated Articles of Association for the purpose of, among others, (a) updating and bringing the existing Articles of Association in line with (1) the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers as set out in the Listing Rules which took effect from 31 December 2023, and (2) the latest amendments to the Listing Rules relating to the treasury shares which took effect from 11 June 2024; and (b) making other house-keeping amendments to ensure the amendments in (a) align with the remaining provisions of the Articles of Association; (ii) the revocation of the existing issue mandate and the grant of the new issue mandate; (iii) the revocation of the existing repurchase mandate and the grant of the new repurchase mandate; and (iv) the addition of the number of Shares repurchased by the Company to the mandate granted to the Directors. All resolutions proposed were passed by way of poll.

The 2025 AGM will be held on 9 May 2025 to approve, among others, the 2024 audited consolidated financial statements, grant of the new issue mandate and the repurchase mandate and the re-election of the Directors.

DIVIDEND POLICY

The Board has adopted a dividend policy to provide the Shareholders with regular dividends. The Company considers stable and sustainable returns to the Shareholders to be our goal and endeavours to maintain a progressive dividend policy. The Board shall take the following factors into account when considering the declaration and payment of dividends, inter alia:

1. Declaration of dividends will be subject to the discretion of the Directors, depending on factors including but not limited to the results, working capital, cash positions and capital requirements of the Group and statutory and regulatory restrictions.

2. Subject to the factors mentioned at paragraph 1, it is the Directors' present intention to recommend annual distribution to the Shareholders of not less than 15% of the annual profits attributable to equity holders of the Company as dividends in the foreseeable future.

3. The declaration of dividends is subject to the absolute discretion of the Board and any final dividend for the year is subject to the approval of the Shareholders. The amounts of dividends actually declared and distributed to the Shareholders will be subject to the absolute discretion of the Board and will depend upon a number of factors, including but not limited to availability of the Company's cash and distributable reserves, investment requirements, and the cash flow and working capital requirements of the Group and any factors considered and thought fit by the Board.

4. The payment of dividends by the Company is also subject to the restrictions under the Laws of the Cayman Islands and the Articles of Association, if any.

RISK MANAGEMENT AND INTERNAL CONTROL

Group risk management

Risk is inherent in the Group's business and the markets in which it operates. It is of utmost importance for the management to identify, understand and manage these risks in order to minimise, transfer and avoid them. This demands a proactive approach to risk management and an effective risk management framework.

The Group's overall risk management is overseen by the Board and the senior management. The Company recognises that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management has been integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

The Company established its risk management process with the 'three lines of defence' model to manage operational risks. Such approach makes clear everyone's duty and responsibility within the Group to manage operational risks on a daily basis. The first line of defence is the management of the Group that directly identifies, records, reports and manages any material risks encountered to mitigate such risks. The second line sets guidelines and regulations, and monitors and facilitates the implementation of effective risk management practices. The third line of defence is the Group's internal audit team's efforts, from risk identification, assessment and response to risk related communication.

The Company's risk appetite represents the amount of risk the Group is willing to undertake in pursuit of its strategic and business objectives. In line with the Company's value and expectations of its stakeholders, the Company will only take reasonable risks that fit its strategies and have been assessed, understood and therefore manageable; and such risks should not expose the Group to:

— material financial loss that substantially impacts the Group's ability to execute its business strategies and long-term financial well-being,

— consequence that affects the safety and health of our staff and the public,

— material breach of regulations and subsequently leading to the deterioration of the Group's reputation and brand name,

— business/supply interruption leading to severe impact on the community, and severe environmental incidents.

The internal control department assists the management to establish the risk management systems with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) risk management framework, where major risks were identified and analysed. Management and employees with particular experience in the design and implementation of internal control systems, have evaluated our control environment and conducted risk assessments of businesses and processes, both at the entity level and the various processes/transactions levels. The Group has documented those processes which are critical to the Group's performance. Within this exercise, key risks have been identified, along with the controls required to mitigate those risks, after which, such key risks and controls are continually reviewed and updated on an annual basis. High-risk key controls are tested annually by the management and internal audit team. Based on the results of those tests, process owners are able to present to the senior management that their internal controls are working as intended or that necessary corrections have been made where control weaknesses have been found. Internal audit team presents findings to the senior management and the Audit Committee that the internal controls have been working properly or that changes have been made to ensure the integrity of the financial statements. The Auditor also understands the key controls to the extent that they will be relied on for the audit. During the Year, the Board has identified a number of risks and uncertainties for the Group to deal with:

Principal risks and uncertainties

Risk description	Changes in 2024	Key risk mitigations
Market risk: Corn price fluctuation	Corn price became more fluctuated and unpredictable	Performed detailed analysis of corn market trend and seized the best timing to reserve more corn
Financial risk: Liquidity risk of inadequate funding	Continuous improvement on the business operation in Changchun Dahe to generate the cash inflow	Further improve the financial performance of the Group and introduce strategic investors
Strategic risk: Market competition	Launched various value-added products to compete in lysine market	Collaborate with local universities and different research and development teams to diversify product range and mix to serve changing market needs
Operation risk: Ageing production plants	Partially upgraded the production facilities in Changchun Dahe	Redesign the proposal of refurbishment of the Boiler Facilities and continue to negotiate with different financial institutions and the Local Government in order to resume the proposal as soon as possible

In the Year, the internal audit department conducted a review on the effectiveness of the risk management and internal control systems of the Group, and where weaknesses were identified, means for improvement were recommended to the Audit Committee. The Board has reviewed the effectiveness of the Group's risk management and internal control systems based on the assessment of the Audit Committee and considered them effective and adequate. The Company has complied with the relevant code provisions as set out in part 2 of the CG Code on internal controls and risk management during the Year. As such, the Board considers that the Group's internal control procedures and risk management functions are both effective and adequate.

Internal control

The Board is entrusted with the overall responsibility of establishing, maintaining and assessing the Group's internal control and risk management systems and its effectiveness. The role of the Group's management is to implement all policies on risk and control laid down by the Board.

The Group's internal control and risk management systems are designed to provide reasonable protection to the Group's assets, and to safeguard these assets from unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems also ensure accounting records are sufficiently accurate for the preparation of financial information used for operation and reporting purposes.

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organisation structure exists which details different levels of authority and control responsibilities within each business unit of the Group. Certain specific matters are reserved for the Board's decision and are not delegated. These include, among others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditure, the Board structure and its composition and succession.

The role of the Audit Committee is, through discussion with the management and internal audit team, to review annually the effectiveness of internal control and risk management systems, including financial, operational and compliance controls and risk management functions, and to report to the Board any significant risk issues (including ESG related risks). The annual review also covers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the ESG performance and reporting of the Group. No significant control failings or weaknesses have been identified by the Audit Committee during the Year.

No matter how well an internal control system is designed and maintained, it can only provide reasonable, but not absolute, assurance. No system of control can totally eliminate the possibility of human errors and deliberate attempts to defraud the Company. As such, the Group maintains an effective internal audit function that is independent from operational management to carry out risk-based auditing concentrating on areas with significant risks or where significant changes have been made. The Board also endeavours to ensure internal audit team is fully empowered with access to all data and every operation of the Group, as well as provided with adequate resources and well qualified and capable staff.

Internal audit department

The internal audit department of the Group plays a critical role in monitoring the governance of the Group. Internal audit department reports directly to the Audit Committee and it has unrestricted access to all areas of the Group's business units, assets, records and personnel in the course of conducting its work. The annual work plan and resources are reviewed and agreed with the Audit Committee.

Business unit audits are designed to provide assurance that the internal control systems of the Company are implemented properly and operating effectively, and that the risks associated with the achievement of business objectives are being properly identified, monitored and managed. The frequency of each audit is determined by internal audit department using its own risk assessment methodology, which is based on the COSO internal control framework, considering such factors as recognised risks, organisational change, overall materiality of each unit, previous internal audit results, Auditor's comments, output from the work of the Audit Committee and management's views. Each major business unit is typically audited at least once every three years. Acquired businesses would normally be audited within 12 months.

Internal audit department assists the Audit Committee in assessing the effectiveness of the Group's internal controls through the review of the annual control self-assessment process. Internal audit department also conducts ad-hoc projects and investigative work as required by the management or the Audit Committee.

Copies of internal audit reports are sent to the Audit Committee, the senior management and the Auditor. Management is called upon to present action plans in response to internal audit team's recommendations.

Inside information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to the Company's attention and/or it is the subject of a decision unless it falls within the SFO safe harbours. Such disclosure should comply with the "Guidelines on Disclosure of Inside Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Securities and Futures Commission in June 2012 and the Stock Exchange in 2008 respectively. All these have been included in the Company's code of conduct. Employees or Directors possessing relevant inside information should report the same to a disinterested Directors, who will in turn report to the Board. The Board will then discuss and handle the relevant disclosures or dissemination of inside information accordingly. The senior management of the Group are then identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues. Unauthorised use of confidential or inside information is strictly prohibited. The Group has also established and implemented procedures for responding to external enquiries about the Group's affairs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has been publishing the ESG report (the "**ESG Report**") on the websites of the Company and the Stock Exchange on an annual basis. Please view and download the ESG Report from the Company's website at "www.globalbiochem.com" under the heading "Investor Relations" or the website of the Stock Exchange.

CONSTITUTIONAL DOCUMENT

The Company has amended the Articles of Association by way of a special resolution passed on 25 October 2024 in order to, among others, (a) updating and bringing the Articles of Association in line with (i) the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers as set out in the Listing Rules which took effect from 31 December 2023, and (ii) the latest amendments to the Listing Rules relating to treasury shares which took effect from 11 June 2024; and (b) making other house-keeping amendments to ensure the amendments in (a) align with the remaining provisions of the Articles of Association. The Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to convene an EGM

1.1 The following procedures for Shareholders to convene an EGM are prepared in accordance with Article 64 of the Articles of Association:

(1) One or more Shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "**Requisition**"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@globalbiochem.com.

(3) The EGM shall be held within two months after the deposit of such Requisition.

(4) If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, the Requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

2.1 Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this report.

2.2 Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@globalbiochem.com.

2.3 Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at Shareholders' meetings

3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information via email at the email address of the Company at ir@globalbiochem.com.

3.2 The identity of that Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by that Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

3.3 The notice period to be given to all the Shareholders for the consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 days in writing if the Proposal requires approval in an AGM or by a special resolution of the Company;

(2) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than (i) an AGM; or (ii) a meeting for the passing of a special resolution of the Company.

Report of the Directors

The Directors present their report and the consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of corn refined products and corn-based biochemical products. Details of the principal activities of the principal subsidiaries are set out in note 16 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group and an analysis of the Group's performance using financial key performance indicators during the Year are provided in the Message to Shareholders and Management Discussion and Analysis on page 9 to page 10 and page 11 to page 22 of this report respectively. In addition, discussions on the Group's environmental policies and performance are provided in the ESG Report.

The principal risks and uncertainties are disclosed in Corporate Governance Report under paragraphs headed "Risk management and internal control" on page 44 to page 47 of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year are disclosed in the paragraphs headed "Management Discussion and Analysis — Important events affecting the Group subsequent to the Year under review" on page 21 of this report. An indication of likely future development of the Group is disclosed in the paragraphs headed "Management Discussion and Analysis — Future plans and prospects" on page 21 of this report.

RESULTS AND DIVIDENDS

The Group's profit for the Year and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on page 67 to page 157 of this report.

The Directors do not recommend the payment of any dividend (including preferential dividend to holders of the CPS) for the Year (2023: Nil). The Company adopts a dividend policy which is set out on page 43 of this report.

FINANCIAL INFORMATION SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the consolidated financial statements, and restated/represented as appropriate, is set out on page 158 of this report. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 31,666,000 Shares on the Stock Exchange with an aggregate consideration of approximately HK$2,583,458 (before expenses). As confirmed by the Directors, such Share repurchases were conducted as part of the share repurchase programme of the Company, further details of which were disclosed in the announcement of the Company dated 12 November 2024. All such Shares repurchased were held as Treasury Shares. As at 31 December 2024, the total number of Shares in issue was 8,907,405,717 (including 31,666,000 Treasury Shares). Details of the Shares repurchased are as follows:

Months	Number of Shares repurchased	Repurchase price per Share		Aggregate consideration paid
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
2024				
November	23,234,000	0.087	0.063	1,788,210
December	8,432,000	0.106	0.085	795,248
	31,666,000			2,583,458

Such Shares repurchased and currently held as Treasury Shares may either be later cancelled or continued to be held by the Company as the Treasury Shares, subject to market conditions at the relevant time and the capital management needs of the Group.

No on-market sales of Treasury Shares were made during the Year. Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 40(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company did not have reserves available for distribution, calculated in accordance with the provisions of the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) (the "**Companies Act**") of the Cayman Islands. Under the Companies Act, the share premium of the Company of approximately HK$3,137,033,000 as at 31 December 2024 is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium may be distributed in the form of fully paid bonus Shares.

MAJOR CUSTOMERS AND SUPPLIERS

Under the continuing operations of the Group, sales to the Group's five largest customers from continuing operations accounted for less than 30% of the total sales for the Year. Purchases from the Group's five largest suppliers accounted for 73.2% of the total purchases for the Year and the purchase from the largest supplier included therein accounted for 46.1% of the total purchases for the Year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5.0% of the Company's issued share capital (excluding Treasury Shares)) had any beneficial interest in the Group's five largest suppliers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries established in the PRC and the Company was incorporated in the Cayman Islands and is a listed company on the Main Board of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of the Cayman Islands, Hong Kong and the PRC.

The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to comply with all prevailing laws and regulations in all its operating regions. During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from our key stakeholders which comprise employees, customers, suppliers and Shareholders.

Employees

The Group believes its employees serve as the backbone of the Group's development. The 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 Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain competitive remuneration packages and career development opportunities to retain current employees.

Customers

The Group has established good and long-term business relationship with the customers, and believe that these customers will continue to place the purchase orders to the Group. Meanwhile, the Group will actively seek for the new customers, in order to minimise the possible negative impact on the Group's business and profitability resulting from the discontinuance of order from any major customer.

Suppliers

The Group holds supply chain management in high regard and strives to select quality suppliers through an open and transparent screening process to achieve mutual benefits. The Group will also review and assess the performance of suppliers annually to decide whether to continue cooperating with them, and such reviews will also be taken into consideration when identifying other suppliers.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to the Shareholders. The Group is committed to fostering business developments for achieving the sustainable growth.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors:

Wang Cheng
Wang Guicheng

Non-executive Director:

Li Yuewen

Independent non-executive Directors:

Jiang Fangfang
Tan Chao
Xie Liangqiu

According to article 104(A) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each AGM. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Li Yuewen, being a non-executive Director, and Ms. Xie Liangqiu, being an independent non-executive Director, will retire as Directors and, being eligible, will offer themselves for re-election as Directors at the AGM.

The Company has received annual confirmations from each of Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu of their independence pursuant to Rule 3.13 of the Listing Rules during the Year. As at the date of this report, the Company considers all independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on page 23 to page 25 of this report.

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

Each of the executive Directors, Mr. Wang Cheng and Mr. Wang Guicheng entered into a service agreement with the Company for an initial term of one year commencing from 11 December 2023 and 31 October 2022, respectively. The service contracts are renewable automatically for successive terms of one year commencing from the day after the expiry of the then current term and subject to termination by either party by giving not less than three months' notice in writing.

The non-executive Director, Mr. Li Yuewen has entered into an appointment letter with the Company for a term of two years commencing on 10 August 2023. The independent non-executive Directors, Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu, have each entered into an appointment letter with the Company for a term of two years commencing on 10 August 2023, 28 September 2023 and 10 August 2023, respectively. The terms of service of the non-executive Director/independent non-executive Directors are renewable automatically for successive terms of one year commencing from the day after the expiry of the then current terms and subject to termination by either party by giving not less than three months' notice in writing.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to the Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Set out below is the interest of the Directors in the transactions, arrangements of contracts of significance to the Group during the Year:

— Mr. Wang Cheng, as an executive Director and the chairman of Nongfa, and Mr. Li Yuewen, as a non-executive Director and the deputy general manager of Changchun Investment Fund, which owned approximately 13.3% of the investment capital of PRC LLP, are considered to be interested in the CPS Subscription Agreement. For further details in respect of the CPS Subscription Agreement, please refer to the paragraph headed "CONNECTED TRANSACTIONS – Connected transaction — (i) Subscription of CPS under a specific mandate" on page 60 of this report.

— Mr. Wang Cheng, as an executive Director and the chairman of Nongfa, is also considered to be interested in (a) the debt restructuring service agreement (the "**Debt Restructuring Service Agreement**") entered into between (i) Changchun Dahe, Dihao Foodstuff, Baocheng Bio-chem, Dacheng Bio-Tech; and (ii) Nongfa in relation to provide consultancy services for restructuring of Entire Transferred Loans and Repurchased Loans for a fixed period of three years effective from 28 December 2023 and expiring on 27 December 2026 on 28 December 2023; (b) the 2023 Master Supply Agreement; (c) the Energy Management Contract; and (d) the Termination Agreement. For further details in respect of the Debt Restructuring Service Agreement and the 2023 Master Supply Agreement, please refer to the paragraphs headed "CONNECTED TRANSACTIONS — Continuing connected transactions" on page 58 to page 59 of this report.

Save as disclosed, no other Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the Year.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in the Articles of Association being in force. The Company has maintained directors' and officers' liability insurance throughout the Year, which provides appropriate cover on certain legal actions brought against the Directors and officers arising out of corporate activities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the paragraphs headed "Connected Transactions" on page 58 to page 60 of this report, there was no other contract of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary Shares:

Name of Director	**Capacity/ nature of interest**	**Number of Shares held**	**Approximate percentage of the Company's issued share Capital** (a)
Wang Guicheng	Beneficial owner	500,000	0.01

Remark:

(a) Calculated on the basis of 8,907,405,717 Shares (including Treasury Shares) in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in ordinary Shares:

Name	**Capacity/ nature of interest**	Remarks	**Number of ordinary Shares held**	**Approximate percentage of the Company's issued share capital** (f)
HK Bloom	Beneficial owner	(a)	2,508,407,357	28.16
Modern Agricultural	Beneficial owner	(b)	8,308,269,029	93.27
Jilin Liheng	Beneficial owner	(c)	14,535,514,629	163.18
Jilin Yuanheng	Beneficial owner	(d)	2,732,235,940	30.67
Bank of Jilin Co., Ltd	Security interest in Shares	(e)	1,749,858,609	19.64

Remarks:

(a) HK Bloom is beneficially owned as to 50.0% and 50.0% by Mr. Li Zhenghao ("**Mr. Li**") and Ms. Sun Zhen ("**Ms. Sun**"), respectively. Under the SFO, each of Mr. Li and Ms. Sun is deemed to be interested in all the Shares interested by HK Bloom.

(b) (i) Amongst 8,308,269,029 Shares held by Modern Agricultural, 5,172,759,833 Shares represented Shares which may be issued to it upon full conversion of the Convertible Bonds. As such, as at 31 December 2024, Modern Agricultural was the beneficial owner of 3,135,509,196 Shares, representing approximately 35.2% of the issued share capital of the Company (including Treasury Shares). Upon full conversion of the Convertible Bonds, Modern Agricultural will become the holder of 8,308,269,029 Shares, representing approximately 59.0% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of conversion Shares under the Convertible Bonds. As approved by the independent Shareholders at the EGM held on 3 August 2023, Modern Agricultural has obtained a waiver under note 1 on dispensations from Rule 26 of the Takeovers Code, therefore, no offer under Rule 26 of the Takeovers Code would arise upon full conversion of the Convertible Bonds by Modern Agricultural.

(ii) The entire issued capital of Modern Agricultural is held by Modern Agricultural Holdings which is in turn wholly-owned by PRC LLP. The sole general partner of PRC LLP is Modern Agricultural Fund. As at the date of this report, the investment capital of PRC LLP is owned as to 60.0% by Nongfa (Nongfa is controlled by Jilin SASAC), as to 26.7% by 銀華長安資本管理(北京)有限公司 (Yinhua Wealth Capital Management (Beijing) Co., Ltd.*) and as to 13.3% by Changchun Investment Fund. Accordingly, each of Modern Agricultural Holdings, PRC LLP, Modern Agricultural Fund, Nongfa and Jilin SASAC is deemed to be interested in the Shares held by Modern Agricultural in the Company under the SFO.

(c) All Shares represented Shares which may be issued to Jilin Liheng upon full conversion of the Subscription CPS. Upon full conversion of the Subscription CPS, Jilin Liheng will become the holder of 14,535,514,629 Shares, representing approximately 55.53% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of the CPS Conversion Shares under the Subscription CPS. The general partners of Jilin Liheng are Jilin Changbaishan (which is ultimately owned as to approximately 72.1% by Jilin SASAC, approximately 7.9% by Jilin DOF and approximately 20.0% by 長春淨月高新技術產業開發區財政局 (Finance Bureau of Changchun Jingyue High-tech Industrial Development Zone*) ("**Changchun Finance Bureau**")) and Modern Agricultural Fund. As at the date of this report, the investment capital of Jilin Liheng is owned as to 1.1% by Jilin Changbaishan, as to 1.1% by Modern Agricultural Fund, as to 67.8% by 長春潤城投資有限公司 (Changchun Runcheng Investment Co., Ltd.*) (which is ultimately owned as to approximately 51.9% by 長春市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 Changchun City*) ("**Changchun SASAC**") and approximately 48.1% by Changchun MFB), as to 18.5% by 吉林省股權基金投資有限公司 (Jilin Province Equity Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Jilin DOF) and as to 11.5% by Nongfa. Accordingly, each of Modern Agricultural Fund, Nongfa, Jilin SASAC, Jilin Changbaishan, Changchun SASAC and Changchun MFB is deemed to be interested in the Shares held by Jilin Liheng in the Company under the SFO.

(d) All Shares represented Shares which may be issued to Jilin Yuanheng upon full conversion of the Subscription CPS. Upon full conversion of the Subscription CPS, Jilin Yuanheng will become the holder of 2,732,235,940 Shares, representing approximately 10.44% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of CPS Conversion Shares under the Subscription CPS. The sole general partner of Jilin Yuanheng is Jilin Changbaishan. As at the date of this report, the investment capital of Jilin Yuanheng is owned as to 2.2% by Jilin Changbaishan, as to 62.5% by 吉林省致晟投資管理有限公司 (Jilin Zhisheng Investment Management Co., Ltd.*) (which is ultimately owned as to approximately 90.1% by Jilin SASAC and approximately 9.9% by Jilin DOF), as to 15.6% by 吉林省股權基金投資有限公司 (Jilin Provincial Equity Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Jilin DOF), as to 12.5% by 長春市股權投資基金管理有限公司 (Changchun Equity Investment Fund Management Co., Ltd.*) (which is ultimately wholly-owned by Changchun MFB) and as to 7.2% by 長春淨月產業基金投資有限公司 (Changchun Jingyue Industrial Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Changchun Finance Bureau). Accordingly, each of Jilin Changbaishan and Jilin SASAC, is deemed to be interested in the Shares held by Jilin Yuanheng in the Company under the SFO.

(e) Bank of Jilin Co., Ltd is a person having a security interest in Shares.

(f) Calculated on the basis of 8,907,405,717 Shares (including the Treasury Shares) in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors or chief executives of the Company, whose interests are set out in the paragraphs headed "Directors' and chief executives' interests and short positions in Shares and underlying Shares" above, had interest or short position in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

Continuing connected transactions

(i) 2023 Master Supply Agreement

On 1 November 2023, the Company (for itself and on behalf of the Group) entered into the 2023 Master Supply Agreement with Nongfa (for itself and on behalf of the Nongfa Group) in relation to the supply of corn kernels by the Nongfa Group to the Group, and the related annual caps (HK$1,591,000,000 for the Year) on an ongoing basis. The 2023 Master Supply Agreement will expire on 31 December 2026.

Pursuant to the 2023 Master Supply Agreement, members of the Group shall enter into purchase orders or sales contracts with members of the Nongfa Group from time to time during the term of the 2023 Master Supply Agreement for the purposes of confirming the purchase of corn kernels by the relevant members of the Group. Such purchase orders or sales contracts shall specify the detailed terms of such purchase, including but not limited to form of delivery, payment and remittance time and method, quality warranties and inspection, and the respective rights and obligations of each party, provided that such separate purchase orders or sales contracts shall be for a fixed term and in any event not exceeding the term of the 2023 Master Supply Agreement, at pricing terms and otherwise on terms in compliance with those set out in the 2023 Master Supply Agreement.

Under the 2023 Master Supply Agreement, the Nongfa Group shall supply corn kernels to the Group at market rates and price, which shall not be higher than the highest price of the prices below (price exclusive of transportation and storage, insurance cost, interest and/or other handling charges):

(1) the average unit corn transaction price (玉米單位平均交割結算價) of the latest trade matching day before the proposed date of the placing of purchase order by any member of the Group, calculated by averaging the unit corn transaction prices (交割結算價) of all the corn transactions on the said latest trade matching day being published on the official website of Dalian Commodity Exchange (www.dce.com.cn); and

(2) the highest corn price in each of Liaoning Province, Jilin Province and Heilongjiang Province (whichever is applicable) obtained from China Corn Network (www.yumi.com.cn), an independent third party price consulting platform, on the date immediately before the proposed date of the placing of purchase order by any member of the Group.

During the Year, the Group purchased corn kernels amounted to approximately HK$401.9 million from the Nongfa Group under the 2023 Master Supply Agreement.

(ii) Debt Restructuring Service Agreement

On 28 December 2023, (i) Changchun Dahe and Dacheng Bio-Tech, the subsidiaries of the Company, as well as Dihao Foodstuff and Baocheng Bio-chem, the then subsidiaries of the Company (collectively, the "**Relevant Subsidiaries**"); and (ii) Nongfa entered into the Debt Restructuring Service Agreement, pursuant to which the Relevant Subsidiaries appointed Nongfa, and Nongfa agreed to act, as the Relevant Subsidiaries' intermediary for liaising with Jilin SASAC and Jilin Cinda and Changchun Rudder, the relevant creditors of the Group, and to provide consultancy services for the overall timetabling and execution of the Group's debt restructuring plans in relation to the outstanding debts of approximately RMB4,267.8 million owed by the Relevant Subsidiaries to Jilin Cinda and the outstanding debts of approximately RMB815.0 million owed by the Relevant Subsidiaries to Changchun Rudder, for a fixed period of three years effective from 28 December 2023 and expiring on 27 December 2026.

Under the Debt Restructuring Service Agreement, the Relevant Subsidiaries shall pay an annual service fee in arrears to Nongfa before 31 December of the relevant year.

The annual service fee payable by the Relevant Subsidiaries to Nongfa under the Debt Restructuring Service Agreement will be RMB19,800,000 (approximately HK$21,522,000) for each of the three years ending 27 December 2026, respectively. Such annual service fee is determined with reference to the fee quotations obtained by the Group in the open market, in particular, the fee quotations from two independent service providers with state-owned shareholding structure and a professional assets restructuring advisory company in Jilin Province.

The annual cap in respect of the continuing connected transactions contemplated under the Debt Restructuring Service Agreement is set at RMB19,800,000 (approximately HK$21,522,000) for each of the three years ending 27 December 2026, being the annual service fees to be charged by Nongfa under the Debt Restructuring Service Agreement.

During the Year, approximately HK$21.5 million annual service fee have been charged by Nongfa under the Debt Restructuring Service Agreement.

As Nongfa is a controlling Shareholder through its control in PRC LLP, which indirectly holds the entire issued share capital of Modern Agricultural, Nongfa is a connected person of the Company. Accordingly, the transactions contemplated under the 2023 Master Supply Agreement and the Debt Restructuring Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that the terms of the continuing connected transactions set out above are on normal commercial terms or better and, for the 2023 Master Supply Agreement, in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Although the Debt Restructuring Service Agreement and the continuing connected transaction contemplated thereunder are not entered in the ordinary and usual course of business of the Group, given Nongfa could facilitate the materialisation of the Group's debt restructuring plans with a lower annual service fee as compared to other independent service providers in Jilin Province and that the Group's financial position would improve significantly if the debt restructuring plans can be successfully implemented, the independent non-executive Directors confirmed that the Debt Restructuring Service Agreement and the continuing connected transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. The Auditor has confirmed that the above continuing connected transactions have complied with the matters as set out in Rule 14A.56 of the Listing Rules. The Company had also complied with all disclosure requirements applicable to the above continuing connected transactions under Chapter 14A of the Listing Rules. The Company also confirms that the Group has followed the relevant pricing policies as set out in the respective agreements governing the above-mentioned continuing connected transactions when determining the prices and terms of the transactions conducted during the Year.

Connected transaction

(i) Subscription of CPS under a specific mandate

On 30 November 2023, Jilin Yuanheng and Jilin Liheng, as CPS Subscribers, and the Company, as issuer, entered into the CPS Subscription Agreement pursuant to which (i) Jilin Yuanheng conditionally agreed to subscribe for the Yuanheng CPS that could be issued to Jilin Yuanheng by fully utilising the Jilin Yuanheng Subscription Monies (i.e. RMB250,000,000); and (ii) Jilin Liheng conditionally agreed to subscribe for the Liheng CPS that could be issued to Jilin Liheng by fully utilising the Jilin Liheng Subscription Monies (i.e. RMB1,330,000,000), at a CPS Subscription Price of HK$0.10 per Subscription CPS. Modern Agricultural Fund, one of the general partners of Jilin Liheng, is at the same time the general partner of PRC LLP, which in turn wholly owns Modern Agricultural, the controlling Shareholder. Jilin Liheng is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The CPS Subscription Completion took place on 4 January 2024 following the fulfillment of all the conditions precedent set out in the CPS Subscription Agreement. A total of 14,535,514,629 Liheng CPS and 2,732,235,940 Yuanheng CPS have been issued to Jilin Liheng and Jilin Yuanheng, representing approximately 55.53% and 10.44% of the issued share capital of the Company as enlarged only by the allotment and issue of CPS Conversion Shares immediately after the full conversion of the Subscription CPS, respectively.

Save for the above continuing connected transactions and connected transaction, the other related party transactions, including those entered into between the Group and the Nongfa Group, which are disclosed in note 36 to the consolidated financial statements also constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and such transactions are fully exempt from the Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, no Director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the Directors were appointed as the Directors to represent the interests of the Company and/or the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient prescribed public float of the issued Shares under the Listing Rules at any time during the Year and as at the date of this report.

FUNDRAISING ACTIVITIES

Other than the CPS Subscription as mentioned in the paragraphs headed "CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY — CPS" in the section headed Management Discussion and Analysis on page 17 to page 18 of this report, and "CONNECTED TRANSACTIONS — Connected transaction — (i) Subscription of CPS under a specific mandate" in the Report of the Directors on page 60 of this report, the Company did not conduct any fundraising activities during the Year.

AUDITOR

Forvis Mazars CPA Limited will retire and a resolution for their reappointment as the Auditor will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Wang Cheng
Chairman

Hong Kong
28 March 2025

Independent Auditor's Report

Forvis Mazars CPA Limited
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To the shareholders of
Global Bio-chem Technology Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Bio-chem Technology Group Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 67 to 157, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the "Going concern" section in note 2.2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at that date, the Group had net current liabilities and net liabilities of approximately HK$4,386.4 million and HK$1,954.4 million respectively. These conditions, along with other matters as set forth in note 2.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures being taken by the Group as disclosed in note 2.2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of leasehold buildings classified under property, plant and equipment	
Refer to notes 2.5 and 13 to the consolidated financial statements	
As at 31 December 2024, the Group's leasehold buildings classified under property, plant and equipment of HK$2,031,266,000, representing around 45% of total assets, are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Leasehold buildings of the Group were revalued based on independent external valuations. The net revaluation gain (before tax) recognised in other comprehensive income and net revaluation loss recognised in profit before tax during the current financial year amounted to HK$98,991,000 and HK$402,961,000 respectively. The valuation process of the leasehold buildings classified under property, plant and equipment is a key audit matter because it involves significant judgements in determining the key inputs to be applied in the valuation.	Our key procedures, among others, included: – Assessed the appropriateness of valuation methodology in estimating the fair values of the leasehold buildings; – Assessed the appropriateness of the work of the valuers by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; – Engaged auditor's expert to assist us in assessing the reasonableness of assumptions and judgements used by management and the valuers; – Assessed the competence, capabilities and objectivity of the valuers appointed by the management and the auditor's expert; and – reviewed the adequacy and appropriateness of the note disclosures made in the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Gain on disposal of subsidiaries *Refer to note 34 to the consolidated financial statements* During the year, the Group completed the disposal of Changchun Dacheng Industrial Group Company Limited and its subsidiaries with a gain on disposal of HK$1,962,112,000. In view of the financial significance of this gain on disposal to the consolidated financial statements, we identified the disposal as a key audit matter.	Our key procedures, among others, included: – Read the sale agreement and assessed whether the disposal has been accounted for in line with the terms of the agreement; – Performed audit procedures for the major assets and liabilities of the disposal group; – Performed re-computation of the gain on disposal; and – Assessed the adequacy of the disclosures in respect of the disposal in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

28 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
So Chun Wai
Practising Certificate number: P07513

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**2,001,095**	1,373,938
Cost of sales		**(1,810,123)**	(1,330,301)
Gross profit		**190,972**	43,637
Other income and gains	5	**176,901**	26,173
Selling and distribution costs		**(107,758)**	(66,083)
Administrative expenses		**(246,534)**	(304,070)
Other expenses		**(906,672)**	(256,325)
Gain on disposal of subsidiaries	34	**1,962,112**	—
Gain on derecognition of a subsidiary		**—**	421,870
Gain on debt restructuring		**—**	4,284,830
Gain on modification of convertible bonds ("**Convertible Bonds**")		**—**	301,364
Finance costs	6	**(323,402)**	(750,351)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	**745,619**	3,701,045
Income tax credit	10	**23,979**	42,082
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**769,598**	3,743,127
DISCONTINUED OPERATIONS			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		**—**	481,466
PROFIT FOR THE YEAR		**769,598**	4,224,593
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR			
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		**(109,755)**	(373,435)
Release of exchange reserve upon derecognition of a subsidiary		**—**	(79,632)
Release of exchange reserve upon disposal of discontinued operations		**—**	(326,685)
Release of exchange reserve upon disposal of subsidiaries	34	**(375,762)**	—
		(485,517)	(779,752)
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation, net		**98,991**	78,985
Income tax effect		**(24,748)**	(15,797)
		74,243	63,188
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(411,274)**	(716,564)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**358,324**	3,508,029

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		**769,598**	4,224,593
Non-controlling interests		**—**	—
		769,598	4,224,593
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ARISING FROM:			
Continuing operations		**769,598**	3,743,127
Discontinued operations		**—**	481,466
		769,598	4,224,593
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**358,324**	3,508,029
Non-controlling interests		**—**	—
		358,324	3,508,029
EARNINGS PER SHARE, ARISING FROM			
Basic			
– Continuing operations	12	**HK8.6 cents**	HK42.0 cents
– Discontinued operations	12	**—**	HK5.4 cents
		HK8.6 cents	HK47.4 cents
Diluted			
– Continuing operations	12	**HK2.9 cents**	HK25.7 cents
– Discontinued operations	12	**—**	HK3.4 cents
		HK2.9 cents	HK29.1 cents

Consolidated Statement of Financial Position
At 31 December 2024

	Notes	2024 *HK$'000*	2023 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,119,050**	3,823,699
Right-of-use assets	14	**290,085**	396,473
Intangible assets	15	**2,047**	2,047
Interests in an associate	17	**—**	—
Interests in a joint venture	18	**—**	—
Equity investment at fair value through other comprehensive income ("**Designated FVOCI**")	19	**—**	208
Financial assets at fair value through profit or loss ("**FVPL**")	20	**31,238**	17,140
		2,442,420	4,239,567
CURRENT ASSETS			
Inventories	21	**205,507**	148,332
Trade receivables	22	**159,457**	140,214
Prepayments, deposits and other receivables	23	**160,107**	363,196
Due from a joint venture		**—**	2,157
Due from the GSH Group	37	**44,608**	—
Due from former subsidiaries	37	**1,444,613**	—
Financial guarantee asset	41	**—**	227,273
Pledged bank deposits	24	**—**	111
Cash and bank balances	24	**85,470**	88,246
		2,099,762	969,529
CURRENT LIABILITIES			
Trade payables	25	**1,174,619**	904,170
Other payables and accruals	26	**2,658,768**	3,571,683
Due to an associate		**—**	746
Tax payables		**—**	103,533
Convertible Bonds	29	**958,839**	—
Interest-bearing bank and other borrowings	27	**1,693,740**	3,587,853
Lease liabilities	28	**179**	345
Financial guarantee liability	41	**—**	227,273
		6,486,145	8,395,603
NET CURRENT LIABILITIES		**(4,386,383)**	(7,426,074)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,943,963)**	(3,186,507)

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	**—**	10,582
Lease liabilities	28	**234**	—
Deferred income	30	**10,193**	31,327
Deferred tax liabilities	31	**—**	7,240
Convertible Bonds	29	**—**	801,250
		10,427	850,399
NET LIABILITIES		**(1,954,390)**	(4,036,906)
CAPITAL AND RESERVES			
Share capital	32	**890,741**	890,741
Convertible preference shares ("**CPS**")	32	**1,726,775**	—
Treasury shares ("**Treasury Shares**")	32	**(2,583)**	—
Reserves	32	**(4,569,323)**	(4,927,647)
TOTAL DEFICIT		**(1,954,390)**	(4,036,906)

These consolidated financial statements on page 67 to page 157 were approved and authorised for issue by the board (the "**Board**") of directors (the "**Directors**") of the Company on 28 March 2025 and signed on its behalf by

Wang Cheng
Director

Wang Guicheng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	CPS HK$'000	Treasury Shares HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Convertible Bond reserve HK$'000	Other reserve HK$'000	Statutory reserve fund HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024	890,741	–	–	2,849,298	678,830	104,654	(98,539)	72,508	1,297,753	(9,832,151)	(4,036,906)
Profit for the year	–	–	–	–	–	–	–	–	–	769,598	769,598
Other comprehensive income (loss) for the year											
– Gain on properties revaluation, net of deferred tax	–	–	–	–	74,243	–	–	–	–	–	74,243
– Exchange realignment	–	–	–	–	–	–	–	–	(109,755)	–	(109,755)
– Release of exchange reserve upon disposal of subsidiaries (note 34)	–	–	–	–	–	–	–	–	(375,762)	–	(375,762)
	–	–	–	–	74,243	–	–	–	(485,517)	–	(411,274)
Total comprehensive income (loss) for the year	–	–	–	–	74,243	–	–	–	(485,517)	769,598	358,324
Transactions with owners of the Company											
Changes in ownership interests											
Release upon disposal of subsidiaries	–	–	–	–	(274,106)	–	–	(37,063)	–	311,169	–
Addition of Treasury Share	–	–	(2,583)	–	–	–	–	–	–	–	(2,583)
Issuance of CPS (note 32)	–	1,726,775	–	–	–	–	–	–	–	–	1,726,775
	–	1,726,775	(2,583)	–	(274,106)	–	–	(37,063)	–	311,169	1,724,192
At 31 December 2024	890,741	1,726,775	(2,583)	2,849,298*	478,967*	104,654*	(98,539)*	35,445*	812,236*	(8,751,384)*	(1,954,390)

Consolidated Statement of Changes in Equity
Year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Convertible Bond reserve HK$'000	Other reserve HK$'000	Statutory reserve fund HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	890,741	2,849,298	745,826	972,056	15,677	113,808	2,077,505	(15,203,904)	(7,538,993)	(248,063)	(7,787,056)
Profit for the year	–	–	–	–	–	–	–	4,224,593	4,224,593	–	4,224,593
Other comprehensive income (loss) for the year											
– Gain on properties revaluation, net of deferred tax	–	–	63,188	–	–	–	–	–	63,188	–	63,188
– Exchange realignment	–	–	–	–	–	–	(373,435)	–	(373,435)	–	(373,435)
– Release of exchange reserve upon derecognition of a subsidiary	–	–	–	–	–	–	(79,632)	–	(79,632)	–	(79,632)
– Release of exchange reserve upon disposal of discontinued operations	–	–	–	–	–	–	(326,685)	–	(326,685)	–	(326,685)
	–	–	63,188	–	–	–	(779,752)	–	(716,564)	–	(716,564)
Total comprehensive income (loss) for the year	–	–	63,188	–	–	–	(779,752)	4,224,593	3,508,029	–	3,508,029
Transactions with owners of the Company											
Changes in ownership interests											
Release upon disposal of discontinued operations	–	–	–	–	(3,620)	–	–	3,620	–	137,467	137,467
Acquisition of additional interests in subsidiaries	–	–	–	–	(110,596)	–	–	–	(110,596)	110,596	–
	–	–	–	–	(114,216)	–	–	3,620	(110,596)	248,063	137,467
Reserve released upon disposal of subsidiaries	–	–	(130,184)	–	–	(44,400)	–	174,584	–	–	–
Transfer upon expiry of Convertible Bonds	–	–	–	(972,056)	–	–	–	972,056	–	–	–
Modification of Convertible Bonds (note 29)	–	–	–	104,654	–	–	–	–	104,654	–	104,654
Transfer	–	–	–	–	–	3,100	–	(3,100)	–	–	–
	–	–	(130,184)	(867,402)	–	(41,300)	–	1,143,540	104,654	–	104,654
At 31 December 2023	890,741	2,849,298*	678,830*	104,654*	(98,539)*	72,508*	1,297,753*	(9,832,151)*	(4,036,906)	–	(4,036,906)

* These reserve accounts comprise the negative reserves of HK$4,569,323,000 (2023: HK$4,927,647,000) in the consolidated statement of financial position.

SHARE PREMIUM

The share premium includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation for the public listing of the shares of Global Sweeteners Holdings Limited ("**GSH**" together with its subsidiaries, the "**GSH Group**"), an ex-subsidiary of the Company, in a prior year and the nominal value of the shares of the Company issued in exchange therefor; (ii) the premium arising from capitalisation issues in prior years; and (iii) the premium arising from placings and subscriptions of shares of the Company.

In accordance with the Companies Act (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

PROPERTIES REVALUATION RESERVE/CONVERTIBLE BOND RESERVE/ EXCHANGE RESERVE

These reserves are dealt with in accordance with the respective accounting policies as set out in note 2.5 to the consolidated financial statements.

STATUTORY RESERVE FUND

Certain subsidiaries of the Company which were established in the People's Republic of China (the "**PRC**" or "**China**") are required to transfer 10% of their profits after tax calculated in accordance with the PRC accounting regulations to their respective statutory reserve funds until they reach 50% of their respective registered capital, upon which any further appropriation is at the directors' recommendation. These reserve funds may be used to reduce any losses incurred by the subsidiaries or may be capitalised as paid-up capital of the subsidiaries.

OTHER RESERVE

Other reserve includes the difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, on changes in the Group's interests in subsidiaries that do not result in a loss of control.

TREASURY SHARES

The amount represents cost of repurchase of shares paid by the Group.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from:			
Continuing operations		**745,619**	3,701,045
Discontinued operations		**—**	477,099
Profit before tax including discontinued operations		**745,619**	4,178,144
Adjustments for:			
Finance costs		**323,402**	792,793
Bank interest income		**(2)**	(37)
Change in fair value of financial assets at FVPL		**(14,098)**	—
Loss on disposal of property, plant and equipment, net		**—**	650
Gain on debt restructuring		**—**	(4,284,830)
Amortisation of deferred income		**(4,365)**	(5,054)
Depreciation of property, plant and equipment		**212,657**	283,020
Depreciation of right-of-use assets		**15,849**	22,151
Gain on derecognition of a subsidiary		**—**	(421,870)
Gain on disposal of subsidiaries, net of tax	34	**(1,962,112)**	(621,286)
Loss (Gain) on properties revaluation, net		**402,961**	(7,408)
Written off of property, plant and equipment		**311,401**	—
Gain on modification of Convertible Bonds		**—**	(301,364)
Impairment of property, plant and equipment		**—**	21,276
Written off of right-of-use assets		**61,753**	—
Impairment of deposits paid for acquisition of property, plant and equipment, net		**—**	835
Reversal of impairment of prepayments and deposits, net		**—**	(395)
(Reversal of impairment) Impairment of other receivables, net		**(21,606)**	4,111
Reversal of over provision of other tax payables		**—**	(4,385)
Reversal of impairment of trade receivables, net		**(21,419)**	(208)
(Reversal of write-down) Write-down of inventories		**(27,710)**	1,507
Changes in working capital:			
Inventories		**(38,682)**	25,350
Trade receivables		**(7,877)**	(151,001)
Prepayments, deposits and other receivables		**(9,337)**	(133,934)
Pledged deposits		**113**	57
Due to a joint venture		**—**	(1,042)
Trade payables		**404,654**	21,553
Other payables and accruals		**(249,805)**	530,936
Due from the GSH Group		**(44,608)**	—
Due to an associate		**(746)**	(67)
Cash generated from (used in) operations		**76,042**	(50,498)
Interest received		**2**	37
Net cash from (used in) operating activities		**76,044**	(50,461)

Consolidated Statement of Cash Flows
Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**–**	(2,446)
Addition of land and buildings		**–**	(41,330)
Net cash outflow arising from derecognition of a subsidiary		**–**	(120)
Net cash inflow arising from disposal of discontinued operations		**–**	29,526
Net cash outflow arising from disposal of subsidiaries	34	**(535)**	—
Net cash used in investing activities		**(535)**	(14,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings	33	**13,883**	480,964
Repayment of bank and other borrowings	33	**(1,742,592)**	(313,236)
Repurchase of shares		**(2,583)**	—
Proceeds from issuance of CPS		**1,726,775**	—
Repayment of lease liabilities	33	**(472)**	(1,916)
Interest paid	33	**(71,073)**	(53,193)
Net cash (used in) generated from financing activities	33	**(76,062)**	112,619
Net (decrease) increase in cash and cash equivalents		**(553)**	47,788
Cash and cash equivalents at beginning of year		**88,246**	41,766
Effect of foreign exchange rate changes, net		**(2,223)**	(1,308)
Cash and cash equivalents at end of year	24	**85,470**	88,246

1. CORPORATE INFORMATION

Global Bio-chem Technology Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability. The principal activity of the Company is investment holding. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1206, 12th Floor, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong.

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024 (the "**Year**").

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment, financial assets at FVPL and Designated FVOCI which are measured at revalued amounts/fair value as further explained in note 2.5 to the consolidated financial statements. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except where otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2.3.

2.2 GOING CONCERN

As at 31 December 2024, the Group had net current liabilities of approximately HK$4,386.4 million (31 December 2023: approximately HK$7,426.1 million) and net liabilities of approximately HK$1,954.4 million (31 December 2023: approximately HK$4,036.9 million). In preparing these consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company, and the ability of the Group and the Company to attain profit and positive cash flows from operations and obtain additional funding in the immediate and longer term. The Company has taken the following steps to improve the financial position of the Group:

(a) Disposal of Changchun Dacheng Industrial to improve the financial position of the Group

The completion of the disposal (the "**Disposal**") of 100% of the registered capital (the "**Changchun Dacheng Industrial Sale Shares**") of 長春大成實業集團有限公司 (Changchun Dacheng Industrial Group Company Limited*) ("**Changchun Dacheng Industrial**") and its subsidiaries (collectively, the "**Disposal Group**") under the sale and purchase agreement dated 30 December 2024 entered between Dacheng Industrial Group (HK) Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability, as a seller, and 長春宏祥新能源開發有限公司 (Changchun Hongxiang New Energy Development Company Limited*) ("**Changchun Hongxiang**"), an independent third party, as a purchaser, took place on 30 December 2024 (the "**Disposal Completion**"). Upon the Disposal Completion, the net liabilities of the Disposal Group, including but not limited to a principal amount of approximately RMB113.5 million together with outstanding interest (the "**Disposed Rudder Loans**"), being a portion of the outstanding consideration of RMB815.0 million for the purchase of the repurchased loans from 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) (the "**Repurchased Loans**"), owed by 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*) ("**Dihao Foodstuff**"), a former indirect wholly-owned subsidiary of the Company established in the PRC with limited liability, which was one of the companies under the Disposal Group and disposed of upon Disposal Completion, immediately ceased to be consolidated into the consolidated financial statements of the Group. In order to further improve the financial position of the Group, the management of the Group will continue to monitor the situation of the resumption of the remaining land and buildings situated in Luyuan District, Changchun, the PRC (the "**Remaining Luyuan Properties**") and ensure the remaining portion of the Repurchased Loans, other than the Disposed Rudder Loans, in the principal amount of approximately RMB701.5 million, together with outstanding interests remaining to be owed by the Group after the Disposal Completion will be settled by the Disposal Group on behalf of the relevant Group companies in exchange for the Group's release of the pledge(s)/seizure order(s) attaching to the Remaining Luyuan Properties.

(b) Monitoring of the Group's operating cash flows

The Group has taken various measures to minimise the operating cost and develop new business line to enhance the operating cash flow during market turbulence. During the Year, the Group has continued to maximise the production capacity of the production facilities in amino acids operation and is expected to launch a series of high value-added products to expand the sales. The Directors expect that the amino acids operation will continue to generate adequate cash inflow to the Group in 2025.

2.2 GOING CONCERN *(Continued)*

(c) Financial support from the indirect major shareholder of the Company

The Group has received an updated written confirmation dated 18 March 2025 (the "**Confirmation**") from 吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*) (formerly known as 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*)) ("**Nongfa**" and together with its subsidiaries from time to time, the "**Nongfa Group**") that it would continue to provide financial support to the Group in the 24 months following the date of the Confirmation on a going concern basis. Such assistance received by the Group was not secured by any assets of the Group.

Nongfa, being a state-owned enterprise, was established in August 2016 and its unaudited net asset value as at 31 December 2024 amounted to approximately RMB3,809.1 million (31 December 2023: approximately RMB2,010.7 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 Nongfa will be able to support the operations of the Group, provide synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support to the Group.

As at 31 December 2024, the Group's liabilities due to the Nongfa Group amounted to approximately HK$1,781.4 million and the Nongfa Group agreed to support the Group in the following 24 months and agreed that repayment request will not be made while the financial situation of the Group does not allow. In addition, the Directors are of the view that the Nongfa Group would be able to support the operations of the Group by providing a stable supply of corn with better commercial terms via the agreement dated 1 November 2023 and entered into between the Company (for itself and on behalf of the Group) and Nongfa (for itself and on behalf of the Nongfa Group) in relation to the supply of corn kernels by the Nongfa Group to the Group with effect from 21 December 2023.

The Directors, including all members of the audit committee of the Company, have reviewed the cash flow forecast prepared by the management on the basis that the measures mentioned above shall have a successful and favourable outcome, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the 12 months from 31 December 2024.

Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis. The adoption of the going concern basis may be inappropriate as the outcome of the measures as described above is uncertain.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidation statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of the above amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2.4 NEW AND REVISED HKFRSs NOT YET ADOPTED

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments [2]
Annual Improvements to HKFRSs	Volume 11 [2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Reference Nature-dependent Electricity [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Group.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, and (ii) the carrying amount of any non-controlling interest and recognises (i) the fair value of the consideration received, and (ii) the fair value of any investment retained. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries

A subsidiary is an entity directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The results of subsidiaries are required by the Company's statement of profit or loss to the extent of dividends received and receivable. Investments in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position which is presented within these notes. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in an associate or a joint venture is stated in the consolidated statement of financial position initially at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets under the equity method of accounting, less any impairment losses, except when the investment or a portion thereof is classified as held for sale. The Group's share of the post-acquisition results and other comprehensive income of an associate or a joint venture is included in the consolidated statement of profit or loss and other comprehensive income. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture, the Group discontinues recognising its share of further losses when the Group's share of losses of the associate or the joint venture equals or exceeds the carrying amount of its interest in the associate or the joint venture, which includes any long term interests that, in substance, form part of the Group's net investment in the associate or the joint venture.

Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture is eliminated to the extent of the Group's interest in the associate and joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("**CGU(s)**"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposal of and the portion of the CGU retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued assets.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Discontinued operation

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a leasehold buildings does not differ materially from its carrying amount. Changes in the values of property are dealt with as movements in the properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the properties revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation less accumulated impairment of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold buildings	2.0% to 6.7%
Plant and machinery	6.7%
Leasehold improvements, furniture, equipment and motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Construction in progress represents plant under construction or pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are tested for impairment at least annually either individually or at the CGU level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Golf club membership

Golf club membership is stated at cost less impairment losses, if any. The carrying amount of individual golf club membership is reviewed at the end of each reporting period to assess whether the recoverable amount has declined below the carrying amount. When a decline has occurred, the carrying amount of such golf club membership is reduced to its recoverable amount. The amount of the reduction is recognised as an expense in profit or loss.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option — in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Land	50 years
Office premises	3 years

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss.

The Group's financial assets measured at FVOCI include the Group's equity interests in an equity investment which is not held for trading.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payable at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated).

Subsequently, the financial guarantee is measured at the higher of (i) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with HKFRS 15 and (ii) the amount of the loss allowance determined in accordance with the expected credit losses ("**ECL**") model under HKFRS 9, unless the financial guarantee is measured at FVPL or arises from a transfer of a financial asset.

Impairment of financial assets and other items

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral, if any

(iv) industry of debtors

(v) geographical location of debtors

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For financial guarantee contracts, the date that the Group becomes a party to the financial guarantee contracts is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment and the Group considers the changes in the risk that the specified debtor will default on the financial guarantee contracts.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables and contract assets without a significant financing component or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Convertible bond

On the issue of the convertible bond, the fair value of the liability component is determined using a market rate for a similar bond that does not have a conversion option; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible bond reserve within shareholders' equity, net of issue costs. The value of the conversion option carried in equity is not changed in subsequent years. When the conversion option is exercised, the balance of the convertible bond equity reserve is transferred to share capital or other appropriate reserve. When the conversion option remains unexercised at the expiry date, the balance remained in the convertible bond reserve is transferred to accumulated profits or losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Issue costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

— when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Company's option; and any dividend payments are discretionary, are classified as equity.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income or a reduction of the related expenses item, as appropriate, on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The Group engages in the manufacture and sale of corn refined products and corn based biochemical products.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within HKFRS 15 *(Continued)*

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of corn refined products and corn based biochemical products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost or Mandatory FVOCI that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

In accordance with the standard payment terms of the Group, payments are normally not due or received from the customer until when the goods are delivered, although the Group may request from the customer the whole or some of the contractual payments before the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue.

Contract costs

Contract costs are either incremental costs of obtaining or costs (other than those that are accounted for as inventories, property, plant and equipment, or intangible assets) to fulfil contracts with customers. Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses.

The costs to obtain contracts are capitalised if they are incremental and recoverable, except to the extent that the practical expedient in paragraph 94 of HKFRS 15 is applied. The capitalised costs are amortised on a straight-line basis over the term of the specific existing and anticipated contracts to which the costs relate. The Group applies the practical expedient in HKFRS 15 and recognises the incremental costs as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

The costs to fulfil contracts are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, generate or enhance resources that will be used to provide goods or services in the future, and are expected to be recovered. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred. The costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services under the specific existing and anticipated contracts to which the costs relate.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Contract costs *(Continued)*

An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved provided the increased carrying amount of the asset shall not exceed the amount that would have been determined if no impairment loss had been recognised previously.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation rate is based on the actual cost of the related borrowings. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Under the MPF Scheme, no forfeited contributions for the MPF Scheme may be used by the employer to reduce the existing level of contributions as the contributions are fully vested to the employees upon payments to the MPF Scheme.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Retirement benefits *(Continued)*

The employees of the Group's subsidiaries which operate in the PRC are required to participate in the retirement benefit schemes (the "**PRC RB Schemes**") operated by the respective local municipal governments in provinces of the PRC where the group entities operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to profit or loss as they become payable in accordance with the rules of the PRC RB Schemes.

Under the PRC RB Schemes, no forfeited contributions will be used by the employer to reduce the existing level of contributions.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than Hong Kong dollars. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the operating results of the Group's operations and successful implementation of measures as detailed in note 2.2 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Deferred tax liability for withholding taxes

The Group determines that no dividends are to be distributed by the PRC subsidiaries to the Company or any subsidiary outside the PRC in the foreseeable future. Therefore, no deferred tax liability for withholding taxes has been recognised in these consolidated financial statements. Please refer to note 31 to the consolidated financial statements for more details of the unrecognised deferred tax liability for withholding taxes.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Loss allowance for trade and other receivables

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumptions and inputs used in estimating ECL are set out in note 38 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Fair value of property, plant and equipment

The Group estimates the fair value of its leasehold buildings and other property, plant and equipment (for impairment purpose) with reference to valuations performed by an independent professional valuer. The valuation of leasehold buildings is performed using the direct comparison approach or the depreciated replacement cost (the "**DRC**") approach. The direct comparison approach requires adjustments to transaction price of similar properties regarding differences in key valuation attributes such as size, age and location etc. between the properties under appraisal and the comparable. The DRC approach requires an estimation of the new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation. The valuation of property, plant and equipment (other than leasehold buildings) is performed using the market approach or where no second hand prices are available, the cost approach. The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative. The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation, which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of property, plant and equipment, the Group considers various factors such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with a similar asset that is used in a similar way. Additional depreciation is required if the estimated useful lives and/or the residual values of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of property, plant and equipment and right-of-use assets

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of relevant property, plant and equipment, right-of-use assets or the respective CGU to which the property, plant and equipment and right-of-use assets belong, which is the higher of value in use and fair value less cost of disposal. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an additional impairment loss may arise.

Write-down of inventories

The Group reviews ageing analysis and condition of inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving items that are no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

Income taxes

At 31 December 2024, a deferred tax asset of approximately HK$405.8 million (2023: HK$405.8 million) in relation to deductible temporary difference and tax losses was recognised in the consolidated statement of financial position to the extent of the recognised taxable temporary difference. No deferred tax asset has been recognised on the remaining tax losses of HK$4,724.5 million (2023: HK$4,541.5 million) and the remaining deductible temporary difference of HK$931.6 million (2023: HK$2,763.8 million) due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits or taxable temporary differences are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four (2023: four) reportable operating segments from continuing operations as follows:

(a) the upstream products segment engages in the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products;

(b) the amino acids segment engages in the manufacture and sale of corn based biochemical products, including lysine and threonine;

(c) the corn sweeteners segment engages in the manufacture and sale of corn sweeteners, including glucose, maltose, high fructose corn syrup and maltodextrin; and

(d) the polyol chemicals segment engages in the manufacture and sale of corn based biochemical products, including polyol chemicals, anti-freeze products, hydrogen and ammonia.

The management, being the chief operating decision-maker, monitors the results of the Group's operating segments separately for the purpose of making decisions in relation to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs as well as corporate income and expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION *(Continued)*

(i) Segment results

Year ended 31 December 2024

	Upstream products HK$'000	Amino acids HK$'000	Corn sweeteners HK$'000	Polyol chemicals HK$'000	Total HK$'000
Continuing operations					
Revenue from:					
External customers	264,151	1,736,944	–	–	2,001,095
Segment results	(407,119)	(543,302)	(33,634)	(11,369)	(995,424)
Bank interest income					2
Unallocated income					34,485
Gain on disposal of subsidiaries					1,962,112
Government grants					67,391
Appreciation in fair value of financial assets at FVPL					14,098
Corporate and other unallocated expenses					(13,643)
Finance costs					(323,402)
Profit before tax					745,619
Income tax credit					23,979
Profit for the year from continuing operations					769,598
Discontinued operations					
Profit for the year from discontinued operations					–
Profit for the year					769,598

4. OPERATING SEGMENT INFORMATION *(Continued)*

(i) Segment results *(Continued)*

Year ended 31 December 2023

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Revenue from:					
External customers	217,221	1,156,717	–	–	1,373,938
Segment results	(314,902)	(107,115)	(50,040)	(15,255)	(487,312)
Bank interest income					3
Unallocated income					37,609
Gain on debt restructuring					4,284,830
Gain on derecognition of a subsidiary					421,870
Gain on modification of Convertible Bonds					301,364
Corporate and other unallocated expenses					(106,968)
Finance costs					(750,351)
Profit before tax					3,701,045
Income tax credit					42,082
Profit for the year from continuing operations					3,743,127
Discontinued operations					
Profit for the year from discontinued operations					481,466
Profit for the year					4,224,593

4. OPERATING SEGMENT INFORMATION *(Continued)*

(ii) Other segment information

Year ended 31 December 2024

	Upstream products HK$'000	Amino acids HK$'000	Corn sweeteners HK$'000	Polyol chemicals HK$'000	Total HK$'000
Continuing operations					
Depreciation of property, plant and equipment	76,599	114,905	14,366	6,787	212,657
Depreciation of right-of-use assets (a)	4,117	9,240	1,780	–	15,137
Reversal of write-down of inventories	(27,710)	–	–	–	(27,710)
Written off of right-of-use assets	61,753	–	–	–	61,753
Loss on properties revaluation, net	402,961	–	–	–	402,961
Written off of property, plant and equipment	311,401	–	–	–	311,401
Reversal of impairment of other receivables, net	(21,422)	–	–	(184)	(21,606)
Reversal of impairment of trade receivables, net	(21,419)	–	–	–	(21,419)

4. OPERATING SEGMENT INFORMATION *(Continued)*

(ii) Other segment information *(Continued)*

Year ended 31 December 2023

	Upstream products *HK$'000*	Amino acids *HK$'000*	Corn sweeteners *HK$'000*	Polyol chemicals *HK$'000*	Total *HK$'000*
Continuing operations					
Capital expenditure	763	1,082	–	13	1,858
Depreciation of property, plant and equipment	102,994	98,407	14,884	8,869	225,154
Depreciation of right-of-use assets (a)	8,609	6,794	1,256	–	16,659
Write-down of inventories, net	–	–	–	1,511	1,511
Loss on disposal of property, plant and equipment, net	650	–	–	–	650
Impairment of deposits paid for acquisition of property, plant and equipment, net	835	–	–	–	835
(Reversal of impairment) Impairment of trade receivables, net	(779)	(461)	–	1,115	(125)
Reversal of impairment of prepayments and deposits, net	–	(982)	–	–	(982)
Impairment of (Reversal of impairment) of other receivables, net	2,640	1,564	(93)	–	4,111
Discontinued operations					
Capital expenditure	–	–	588	–	588
Depreciation of property, plant and equipment	–	–	57,866	–	57,866
Depreciation of right-of-use assets (a)	–	–	3,742	–	3,742
Reversal of impairment of trade receivables, net	–	–	(83)	–	(83)
Impairment of prepayments and deposits, net	–	–	587	–	587
Reversal of overprovision of other tax payables	–	–	(4,385)	–	(4,385)
Impairment of property, plant and equipment	–	–	21,276	–	21,276
Reversal of write-down of inventories, net	–	–	(4)	–	(4)

Remark:

(a) Depreciation of right-of-use assets that was not attributable to any of the above segments which amounted to HK$712,000 (2023: HK$1,750,000) was included in corporate and other unallocated expenses.

4. OPERATING SEGMENT INFORMATION *(Continued)*

(iii) Geographical information

Revenue information based on locations of customers

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
The PRC	**1,369,017**	1,019,736
Asia, the Americas and other regions	**632,078**	354,202
	2,001,095	1,373,938
Discontinued operations		
The PRC	**–**	430,580
Asia, the Americas and other regions	**–**	10,233
	–	440,813

Non-current assets (excluding financial instruments) information based on locations of assets

	2024	2023
	HK$'000	*HK$'000*
The PRC	**2,410,793**	4,221,636
Hong Kong	**389**	583
	2,411,182	4,222,219

(iv) Information about major customers

There was no customer who individually contributed over 10% of the Group's revenue for each of the years ended 31 December 2024 and 2023.

5. REVENUE, OTHER INCOME AND GAINS

	2024 HK$'000	2023 HK$'000
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**2,001,095**	1,373,938
Other income and gains		
Amortisation of deferred income	**4,365**	5,054
Appreciation in fair value of financial assets at FVPL	**14,098**	—
Bank interest income	**2**	3
Government grants (b)	**67,391**	—
Gain on properties revaluation, net	**—**	7,408
Foreign exchange gain, net	**4,521**	—
Reversal of impairment of trade receivables, net	**21,419**	125
Reversal of impairment of other receivables, net	**21,606**	—
Reversal of write-down of inventories	**27,710**	—
Others	**15,789**	13,583
	176,901	26,173

Remarks:

(a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time. The amount of revenue recognised for the Year that was included in the contract liabilities at the beginning of the Year was approximately HK$151,380,000 (2023: HK$102,520,000).

(b) Government grants represented rewards to a subsidiary of the Company with no further obligations and conditions to be complied with.

6. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Continuing operations		
Interest on bank and other borrowings	**71,073**	462,182
Interest on financial guarantees given by Nongfa	**19,021**	30,287
Interest on payables to suppliers	**75,697**	88,051
Imputed interest on Convertible Bonds	**157,589**	169,817
Interest on lease liabilities	**22**	14
	323,402	750,351

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging (crediting):

	2024 *HK$'000*	2023 *HK$'000*
Employee benefits expenses (excluding Directors' remuneration):		
Wages and salaries	**86,368**	99,022
Pension scheme contributions	**20,206**	14,772
	106,574	113,794
Cost of inventories sold (a)	**1,810,123**	1,330,301
Depreciation of property, plant and equipment	**212,657**	225,154
Depreciation of right-of-use assets	**15,849**	18,409
Amortisation of deferred income	**(4,365)**	(5,054)
Auditor's remuneration		
— Annual audit	**1,430**	1,450
— Non-audit service fee	**429**	1,253
Impairment of deposits paid for acquisition of property, plant and equipment, net	**—**	835
Written off of right-of-use assets (b)	**61,753**	—
Reversal of impairment of prepayments and deposits, net	**—**	(982)
(Reversal of impairment) Impairment of other receivables, net	**(21,606)**	4,111
Research and development costs	**4,129**	6,407
Reversal of impairment of trade receivables, net	**(21,419)**	(125)
Gain on disposal of property, plant and equipment, net	**—**	650
Foreign exchange (gain) loss, net	**(4,521)**	8,223
(Reversal of write-down) Write-down of inventories	**(27,710)**	1,511
Loss (Gain) on properties revaluation, net	**402,961**	(7,408)
Written off of property, plant and equipment (b)	**311,401**	—
Gain on debt restructuring (c)	**—**	4,284,830

Remarks:

(a) Cost of inventories sold includes employee benefits expenses, depreciation and write-down/reversal of write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.

(b) The amounts mainly represented the written off of property, plant and equipment of approximately HK$279.6 million and right-of-use assets of approximately HK$61.8 million regarding a revocation (the "**Revocation**") of the enforcement order granted to 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**") in December 2021 which initially allowed Changchun Dahe to take certain portions of land and properties (the "**Harbin Properties**") then owned by 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co. Ltd*) ("**Harbin Dacheng**"), a former indirect wholly-owned subsidiary of the Company, for the settlement of part of Harbin Dacheng's defaulted loan owed to Changchun Dahe pursuant to an order received from 吉林省高級人民法院 (Jilin Provincial High People's Court*) during the Year. Subsequent to the Revocation, Changchun Dahe was no longer entitled to the legal rights and interest of the Harbin Properties and the Group recognised the written off of the Harbin Properties accordingly.

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS *(Continued)*

Remarks: *(Continued)*

(c) Reference is made to the announcement of the Company dated 4 January 2024. On 31 December 2023, (i) Nongfa, as the current creditor of the loans of approximately RMB4,267.8 million, together with outstanding interests, which was previously owed by the Group to 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.*) and transferred to Nongfa on 31 December 2023 (the "**Entire Transferred Loans**"); and (ii) several wholly-owned subsidiaries of the Group, being the debtors or co-debtors of the Entire Transferred Loans, had entered into the the debt restructuring agreement (the "**Debt Restructuring Agreement**"), pursuant to which the Group had agreed to repay and repaid to Nongfa RMB1,580.0 million for the settlement of the Entire Transferred Loans. As a result, a one-off gain on debt restructuring of approximately HK$4,284.8 million (represents the difference between the Entire Transferred Loans and related interests of approximately RMB5,436.3 million immediately before the date of Debt Restructuring Agreement and amount settled to Nongfa of RMB1,580.0 million) has been recognised during the year of 2023.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2024				
	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Wang Cheng	–	–	–	–	–
Mr. Wang Guicheng	538	–	542	169	1,249
Non-executive Director					
Mr. Li Yuewen	–	–	–	–	–
	538	–	542	169	1,249
Independent non-executive Directors					
Mr. Tan Chao	49	–	–	–	49
Ms. Jiang Fangfang	49	–	–	–	49
Ms. Xie Liangqiu	49	–	–	–	49
	147	–	–	–	147

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	2023				
	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Wang Cheng (appointed on 11 December 2023)	–	–	–	–	–
Mr. Wang Guicheng	567	–	–	148	715
Mr. Yang Jian (resigned on 11 December 2023)	–	–	–	–	–
Non-executive Directors					
Mr. Li Yuewen (appointed on 10 August 2023)	–	–	–	–	–
Mr. Gao Dongsheng (resigned on 10 August 2023)	–	–	–	–	–
	567	–	–	148	715
Independent non-executive Directors					
Mr. Tan Chao (appointed on 28 September 2023)	31	–	–	–	31
Ms. Jiang Fangfang (appointed on 10 August 2023)	47	–	–	–	47
Ms. Xie Liangqiu (appointed on 10 August 2023)	47	–	–	–	47
Ms. Dong Hongxia (resigned on 10 August 2023)	70	–	–	11	81
Mr. Ng Kwok Pong (resigned on 28 September 2023)	179	–	–	–	179
Mr. Yeung Kit Lam (resigned on 10 August 2023)	146	–	–	–	146
	520	–	–	11	531

No performance related bonus was paid or payable by the Group to any of the Directors during the years ended 31 December 2024 and 2023. No emolument was paid or payable by the Group to any of the Directors and chief executive of the Company as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. None of the Directors and chief executive of the Company waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

9. FIVE HIGHEST PAID EMPLOYEES

One (2023: One) of the five highest paid employees during the Year is a Director, details of his remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2023: four) highest paid employees who are not directors of the Company are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	**2,316**	3,885
Discretionary bonus	**980**	—
Pension scheme contributions	**210**	72
	3,506	3,957

The highest paid employees fell within the following bands:

	2024 ***Number of individuals***	2023 *Number of individuals*
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**1**	2
	4	4

No performance related bonus was paid or payable by the Group to any of the highest paid non-Director employees during the years ended 31 December 2024 and 2023. No emolument was paid or payable by the Group to any of the highest paid non-Director employees as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. None of the highest paid non-Director employees waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

10. INCOME TAX CREDIT

Hong Kong profits tax rate is 16.5%. Since 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

PRC enterprise income tax was made on the estimated assessable profits of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general PRC enterprise income tax rate is 25% for the year ended 31 December 2024 (2023: 25%). No provision for the PRC enterprise income tax has been made as the subsidiaries operating in PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the years ended 31 December 2024 and 2023.

	2024 ***HK$'000***	2023 *HK$'000*
Continuing operations		
Deferred tax		
Origination and reversal of temporary differences, net	**(23,979)**	(42,082)
Income tax credit	**(23,979)**	(42,082)

Reconciliation of income tax credit

	2024 ***HK$'000***	2023 *HK$'000*
Profit before tax from continuing operations	**745,619**	3,701,045
Income tax at applicable tax rate	**237,307**	827,817
Non-deductible expenses	**605**	12,294
Tax-exempt income	**(16,848)**	(50,725)
Unrecognised temporary difference	**(320,416)**	141,617
Unrecognised tax losses	**75,373**	34,707
Utilisation of previously unrecognised tax losses	**—**	(1,007,792)
Income tax credit	**(23,979)**	(42,082)

The applicable tax rate is the weighted average of the tax rates prevailing in the locations in which the Group entities operate.

11. DIVIDENDS

The Board does not recommend the payment of any dividend (including: preferential dividend to holders of CPS) for the Year (2023: Nil).

12. EARNINGS PER SHARE

	2024	2023
Profit (in HK$'000)		
Profit attributable to owners of the Company arising from:		
— Continuing operations	**769,598**	3,743,127
— Discontinued operations	**—**	481,466
	769,598	4,224,593
Number of shares		
Weighted average of ordinary shares in issue	**8,928,680,187**	8,907,405,717
Basic earnings per share (HK cents per share)		
— Continuing operations	**8.6**	42.0
— Discontinued operations	**—**	5.4
	8.6	47.4

12. EARNINGS PER SHARE *(Continued)*

	Note	2024	2023
Profit (in HK$'000)			
Profit attributable to owners of the Company arising from:			
— Continuing operations		**769,598**	3,743,127
— Discontinued operations		**—**	481,466
		769,598	4,224,593
Continuing operations			
Gain on modification of Convertible Bonds (in HK$'000)	29	**—**	(301,364)
Imputed interest on Convertible Bonds (in HK$'000)	29	**—**	169,817
		—	(131,547)
Adjusted profit attributable to owners of the Company arising from:			
— Continuing operations (in HK$'000)		**769,598**	3,611,580
— Discontinued operations (in HK$'000)		**—**	481,466
		769,598	4,093,046
Number of shares			
Weighted average of ordinary shares in issue		**8,928,680,187**	8,907,405,717
Effect of conversion of CPS		**17,267,750,569**	—
Effect of conversion of Convertible Bonds		**—**	5,172,759,833
Weighted average number of ordinary shares for the purpose of diluted earnings per share		**26,196,430,756**	14,080,165,550
Diluted earnings per share (HK cents per share)			
— Continuing operations		**2.9**	25.7
— Discontinued operations		**—**	3.4
		2.9	29.1

In 2024, the assumed conversion of CPS has dilutive effect for the Year. No adjustment has been made in respect of outstanding Convertible Bonds as it has an anti-dilutive effect.

In 2023, the assumed conversion of Convertible Bonds has dilutive effect for the Year as shown on the table above.

13. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount — Year ended 31 December 2024	Note	**Leasehold buildings** *HK$'000*	**Plant and machinery** *HK$'000*	**Leasehold improvement, furniture, equipment and motor vehicles** *HK$'000*	**Construction in-progress** *HK$'000*	**Total** *HK$'000*
At 1 January 2024		**3,318,696**	**153,899**	**3,852**	**347,252**	**3,823,699**
Transfer		**298,587**	**—**	**—**	**(298,587)**	**—**
Disposal of subsidiaries	34	**(709,080)**	**(39,127)**	**(1,266)**	**(11,028)**	**(760,501)**
Written off of property, plant and equipment		**(279,573)**	**—**	**—**	**(31,828)**	**(311,401)**
Loss on properties revaluation, net		**(303,970)**	**—**	**—**	**—**	**(303,970)**
Depreciation		**(182,576)**	**(29,336)**	**(745)**	**—**	**(212,657)**
Exchange realignment		**(110,818)**	**(756)**	**(221)**	**(4,325)**	**(116,120)**
At 31 December 2024		**2,031,266**	**84,680**	**1,620**	**1,484**	**2,119,050**

Reconciliation of carrying amount — Year ended 31 December 2023	Leasehold buildings *HK$'000*	Plant and machinery *HK$'000*	Leasehold improvement, furniture, equipment and motor vehicles *HK$'000*	Construction in-progress *HK$'000*	Total *HK$'000*
At 1 January 2023	3,926,744	355,608	7,362	416,756	4,706,470
Additions	—	1,241	46	1,159	2,446
Disposals	—	(650)	—	—	(650)
Derecognition of a subsidiary	(137,522)	(35,450)	(515)	(29,475)	(202,962)
Disposal of discontinued operations	(240,093)	(70,867)	(304)	(1,061)	(312,325)
Impairment	—	(18,229)	—	(3,047)	(21,276)
Gain on properties revaluation, net	86,393	—	—	—	86,393
Depreciation	(208,674)	(72,372)	(1,974)	—	(283,020)
Exchange realignment	(108,152)	(5,382)	(763)	(37,080)	(151,377)
At 31 December 2023	3,318,696	153,899	3,852	347,252	3,823,699

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold buildings *HK$'000*	Plant and machinery *HK$'000*	Leasehold improvement, furniture, equipment and motor vehicles *HK$'000*	Construction in-progress *HK$'000*	Total *HK$'000*
At 31 December 2024					
At cost	**–**	**4,811,350**	**73,141**	**1,484**	**4,885,975**
At valuation	**2,031,266**	**–**	**–**	**–**	**2,031,266**
Accumulated depreciation and impairment losses	**–**	**(4,726,670)**	**(71,521)**	**–**	**(4,798,191)**
	2,031,266	**84,680**	**1,620**	**1,484**	**2,119,050**
At 31 December 2023					
At cost	–	8,368,630	134,039	497,716	9,000,385
At valuation	3,527,370	–	–	–	3,527,370
Accumulated depreciation and impairment losses	(208,674)	(8,214,731)	(130,187)	(150,464)	(8,704,056)
	3,318,696	153,899	3,852	347,252	3,823,699

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold buildings

The leasehold buildings are situated on parcels of land of the Group in the PRC with remaining lease terms ranging from 29 to 42 years (2023: 8 to 49 year).

At 31 December 2024, the Group has not obtained building certificates for certain leasehold buildings with a total carrying amount of HK$812,229,000 (2023: HK$1,183,967,000).

Had the Group's leasehold buildings been carried under the cost model, their carrying amount at 31 December 2024 would have been approximately HK$2,105,768,000 (2023: HK$3,029,451,000).

The Group's leasehold buildings were revalued by an independent professional qualified valuer based on their existing use at 30 December 2024. The Directors are of the opinion that there was no significant change in fair value of leasehold buildings between the valuation date and 31 December 2024. A gain on properties revaluation of HK$98,991,000 (before income tax effect) was recognised in other comprehensive income and credited to properties revaluation reserve. Loss on properties revaluation of approximately HK$402,961,000 was recognised in profit or loss during the Year.

Valuation processes

The Group reviews the estimation of fair value of the leasehold buildings at the end of each reporting period.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold buildings *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold buildings stated at revalued amounts:

	Fair value measurement at 30 December 2024 using			
	Quoted prices in active market (Level 1) ***HK$'000***	**Significant observable inputs (Level 2)** ***HK$'000***	**Significant unobservable inputs (Level 3)** ***HK$'000***	**Total** ***HK$'000***
Recurring fair value measurement for:				
Industrial properties	**—**	**—**	**2,031,266**	**2,031,266**
Residential properties	**—**	**—**	**—**	**—**
	—	**—**	**2,031,266**	**2,031,266**

	Fair value measurement at 31 December 2023 using			
	Quoted prices in active market (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Recurring fair value measurement for:				
Industrial properties	—	—	3,317,531	3,317,531
Residential properties	—	1,165	—	1,165
	—	1,165	3,317,531	3,318,696

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold buildings *(Continued)*

Fair value hierarchy *(Continued)*

Certain residential properties in the PRC were valued using the direct comparison approach at 31 December 2023 and were categorised as Level 2 fair value measurements. The other properties in the PRC were valued using the DRC approach and were categorised as Level 3 fair value measurements. The movements in Level 3 fair value measurements during the years are as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**3,317,531**	3,925,494
Transfer from construction-in-progress	**298,587**	—
Depreciation	**(182,576)**	(208,574)
(Loss) Gain on properties revaluation, net	**(303,970)**	86,393
Written off of property, plant and equipment	**(279,573)**	—
Derecognition of a subsidiary	**—**	(137,522)
Disposal of subsidiaries	**(707,915)**	(240,093)
Exchange realignment	**(110,818)**	(108,167)
At 31 December	**2,031,266**	3,317,531

Below is a summary of the valuation technique and the key inputs used in the valuation of the leasehold buildings that were categorised as Level 3 fair value measurements:

Valuation technique	**Significant unobservable inputs**	**Industrial properties**	**Residential properties**
At 31 December 2024			
DRC approach	Construction cost (RMB/square meter)	RMB2,270 — RMB3,400	N/A
At 31 December 2023			
DRC approach	Construction cost (RMB/square meter)	RMB540 — RMB4,300	RMB620 — RMB2,000

A significant positive adjustment to any of the above significant unobservable inputs would result in a significant increase in fair value of the leasehold buildings, and vice versa.

The Group has determined that the highest and best use of the buildings at the measurement date would be their existing use.

14. RIGHT-OF-USE ASSETS

	Note	Land HK$'000	Office premises HK$'000	Total HK$'000
Reconciliation of carrying amount — Year ended 31 December 2024				
At 1 January 2024		**395,890**	**583**	**396,473**
Addition		**—**	**518**	**518**
Depreciation		**(15,137)**	**(712)**	**(15,849)**
Written off		**(61,753)**	**—**	**(61,753)**
Disposal of subsidiaries	34	**(24,259)**	**—**	**(24,259)**
Exchange realignment		**(5,045)**	**—**	**(5,045)**
At 31 December 2024		**289,696**	**389**	**290,085**
Reconciliation of carrying amount — Year ended 31 December 2023				
At 1 January 2023		448,736	2,333	451,069
Addition		41,330	—	41,330
Depreciation		(20,401)	(1,750)	(22,151)
Derecognition of a subsidiary		(13,265)	—	(13,265)
Disposal of discontinued operations		(38,813)	—	(38,813)
Exchange realignment		(21,697)	—	(21,697)
At 31 December 2023		395,890	583	396,473
At 31 December 2024				
Cost		**380,686**	**518**	**381,204**
Accumulated depreciation and impairment loss		**(90,990)**	**(129)**	**(91,119)**
		289,696	**389**	**290,085**
At 31 December 2023				
Cost		655,968	5,249	661,217
Accumulated depreciation and impairment loss		(260,078)	(4,666)	(264,744)
		395,890	583	396,473

The leasehold land is granted with remaining lease terms ranging from 29 to 42 years (2023: 8 to 49 years) and is situated in the PRC.

The Group leases an office premise for its daily operations. The lease term is 3 years, with no option for both lessor and lessee to terminate or renew the lease after expiration of the lease term.

Restrictions or covenants:

For lease of office premise, the lease imposes a restriction that, unless approval is obtained from the lessor, the premise can only be used by the Group and the Group is prohibited from selling or pledging the underlying premise. In addition, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

15. INTANGIBLE ASSETS

	Golf club membership *HK$'000*
Reconciliation of carrying amount	
At 1 January 2023	**3,751**
Disposal of discontinued operations	**(1,704)**
At 31 December 2023 and 1 January 2024 and 31 December 2024	**2,047**
At 31 December 2024	
Cost	**2,047**
Accumulated impairment losses	**—**
	2,047
At 31 December 2023	
Cost	2,047
Accumulated impairment losses	—
	2,047

16. SUBSIDIARIES

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal place of business and place of incorporation/ registration	Kind of legal entity	Particulars of registered/ paid-up capital	Proportion of ownership interests held by the Group		Principal activities
				2024	2023	
Dihao Foodstuff#	The PRC	Limited liability company	Registered capital: RMB725,100,000/ Paid-up capital: RMB307,574,472	– Note 34	100	Manufacture and sale of corn sweeteners
Changchun Dacheng Industrial#	The PRC	Limited liability company	RMB193,000,000	– Note 34	100	Investment holding
Changchun Baocheng Bio-chem Development Co., Ltd.#	The PRC	Limited liability company	US$49,227,952	– Note 34	100	Manufacture and sale of corn based biochemical products
Changchun Dahe Bio Technology Development Co., Ltd.#	The PRC	Limited liability company	Registered capital: RMB168,450,000/ Paid-up capital: RMB140,409,000	100	100	Manufacture and sale of corn based biochemical products
Changchun Dacheng Bio-Tech Development Co., Ltd.#	The PRC	Limited liability company	RMB2,066,150,000	100	100	Manufacture and sale of corn oil and other refer products
Changchun Dacheng Industrial Group Huicheng International Trade Co., Ltd.#	The PRC	Limited liability company	RMB20,000,000	– Note 34	100	Sale of corn based biochemical products
Changchun Dacheng Industrial Group International Trade Co., Ltd.#	The PRC	Limited liability company	RMB180,000,000	100	100	Sale of corn based biochemical products

Wholly foreign-owned enterprise

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the financial performance of the Group for the Year or formed a substantial portion of the net liabilities/assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries issue debt securities.

17. INTERESTS IN AN ASSOCIATE

Interests in the associate represents 40% (2023: 40%) of the registered and paid-in capital of Changchun Dacheng Hexin Technology Development Co., Ltd. ("**Dacheng Hexin**"), a company incorporated in the PRC. It is principally engaged in the manufacture and sale of botanical straw based sweetener products in the PRC.

The Group has discontinued the recognition of its share of losses of Dacheng Hexin when applying the equity method because the share of losses of Dacheng Hexin exceeded the Group's interests in Dacheng Hexin and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of Dacheng Hexin for the Year and cumulatively were HK$1,105,000 (2023: HK$55,000) and HK$10,986,000 (2023: HK$9,881,000) respectively.

The following table illustrates the summarised financial information of Dacheng Hexin extracted from its unaudited management accounts:

	2024 *HK$'000*	2023 *HK$'000*
Gross amounts:		
Current assets	**7,425**	7,180
Non-current assets	**51,295**	53,876
Current liabilities	**(80,039)**	(80,498)
Net liabilities	**(21,319)**	(19,442)

	2024 *HK$'000*	2023 *HK$'000*
Gross amounts:		
Revenue	**–**	–
Loss and total comprehensive loss	**(2,762)**	(139)

18. INTERESTS IN A JOINT VENTURE

	2024 *HK$'000*	2023 *HK$'000*
Goodwill	**12,115**	12,115
Share of net liabilities	**(9,992)**	(9,992)
Unrealised portion of the gain on disposal of a parcel of land	**(2,123)**	(2,123)
	–	–

Interests in the joint venture represents 43.5% of the registered and paid-in capital of Changchun Wanxiang Corn Oil Co., Ltd. ("**Wanxiang**"), a company incorporated in the PRC. It is principally engaged in the manufacture and sale of corn oil products in the PRC. Although a majority of board members of Wanxiang shall be nominated by the Group, the decision of certain key matters shall be approved by both the Group and the other owner of Wanxiang. Therefore, Wanxiang is considered a joint venture of the Group.

18. INTERESTS IN A JOINT VENTURE *(Continued)*

The following table illustrates the summarised financial information of Wanxiang extracted from its unaudited management accounts:

	2024 **HK$'000**	2023 HK$'000
Gross amounts:		
Current assets	**3,054**	3,570
Non-current assets	**29,724**	34,333
Current liabilities	**(78,247)**	(85,590)
Net liabilities	**(45,469)**	(47,687)
Included in above:		
Cash and cash equivalents	**227**	279
Financial liabilities (excluding trade and other payables and provisions)	**(43,080)**	(49,413)
Reconciliation:		
Gross amount of equity	**(45,469)**	(47,687)
Group's ownership interests	**43.5%**	43.5%
Group's share of net liabilities (limited to investment cost)	**(9,992)**	(9,992)
Goodwill	**12,115**	12,115
Unrealised portion of the gain on disposal of a parcel of land	**(2,123)**	(2,123)
Carrying amount of interests	**–**	–
Gross amounts:		
Revenue	**–**	187
Loss and total comprehensive loss	**(6,107)**	(10,348)
Included in above:		
Depreciation and amortisation	**(376)**	(3,781)
Interest expense	**(3,840)**	(3,989)
Group's share of loss of a joint venture (a)	**–**	–

Remark:

(a) The Group has discontinued the recognition of its share of losses of Wanxiang when applying the equity method because the share of losses of Wanxiang exceeded the Group's interests in Wanxiang and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of Wanxiang for the Year and cumulatively were HK$2,657,000 (2023: HK$4,501,000) and HK$14,528,000 (2023: HK$11,871,000) respectively.

19. DESIGNATED FVOCI

	2024 HK$'000	2023 HK$'000
Unlisted equity securities, at fair value	–	208

The balance at 31 December 2023 represented the Group's equity interests in 長春大成商貿有限責任公司(Changchun Dacheng Trading Company Limited*), a company incorporated in the PRC with limited liabilities. The investment had been derecognised upon the Disposal Completion during the Year.

20. FINANCIAL ASSETS AT FVPL

	2024 HK$'000	2023 HK$'000
Listed equity investment, at fair value (a)	**31,238**	17,140

Remark:

(a) The listed equity investment represents ordinary shares of GSH listed on the Stock Exchange. At 31 December 2024, the fair value of the listed equity investment is based on the bid price quoted in the Stock Exchange at the end of the reporting period, which is a level 1 input in accordance with HKFRS 13.

21. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**169,849**	91,439
Finished goods	**35,658**	56,893
	205,507	148,332

22. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**392,479**	480,900
Loss allowance	**(233,022)**	(340,686)
	159,457	140,214

The Group normally allows credit terms of 30 to 90 days (2023: 30 to 90 days) to established customers. An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**151,989**	97,765
1 to 2 months	**213**	22,097
2 to 3 months	**95**	13,822
3 to 6 months	**39**	578
Over 6 months	**7,121**	5,952
	159,457	140,214

Information about the Group's exposure to credit risk and loss allowance for trade receivables is included in note 38 to the consolidated financial statements.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments	**22,869**	65,145
Deposits and other debtors	**63,957**	44,480
PRC value-added tax ("**VAT**") and other tax receivables	**54,005**	123,770
Receivables from disposal of assets (a)	**19,276**	129,801
	160,107	363,196

Remark:

(a) Included in the receivables from disposal of assets was the remaining consideration receivable in respect of the disposal of certain buildings, machineries and fixtures erected on a piece of land located in Luyuan District in Changchun during the year ended 31 December 2014, which amounted to approximately HK$109,890,000 at 31 December 2023, such amounts had been derecognised upon the Disposal Completion during the Year.

24. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**85,470**	88,246
Pledged bank deposits	**—**	111
	85,470	88,357
Less: pledged bank deposits for issuance of bills payables	**—**	(111)
	85,470	88,246

At the end of the reporting period, the cash and bank balances and pledged bank deposits of the Group denominated in Renminbi amounted to approximately HK$77,456,000 (2023: HK$75,945,000 denominated in Renminbi). Renminbi held by subsidiaries in the PRC is not freely convertible into other currencies. However, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables		
— To third parties	**526,071**	636,924
— To the Nongfa Group (a)	**648,548**	267,246
	1,174,619	904,170

Remark:

(a) The trade payables to the Nongfa Group are unsecured and interest-bearing at 6.5% to 7.8% per annum (2023: 6.5% to 7.8% per annum) after the lapse of the credit periods.

The Group normally obtains credit terms ranging from 30 to 90 days (2023: 30 to 90 days) from its suppliers.

25. TRADE PAYABLES *(Continued)*

An ageing analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods purchased, is as follows:

	2024 *HK$'000*	2023 *HK$'000*
Within 1 month	**355,421**	76,963
1 to 2 months	**78,366**	4,091
2 to 3 months	**800**	239
Over 3 months	**740,032**	822,877
	1,174,619	904,170

26. OTHER PAYABLES AND ACCRUALS

	2024 *HK$'000*	2023 *HK$'000*
Accruals for employee benefits	**387,446**	678,644
Payables for purchases of machinery	**52,071**	104,020
Receipts in advance (a)	**51,558**	156,061
Payables to the Nongfa Group (b)	**1,038,044**	1,049,508
VAT and other duties payables	**120,081**	135,289
Accruals and other creditors	**208,410**	466,082
Interest payables	**801,158**	982,079
	2,658,768	3,571,683

Remarks:

(a) The balance represents the contract liabilities from contracts with customers within HKFRS 15 at the end of the reporting period and the movements (excluding those arising from increases and decreases both occurred within the same year) of the contract liabilities during the years are as follows:

	2024 *HK$'000*	2023 *HK$'000*
At 1 January	**156,061**	119,132
Recognised as revenue	**(151,380)**	(102,520)
Receipt of advances or recognition of receivables	**51,558**	156,061
Exchange realignment	**(4,681)**	(16,612)
At 31 December	**51,558**	156,061

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that were unsatisfied (or partially unsatisfied) at 31 December 2024 and 2023 were parts of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

26. OTHER PAYABLES AND ACCRUALS *(Continued)*

Remarks: *(Continued)*

(b) The payables represent (i) advances from the subsidiaries of Nongfa which are unsecured, interest-bearing at 6.5% and 12.0% per annum (2023: 6.5% to 12.0% per annum) and are repayable on demand and (ii) guarantee charge payables to Nongfa which are unsecured, repayable on demand and interest bearing at 3.5% per annum (2023: 3.5% per annum).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate %	**Maturity**	***HK$'000***	Effective interest rate %	Maturity	*HK$'000*
Current						
Short term bank borrowings – unsecured	**5.0%-6.5%**	**On demand/ 2025**	**852,634**	5.0%-6.5%	On demand/ 2024	855,820
Other borrowings – secured (a)	**10.0%**	**On demand**	**746,266**	5.7%-10.0%	On demand	2,054,945
Other borrowings – unsecured (a)	**5.0%-7.8%**	**On demand**	**94,840**	5.0%-7.8%	On demand	677,088
			1,693,740			3,587,853
Non-current						
Bank borrowings – unsecured	**–**	**–**	**–**	6.0%	2025	10,582
			1,693,740			3,598,435

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Analysed into:	**2024** ***HK$'000***	2023 *HK$'000*
Bank borrowings repayable:		
Within one year or on demand	**852,634**	855,820
In the second year	**—**	10,582
	852,634	866,402
Other borrowings repayable:		
Within one year or on demand	**841,106**	2,732,033
	1,693,740	3,598,435
Secured	**746,266**	2,054,945
Unsecured	**947,474**	1,543,490
	1,693,740	3,598,435

Remark:

(a) As at 31 December 2024, the balance included the unsecured other borrowings and the secured other borrowings from the subsidiaries of Nongfa amounted to HK$94.8 million (2023: HK$677.1 million) and nil (2023: HK$1,159.3 million) respectively, interest-bearing at 5.0% to 7.8% (2023: 5.0% to 7.8%) and nil (2023: 10.0%) per annum and were repayable on demand.

	2024 ***HK$'000***	2023 *HK$'000*
Additional information		
Collaterals pledged for security:		
Property, plant and equipment	**1,004,576**	1,420,217
Receivables from disposal of assets	**—**	109,890
Right-of-use-assets	**61,376**	83,532
Corporate guarantee by:		
The Company	**40,426**	2,622,348
Certain subsidiaries	**125,845**	283,839
Nongfa	**842,389**	636,039
Denominated in Renminbi	**1,693,740**	3,598,435

Certain banking facilities are subject to the fulfillment of covenants relating to certain ratios based on the borrowing subsidiaries' statement of financial position, as are commonly found in lending arrangements with financial institutions. If the entities were to breach the covenants, the drawn down facilities would become repayable on demand. These borrowings were classified as current liabilities even though the Directors do not expect that the lenders would exercise their rights to demand immediate repayment.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Further details of the Group's management of liquidity risk are set out in note 38 to the consolidated financial statements.

28. LEASE LIABILITIES

	2024 *HK$'000*	2023 *HK$'000*
Current portion	**179**	345
Non-current portion	**234**	—
	413	345

29. CONVERTIBLE BONDS

The Convertible Bonds in an aggregate principal amount of HK$1,086,279,565 were issued to and subscribed by Modern Agricultural Industry Investment Limited ("**Modern Agricultural**"), a major shareholder of the Company in October 2015 with the maturity date on 15 October 2020. Modern Agricultural, which is indirectly wholly-owned by a controlling shareholder of the Company, Nongfa, which owns 60% of the investment capital of 吉林省現代農業產業投資基金(有限合夥) (Jilin Province Modern Agricultural Industry Investment Fund (LLP)*).

On 25 September 2020, the Company and Modern Agricultural entered into a supplemental agreement to extend the maturity date of the Convertible Bonds by 32 months from 15 October 2020 to 15 June 2023 (the "**First Extension**"), which was approved at an extraordinary general meeting held on 30 November 2020 (the "**First Modification Date**").

On 2 June 2023, the Company and Modern Agricultural entered into a second supplemental agreement for the proposed further extension of the maturity date of the Convertible Bonds from 15 June 2023 to 30 September 2025 (the "**Second Extension**"). The resolutions to approve the Second Extension were passed by way of poll at the extraordinary general meeting of the Company held on 3 August 2023 (the "**Second Modification Date**") and the Second Extension took effect from that date. Save for the Second Extension, all other terms and conditions of the Convertible Bonds remain unchanged.

As at 31 December 2024, the Convertible Bonds may be converted into 5,172,759,833 (2023: 5,172,759,833) conversion shares of the Company based on the conversion price of HK$0.21 per share upon full conversion.

29. CONVERTIBLE BONDS *(Continued)*

The Convertible Bonds carry coupon interest at the rate of 0.01% per annum. Modern Agricultural shall have 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 Convertible Bonds into the shares of the Company at any time after the Second Modification Date until the date seven days before (and excluding) 30 September 2025, provided that the public float of the shares of the Company shall not be less than 25% as required by the Listing Rules. The effective interest rate of the liability component is 23.1% per annum under the Second Extension.

The fair value of the Convertible Bonds at the date of Second Extension Date was valued by an independent valuer. The fair value of the liability component of the Convertible Bonds by discounting the contractual cash flows over the remaining contractual term of the Convertible Bond at the interest rates that were appropriate to the riskiness of the Convertible Bonds.

The carrying amounts of the Convertible Bonds at the end of the reporting period are calculated as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Equity component		
First Extension:		
Fair value of the Convertible Bonds at the First Modification Date	**N/A**	1,814,470
Fair value of the liability component at the First Modification Date	**N/A**	(842,414)
	N/A	972,056
Second Extension:		
Fair value of the Convertible Bonds at the Second Modification Date	**798,991**	798,991
Fair value of the liability component at the Second Modification Date	**(694,337)**	(694,337)
	104,654	104,654
Liability component		
First Extended Maturity:		
At 1 January	**N/A**	1,037,451
Imputed interest	**N/A**	62,904
	N/A	1,100,355
Second Extended Maturity:		
At 1 January	**801,250**	—
Fair value at the Second Modification Date	**—**	694,337
Imputed interest	**157,589**	106,913
	958,839	801,250

30. DEFERRED INCOME

	Note	2024 HK$'000	2023 HK$'000
At 1 January		**31,327**	100,806
Derecognition of a subsidiary		**—**	(59,499)
Disposal of subsidiaries	34	**(15,798)**	(352)
Amortisation		**(4,365)**	(5,054)
Exchange realignment		**(971)**	(4,574)
At 31 December		**10,193**	31,327

Deferred income represents the receipts of government grants for the purchasing/constructing property, plant and equipment, which is amortised to profit or loss on a straight-line basis over the estimated useful lives of the relevant assets.

31. DEFERRED TAX

The movements of the Group's net deferred tax liabilities are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**7,240**	29,788
Credited to profit or loss		
— Continuing operations	**(23,979)**	(42,082)
— Discontinued operations	**—**	(4,367)
Charged to other comprehensive income	**24,748**	15,797
Disposal of subsidiaries	**(7,072)**	—
Exchange realignment	**(937)**	8,104
At 31 December	**—**	7,240

31. DEFERRED TAX *(Continued)*

Recognised deferred tax assets and liabilities

	Assets		Liabilities	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
Depreciation allowances	**230,770**	260,751	**—**	9,165
Revaluation of properties	**—**	—	**192,644**	258,248
Deferred income arising from resumption of the Dihao Properties	**—**	—	**98,290**	105,574
Tax losses	**60,839**	131,292	**—**	—
Others	**11,281**	13,567	**11,956**	39,863
	302,890	405,610	**302,890**	412,850
Offsetting	**(302,890)**	(405,610)	**(302,890)**	(405,610)
Deferred tax liabilities, net	**—**	—	**—**	7,240

Unrecognised deferred tax assets arising from:

	2024 **HK$'000**	2023 HK$'000
Deductible temporary differences	**931,557**	2,763,838
Tax losses	**4,724,459**	4,541,478
	5,656,016	7,305,316

Deductible temporary differences of approximately HK$931.6 million (2023: HK$2,763.5 million) and tax losses arising in Hong Kong of approximately HK$405.8 million (2023: HK$405.8 million) have no expiry date under current tax legislations. Tax losses arising in the PRC of approximately HK$4,318.7 million (2023: HK$4,135.6 million) which are available for offsetting against future taxable profits of the companies in which the losses arose will expire in one to five years. The Directors consider that no deferred tax assets should be recognised as it is uncertain whether future taxable profits can be generated by these companies to utilise these tax losses and deductible temporary differences.

Deferred tax has not been recognised for withholding taxes and other taxes that would be payable on the unremitted earnings of certain subsidiaries totaling HK$15.0 million at 31 December 2024 (2023: HK$485.0 million). The Directors consider that it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

32. SHARE CAPITAL, CPS AND TREASURY SHARES

	2024 HK$'000	2023 HK$'000
Authorised:		
30,000,000,000 (2023: 30,000,000,000) ordinary shares of HK$0.1 each	**3,000,000**	3,000,000
30,000,000,000 (2023: 30,000,000,000) CPS of HK$0.1 each	**3,000,000**	3,000,000
Issued and fully paid:		
8,907,405,717 (2023: 8,907,405,717) ordinary shares of HK$0.1 each	**890,741**	890,741
CPS (a):		
17,267,750,569 (2023: Nil) CPS of HK$0.1 each	**1,726,775**	—
Treasury Shares (b):		
31,666,000 (2023: Nil) ordinary shares	**(2,583)**	—

32. SHARE CAPITAL, CPS AND TREASURY SHARES *(Continued)*

Remarks:

(a) CPS

On 30 November 2023, 吉林省元亨股權投資合夥企業（有限合夥）(Jilin Province Yuanheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Yuanheng**") and 吉林省利亨股權投資合夥企業（有限合夥）(Jilin Province Liheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Liheng**"), as the convertible preference shares subscribers (the "**CPS Subscribers**"), and the Company, as issuer, entered into a CPS subscription agreement (the "**CPS Subscription Agreement**") pursuant to which (i) Jilin Yuanheng conditionally agreed to subscribe for such number of non-voting CPS(s) of HK$0.10 each in the capital of the Company (the "**Yuanheng CPS**") that could be issued to Jilin Yuanheng by fully utilising the Jilin Yuanheng's subscription monies of RMB250,000,000; and (ii) Jilin Liheng conditionally agreed to subscribe for such number of non-voting CPS(s) of HK$0.10 each in the capital of the Company (the "**Liheng CPS**" together with the Yuanheng CPS, the "**Subscription CPS**") that could be issued to Jilin Liheng by fully utilising the Jilin Liheng's subscription monies of RMB1,330,000,000, at a subscription price of HK$0.10 per Yuanheng CPS and Liheng CPS.

Reference is made to the announcement of the Company dated 4 January 2024, following the passing of the resolutions as set out in the notice of extraordinary general meeting of the Company dated 14 December 2023 on 31 December 2023, all the conditions precedent set out in the CPS Subscription Agreement had been fulfilled and the completion of the subscription of CPS (the "**CPS Subscription**") took place on 4 January 2024. As such, 14,535,514,629 Liheng CPS and 2,732,235,940 Yuanheng CPS were respectively issued to Jilin Liheng and Jilin Yuanheng. The rate for conversion of the Subscription CPS into ordinary shares of the Company is on a one for one basis.

The aggregate nominal value of the Subscription CPS is approximately HK$1,726,775,056.9 based on the nominal value of HK$0.10 per CPS. The gross proceeds of the CPS Subscription amounted to approximately HK$1,726,775,056.97 (equivalent to RMB1,580,000,000). The net proceeds from the CPS Subscription, after the deduction of the professional and other related expenses, are approximately HK$1,716,775,057.

(b) Treasury Shares

On 25 October 2024, an ordinary resolution had been passed at the extraordinary general meeting ("**EGM**") of the Company, pursuant to which a general mandate has been given to the Board for the repurchase of shares of the Company not exceeding 890,740,571 shares of the Company, being 10% of the total number of issued shares of the Company at the EGM (the "**Share Repurchase Mandate**"). The Share Repurchase Mandate shall remain effective until the expiry of the prevailing Share Repurchase Mandate upon (i) conclusion of the next annual general meeting of the Company to be held in 2025; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors.

During the Year, 31,666,000 shares of the Company have been repurchased pursuant to the Share Repurchase Mandate, and are held as Treasury Shares as at 31 December 2024.

33. OTHER CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing bank and other borrowings *HK$'000*	Convertible Bonds *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
Year ended 31 December 2024				
At 1 January 2024	3,598,435	801,250	345	4,400,030
Changes from financing cash flows:				
Proceeds from new interest-bearing bank and other borrowings	13,883	–	–	13,883
Repayment of interest-bearing bank and other borrowings	(1,742,592)	–	–	(1,742,592)
Repayment of lease liabilities	–	–	(472)	(472)
Interest paid	(71,073)	–	–	(71,073)
Total changes from financing cash flows	(1,799,782)	–	(472)	(1,800,254)
Exchange realignment	(55,231)	–	–	(55,231)
Other changes:				
Addition of new lease	–	–	518	518
Interest expenses	71,073	157,589	22	228,684
Disposal of subsidiaries	(120,755)	–	–	(120,755)
At 31 December 2024	1,693,740	958,839	413	2,652,992

33. OTHER CASH FLOW INFORMATION *(Continued)*

Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing bank and other borrowings *HK$'000*	Convertible Bonds *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
Year ended 31 December 2023				
At 1 January 2023	7,113,550	1,037,451	2,247	8,153,248
Changes from financing cash flows:				
Proceeds from new interest-bearing bank and other borrowings	480,964	—	—	480,964
Repayment of interest-bearing bank and other borrowings	(313,236)	—	—	(313,236)
Repayment of lease liabilities	—	—	(1,916)	(1,916)
Interest paid	(53,193)	—	—	(53,193)
Total changes from financing cash flows	114,535	—	(1,916)	112,619
Exchange realignment	(201,694)	—	—	(201,694)
Other changes:				
Interest expenses	53,193	169,817	14	223,024
Derecognition of a subsidiary	(53,763)	—	—	(53,763)
Disposal of discontinued operations	(440,910)	—	—	(440,910)
Gain on debt restructuring	(2,986,476)	—	—	(2,986,476)
Modification of Convertible Bonds	—	(406,018)	—	(406,018)
At 31 December 2023	3,598,435	801,250	345	4,400,030

34. DISPOSAL OF SUBSIDIARIES

On 30 December 2024, the Group disposed of the Changchun Dacheng Industrial Sale Shares to an independent third party at a consideration of RMB1.0 (equivalent to HK$1.0 (rounded to a dollar)). The Disposal Group, which comprised Changchun Dacheng Industrial and its subsidiaries, included the following companies:

— Changchun Dacheng Industrial
— 長春寶成生化發展有限公司 (Changchun Baocheng Bio-chem Development Co, Ltd.*)
— 長春金寶特生物化工有限公司 (Changchun GBT Bio-Chemical Co, Ltd.*)
— 長春大成特用玉米變性澱粉開發有限公司 (Changchun Dacheng Special Corn & Modified Starch Development Co, Ltd.*)
— 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*) ("**Dihao Crystal Sugar**")
— Dihao Foodstuff
— 長春大成實業集團惠成進出口有限公司 (Changchun Dacheng Industrial Group Huicheng International Trade Co., Ltd*)
— 大成生化科技(松原)有限公司 (Dacheng Bio-chem Technology (Songyuan) Co, Ltd.*)

The details of the net liabilities disposal of are as below:

	HK$'000
Property, plant and equipment	760,501
Right-of-use assets	24,259
Inventories	2,538
Designated FVOCI	208
Trade receivables	4,853
Prepayments, deposits and other receivables	228,974
Amount due from joint venture/associate	2,676
Cash and bank balances	535
Trade payables	(95,848)
Other payables and accruals	(823,621)
Amount due to fellow subsidiaries	(1,444,613)
Deferred income	(15,798)
Deferred tax liabilities	(7,072)
Interest-bearing bank and other borrowings	(120,755)
Tax payables	(103,187)
Total identifiable net liabilities disposed of	(1,586,350)

	HK$'000
Details of the disposal:	
Cash consideration received (equivalent to HK$1.0)	—
Carrying amount of net liabilities disposal of	(1,586,350)
Reclassification adjustment in respect of exchange reserve upon disposal of subsidiaries	(375,762)
Gain on disposal of subsidiaries	(1,962,112)

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	HK$'000
Cash consideration received (equivalent to HK$1.0)	—
Cash and cash equivalents derecognised	(535)
Net outflow of cash and cash equivalents in respect of disposal of subsidiaries	(535)

35. CAPITAL COMMITMENTS

	2024 *HK$'000*	2023 *HK$'000*
Contracted, but not provided for:		
Purchase/Construction of property, plant and equipment	**513,638**	530,571

36. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the Year and at the end of the reporting period, the Group had the following transactions/balances with related parties:

(i) Transactions with related parties

Related party relationship	**Nature of transactions**	**2024** *HK$'000*	2023 *HK$'000*
Key management personnel	Short-term employee benefits	**3,886**	3,031
	Post-employment benefits	**361**	200
		4,247	3,231
The Nongfa Group	Purchase of corn kernels	**401,854**	427,995
	Interest on payables	**62,063**	64,206
	Interest on other borrowings	**8,380**	8,206
Nongfa	Guarantees charge	**19,021**	30,287
	Debt restructuring service fee	**21,522**	21,758

36. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Balances with related parties

	2024 HK$'000	2023 HK$'000
Due from a joint venture (a)	–	2,157
Due to an associate (a)	–	(746)
Trade payables to the Nongfa Group (b)	**(648,548)**	(267,246)
Other payables to the Nongfa Group (c)	**(1,038,044)**	(1,049,508)
Other borrowings from the Nongfa Group (d)	**(94,840)**	(1,836,428)

Remarks:

(a) The balances are unsecured, non-interest bearing and have no fixed repayment terms.

(b) The trade payables to the Nongfa Group are unsecured and interest-bearing at 6.5% to 7.8% per annum (2023: 6.5% to 7.8% per annum) after the lapse of the credit periods.

(c) The payables represent (i) advances from the subsidiaries of Nongfa which are unsecured, interest-bearing at 6.5% to 12.0% per annum (2023: 6.5% to 12.0% per annum) and are repayable on demand and (ii) guarantee charge payables to Nongfa which are unsecured, repayable on demand and interest bearing at 3.5% per annum (2023: 3.5% per annum).

(d) As at 31 December 2024, the balance included the other unsecured borrowings and the other secured borrowings from the subsidiaries of Nongfa amounted to HK$94.8 million (2023: HK$677.1 million) and nil (2023: HK$1,159.3 million) respectively, interest-bearing at 5.0% to 7.8% (2023: 5.0% to 7.8%) and nil (2023: 10.0%) per annum and were repayable on demand.

(iii) Compensation of key management personnel

The compensation of key management personnel of the Group who are Directors is set out in note 8 to the consolidated financial statements.

37. DUE FROM THE GSH GROUP AND FORMER SUBSIDIARIES

The balances are unsecured, interest-free and repayable on demand.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amounts of each category of financial instruments of the Group at the end of the reporting period are as follows:

	2024 HK$'000	2023 HK$'000
Financial assets at amortised cost		
Trade receivables	**159,457**	140,214
Financial assets included in prepayments, deposits and other receivables	**83,233**	174,281
Due from the GSH Group	**44,608**	—
Due from former subsidiaries	**1,444,613**	—
Due from a joint venture	**—**	2,157
Pledged bank deposits	**—**	111
Cash and bank balances	**85,470**	88,246
	1,817,381	405,009
Designated FVOCI	**—**	208
Financial assets at FVPL		
Listed equity investment, at fair value	**31,238**	17,140
Financial guarantee asset	**—**	227,273
	31,238	244,413
	1,848,619	649,630
Financial liabilities at amortised cost		
Trade payables	**1,174,619**	904,170
Financial liabilities included in other payables and accruals	**2,099,683**	2,601,692
Due to an associate	**—**	746
Interest-bearing bank and other borrowings	**1,693,740**	3,598,435
Convertible Bonds	**958,839**	801,250
Lease liabilities	**413**	345
	5,927,294	7,906,638
Financial assets at FVPL		
Financial guarantee liability	**—**	227,273
	5,927,294	8,133,911

The Directors consider that the carrying amounts of the financial assets and financial liabilities in the consolidated financial statements approximate to their fair values.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing bank and other borrowings with floating interest rates.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flow position of the Group and the debt market, and the Group would refinance its borrowings with a lower cost of debt when considered appropriate.

At the end of the reporting period, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before tax would have decreased/increased by HK$15,989,000 (2023: HK$34,983,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for all financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2023.

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, pledged bank deposits, trade receivables, amounts due from the GSH Group, amounts due from former subsidiaries and financial assets included in prepayments, deposits and other receivables.

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Cash and bank balances and pledged bank deposits

Substantially all of the Group's pledged bank deposits and cash and bank balances were deposited in creditworthy global financial institutions and state-controlled financial institutions in Hong Kong, Europe and the PRC, which management considers they are without significant credit risk.

Trade receivables

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group normally allows credit terms of 30 to 90 days (2023: 30 to 90 days) to established customers. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management of the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances and the trade receivables are non-interest-bearing.

At the end of the reporting period, the Group had a concentration of credit risk as 10.9% (2023: 9.3%) and 20.8% (2023: 17.4%) of the Group's total trade receivables which were due from the Group's largest customer and the five largest customers respectively.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Trade receivables *(Continued)*

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. If the ECL rates on the trade receivables past due had been 2% higher (lower) at the end of the reporting period, with other assumptions held constant, the loss allowance would have been HK$466,000 (2023: HK$369,000) higher (lower). There was no change in the estimation techniques or significant assumptions for the Year.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below.

	Expected loss rate *%*	**Gross carrying amount** *HK$'000*	**Loss allowance** *HK$'000*	**Credit-impaired**
At 31 December 2024				
Not past due	**0.0%**	**140,379**	**–**	**No**
1 – 30 days past due	**0.0%**	**11,610**	**–**	**No**
31 – 270 days past due	**0.0%**	**7,468**	**–**	**No**
271 – 365 days past due	**100.0%**	**92,808**	**(92,808)**	**Yes**
Over 365 days past due	**100.0%**	**140,214**	**(140,214)**	**Yes**
		392,479	**(233,022)**	
At 31 December 2023				
Not past due	0.4% – 0.6%	122,622	(739)	No
1 – 30 days past due	0.6%	13,609	(87)	No
31 – 270 days past due	1.1% – 1.4%	4,861	(52)	No
271 – 365 days past due	100.0%	135,923	(135,923)	Yes
Over 365 days past due	100.0%	203,885	(203,885)	Yes
		480,900	(340,686)	

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Trade receivables *(Continued)*

At 31 December 2024, the Group recognised loss allowance of HK$233,022,000 (2023: HK$340,686,000) on the trade receivables. The movements in the loss allowance for trade receivables during the years are summarised below.

	2024 HK$'000	2023 HK$'000
At 1 January	**340,686**	417,577
Increase in allowance	**—**	341
Reversal of allowance	**(21,419)**	(549)
Derecognition of a subsidiary	**—**	(11,554)
Disposal of discontinued operations	**—**	(70,086)
Disposal of subsidiaries	**(92,310)**	—
Exchange realignment	**6,065**	4,957
At 31 December	**233,022**	340,686

The individually impaired trade receivables are long outstanding and/or relate to customers that were in financial difficulties so they are considered unrecoverable.

Other receivables

The Group performs impairment assessment on other receivables from various parties based on 12-month or lifetime ECL based on the assessed credit risk. The credit risk of the Group's other receivables arises from default of the counterparties, with maximum exposure equal to the carrying amounts of these receivables. Individual credit limits are set based on the assessments of the credit quality.

In estimating the ECL, the Group has taken into account the historical actual credit loss experience and the financial position of the counterparties, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made for the Year.

Upon the Disposal Completion, the entire Remaining Luyuan Properties are owned by Changchun Hongxiang and no longer held by the Group, however a significant portion at approximately 53.1% (in term of square meter) of the relevant land of the Remaining Luyuan Properties has been seizure by/pledged to the Group, as such, the Group has requested Changchun Hongxiang, as purchaser, to repay the amount due from former subsidiaries in exchange for the Group's release of the seizure order. The government of the Jilin Province has confirmed the execution of the resumption of the Remaining Luyuan Properties, even though the timeline of the resumption is yet to be announced. For Changchun Hongxiang to remove the encumbrances on the Remaining Luyuan Properties for resumption or auction sale, the Directors believe that Changchun Hongxiang will have to settle the amount due from former subsidiaries.

The Director expected that the amount due from former subsidiaries could be recovered after considered that the compensation to be received by Changchun Hongxiang in respect of the resumption of the Remaining Luyuan Properties.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Other receivables *(Continued)*

	2024 **HK$'000**	2023 HK$'000
Due from the GSH Group	**44,608**	—
Due from former subsidiaries	**1,444,613**	—
Deposits and other receivables	**95,239**	244,726
Loss allowance	**(12,006)**	(70,445)
	1,572,454	174,281

As at 31 December 2024, the Group recognised loss allowance of HK$12,006,000 (2023: HK$70,445,000) on the other receivables based on lifetime ECL.

The movements in the loss allowance for the balances are summarised below.

	2024 **HK$'000**	2023 HK$'000
At 1 January	**70,445**	115,408
Increase in allowance	**—**	4,111
Reversal of allowance	**(21,606)**	—
Derecognition of a subsidiary	**—**	(22,221)
Disposal of discontinued operations	**—**	(25,508)
Disposal of subsidiaries	**(36,489)**	—
Exchange realignment	**(344)**	(1,345)
At 31 December	**12,006**	70,445

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's policy is to maintain sufficient cash and cash equivalents or available funding through an adequate amount of committed annual borrowing facilities from banks to meet its commitments over the following years in accordance with its strategic plan.

The maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand *HK$'000*	Less than 3 months *HK$'000*	More than 3 months but less than 12 months *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	Total *HK$'000*
At 31 December 2024						
Trade payables	**1,174,619**	**–**	**–**	**–**	**–**	**1,174,619**
Financial liabilities included in other payables and accruals	**2,099,683**	**–**	**–**	**–**	**–**	**2,099,683**
Interest-bearing bank and other borrowings	**1,693,740**	**–**	**–**	**–**	**–**	**1,693,740**
Convertible Bonds	**–**	**–**	**1,086,280**	**–**	**–**	**1,086,280**
Lease liabilities	**–**	**50**	**149**	**198**	**50**	**447**
	4,968,042	**50**	**1,086,429**	**198**	**50**	**6,054,769**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	On demand *HK$'000*	Less than 3 months *HK$'000*	More than 3 months but less than 12 months *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	Total *HK$'000*
At 31 December 2023						
Trade payables	904,170	–	–	–	–	904,170
Financial liabilities included in other payables and accruals	2,601,692	–	–	–	–	2,601,692
Due to an associate	746	–	–	–	–	746
Interest-bearing bank and other borrowings	2,907,857	9,867	706,561	10,868	–	3,635,153
Convertible Bonds	–	–	–	1,086,280	–	1,086,280
Lease liabilities	–	348	–	–	–	348
	6,414,465	10,215	706,561	1,097,148	–	8,228,389

The above analysis is based on the scheduled repayment dates as set out in the loan agreements ignoring the effect of any repayment on demand clause.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders of the Company, return capital to shareholders of the Company or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

39. LITIGATIONS

Delayed payments to suppliers

In previous years, the Group delayed settlement of payables to suppliers due to shortage of working capital. As a result, several subsidiaries in the PRC have been involved in litigations initiated by various suppliers related to overdue payables. Up to the date of approval of these consolidated financial statements, majority of the litigations have been concluded by the court and/or settled, while some of the litigations are still pending judgement. Since the Group has already recorded these payables in the consolidated financial statements, the Directors are of the view that the litigations will not have any significant financial impact to the Group.

40. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investments in subsidiaries	**—**	—
Current assets		
Other receivables	**604**	604
Financial guarantee asset	**—**	227,273
Cash and cash equivalents	**3,589**	337
	4,193	228,214
Current liabilities		
Other payables and accruals	**5,976**	10,904
Financial guarantee liability	**741,982**	969,255
Convertible Bonds	**958,839**	—
	1,706,797	980,159
Net current liabilities	**(1,702,604)**	(751,945)
Total assets less current liabilities	**(1,702,604)**	(751,945)
Non-current liabilities		
Convertible Bonds	**—**	801,250
	—	801,250
NET LIABILITIES	**(1,702,604)**	(1,553,195)
Equity		
Share capital	**890,741**	890,741
Convertible preference shares	**1,726,775**	—
Treasury Shares	**(2,583)**	—
Reserves (a)	**(4,317,537)**	(2,443,936)
TOTAL DEFICIT	**(1,702,604)**	(1,553,195)

The statement of financial position was approved and authorised for issue by the Board on 28 March 2025 and signed on its behalf by

Wang Cheng
Director

Wang Guicheng
Director

40. THE COMPANY'S STATEMENT OF FINANCIAL POSITION *(Continued)*

(a) Reserves

	Share premium	Convertible Bond reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	3,137,033	972,056	(7,022,956)	(2,913,867)
Profit and total comprehensive income for the year	–	–	365,277	365,277
Transfer upon expiry of Convertible Bonds	–	(972,056)	972,056	–
Modification of Convertible Bonds	–	104,654	–	104,654
At 31 December 2023 and 1 January 2024	**3,137,033**	**104,654**	**(5,685,623)**	**(2,443,936)**
Loss and total comprehensive loss for the year	**–**	**–**	**(1,873,601)**	**(1,873,601)**
At 31 December 2024	**3,137,033**	**104,654**	**(7,559,224)**	**(4,317,537)**

The share premium of the Company represents the difference between the cost of investments in subsidiaries pursuant to a reorganisation in a prior year and the nominal value of the Company's shares issued therefor.

In accordance with the Companies Act (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

41. FINANCIAL GUARANTEES

The guarantees (the "**Jinzhou Yuancheng Guarantees**") were provided by the Company and Dihao Foodstuff in respect of the debts (the "**Jinzhou Yuancheng Loans**") owed by 錦州元成生化科技有限公司(Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), a subsidiary of GSH, as requested by the lenders/banks. Following the Disposal Completion as mentioned in note 34, Dihao Foodstuff ceased to be a subsidiary of the Group.

Financial guarantee asset

In the light of the restructuring of the GSH Group and the Group as disclosed in the annual report for the year ended 31 December 2023, it will be logical and advisable to procure release of the obligations and liabilities of the Company and Dihao Foodstuff under the Jinzhou Yuancheng Guarantees as each of the Company and Dihao Foodstuff will no longer be the ultimate holding company and fellow subsidiary of Jinzhou Yuancheng following the completion of the disposal of GSH (the "**GSH Disposal**") and the transfer of Dihao Foodstuff and Dihao Crystal Sugar from the GSH Group to the Group (the "**Dihao Transfer**"). It will make commercial sense for GSH to provide counter-guarantee and indemnity to the Company and Dihao Foodstuff (the "**GSH Counter-guarantee**") such that, subsequent to completion of GSH Disposal and Dihao Transfer, the Company and Dihao Foodstuff will be covered for the obligations and liabilities it may incur under the Jinzhou Yuancheng Guarantees in connection with the debts owed by Jinzhou Yuancheng, a then non-group entity of the Company. This will also serve to bring the financial assistance provision arrangements in line with the new structure of the GSH Group, where GSH will become the de facto entity providing guarantee in respect of the Jinzhou Yuancheng Loans owed by Jinzhou Yuancheng, its indirect wholly-owned subsidiary.

The management has assessed, the fair value of the GSH Counter-guarantee as at 31 December 2024 as nil (2023:HK$227,273,000) and recorded as financial guarantee asset.

Financial guarantee liability

The management has assessed the fair value of the Jinzhou Yuancheng Guarantees as at 31 December 2024 as nil (2023: HK$227,273,000) and recorded as financial guarantee liability.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 March 2025.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted (and as restated and reclassified) from the published audited financial statements, is set out below.

	Year ended 31 December				
	2024@ HK$'000	2023@ HK$'000	2022^ HK$'000 (Re-presented)	2021^ HK$'000	2020^ HK$'000
RESULTS					
REVENUE	**2,001,095**	1,373,938	12,711	746,551	848,867
Cost of sales	**(1,810,123)**	(1,330,301)	(5,381)	(698,200)	(774,767)
Gross profit	**190,972**	43,637	7,330	48,351	74,100
Other income and gains	**176,901**	26,173	16,796	1,406,507	389,748
Selling and distribution costs	**(107,758)**	(66,083)	(9,197)	(63,450)	(85,876)
Administrative expenses	**(246,534)**	(304,070)	(258,308)	(372,761)	(362,313)
Other expenses	**(906,672)**	(256,325)	(496,389)	(635,527)	(971,237)
Disposal of subsidiaries	**1,962,112**	–	–	–	–
Gain on derecognition of a subsidiary	**–**	421,870	–	–	–
Gain on debt restructuring	**–**	4,284,830	–	–	–
Gain (Loss) on modification of Convertible Bonds	**–**	301,364	–	–	(728,190)
Share of loss of a joint venture	**–**	–	–	(2,004)	(2,332)
Finance costs	**(323,402)**	(750,351)	(685,178)	(790,585)	(724,826)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**745,619**	3,701,045	(1,424,946)	(409,469)	(2,410,926)
Income tax credit (expenses)	**23,979**	42,082	46,788	(25,920)	(22,340)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**769,598**	3,743,127	(1,378,158)	(435,389)	(2,433,266)
DISCONTINUED OPERATIONS					
Profit (loss) for the year from discontinued operations	**–**	481,466	(141,407)	–	–
Profit (loss) for the year	**769,598**	4,224,593	(1,519,565)	(435,389)	(2,433,266)
Profit (loss) attributable to:					
Owners of the Company	**769,598**	4,224,593	(1,443,068)	(400,801)	(2,429,949)
Non-controlling interests	**–**	–	(76,497)	(34,588)	(3,317)
	769,598	4,224,593	(1,519,565)	(435,389)	(2,433,266)
TOTAL ASSETS	**4,542,182**	5,209,096	5,849,887	6,482,715	7,601,594
TOTAL LIABILITIES	**(6,496,572)**	(9,246,002)	(13,636,943)	(13,183,540)	(13,618,669)
NON-CONTROLLING INTERESTS	**–**	–	248,063	183,121	155,930
	(1,954,390)	(4,036,906)	(7,538,993)	(6,517,704)	(5,861,145)

@ Unmodified audit opinion with a paragraph in relation to material uncertainty related to going concern was issued in respect of the Group's consolidated financial statements for the years ended 31 December 2024 and 2023. Please refer to the independent auditor's report on page 62 to page 66 of this report and the Company's 2023 annual reports for details.

^ Disclaimer of audit opinion was issued in respect of the Group's consolidated financial statements for the years ended 31 December 2022, 2021 and 2020. Please refer to the Company's 2022, 2021 and 2020 annual reports for details.