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GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

(I) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE BONDS; AND (II) APPLICATION FOR THE GRANT OF THE WHITEWASH WAIVER

(I) EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

On 25 September 2020 (after trading hours), the Company and the Bondholder entered into the Supplemental Agreement to extend the Maturity Date by 32 months from 15 October 2020 to the Extended CB Maturity Date (i.e. 15 June 2023) subject to fulfilment of the Conditions Precedent.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. In accordance with Rule 28.05 of the Listing Rules, application will be made by the Company to the Stock Exchange for (1) the approval to the Extension; and (2) the granting of the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Agreement.

The Extension also constitutes a grant of securities convertible into shares and is subject to approval by the Shareholders pursuant to Rule 13.36(1)(a) of the Listing Rules. As the Bondholder holds approximately 35.2% of the issued share capital of the Company as at the date of this announcement and is a connected person of the Company, the Extension also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

(II) APPLICATION FOR THE GRANT OF THE WHITEWASH WAIVER

Upon full conversion of the Convertible Bonds, assuming that there is no other changes in the issued share capital of the Company, the Bondholder's shareholding in the Company will be increased from approximately 35.2% of the existing issued share capital of the Company to approximately 59.0% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. This will render the Bondholder (together with parties acting in concert with it) to be obliged to make an unconditional mandatory general offer for all the Shares not already owned or will be acquired by the Bondholder (together with its concert parties) under Rule 26.1 of the Takeovers Code unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

The Bondholder will make an application to the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver, the grant of which will be subject to, among others, the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll.

(III) GENERAL

The Whitewash Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver and as to voting. The Connected Transaction Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Supplemental Agreement, the transaction contemplated thereunder and as to voting. None of the members of the Whitewash Independent Board Committee nor the Connected Transaction Independent Board Committee has any interest or involvement in the transaction contemplated under the Supplemental Agreement or the Whitewash Waiver. The Independent Financial Adviser has been appointed with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transaction contemplated thereunder as well as the Whitewash Waiver and as to voting.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Extension and the Whitewash Waiver. The Bondholder, its associates and concert parties and those parties who are involved or interested in the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver shall abstain from voting on the resolutions in relation to the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver to be proposed at the EGM. Other than the Bondholder, no other Shareholders are required to abstain from voting at the EGM in respect of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver.

A circular containing, inter alia, (i) details of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver; (iii) recommendation from the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee; and (iv) a notice of the EGM is expected to be despatched to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

The Extension is conditional upon, including but not limited to approval of the Extension by the Independent Shareholders at the EGM, and the granting of the Whitewash Waiver by the Executive. As such, the Extension may or may not proceed.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

(I) EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

Background

Reference is made to the announcements of the Company dated 30 August 2015 and 15 October 2015 and the circular of the Company dated 21 September 2015 in relation to, among others, the subscription of the Convertible Bonds by the Bondholder. Reference is also made to the announcements of the Company dated 27 September 2019 and 29 April 2020 in relation to, among others, the adjustment of the Conversion Price of the Convertible Bonds.

All of the Convertible Bonds remained outstanding as at the date of this announcement and will mature on 15 October 2020 pursuant to the existing terms and conditions of the Convertible Bonds.

The Supplemental Agreement

On 25 September 2020 (after trading hours), the Company and the Bondholder entered into the Supplemental Agreement to extend the Maturity Date by 32 months from 15 October 2020 to the Extended CB Maturity Date (i.e. 15 June 2023) subject to fulfilment of the Conditions Precedent.

As at the date of this announcement, the Bondholder is interested in approximately 35.2% of the entire issued share capital of the Company. Accordingly, the Bondholder is a connected person of the Company under Chapter 14A of the Listing Rules.

Conditions Precedent

The Supplemental Agreement will only become effective upon all the following conditions having been fulfilled:

- (i) the Stock Exchange having approved the Extension as contemplated by the Supplemental Agreement;
- (ii) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Agreement;
- (iii) the Executive having granted the Whitewash Waiver; and
- (iv) the Company having obtained the approval by at least 50% of the votes cast by the Independent Shareholders for the Supplemental Agreement and the transaction contemplated thereunder and the approval by at least 75% of the votes cast by the Independent Shareholders for the Whitewash Waiver at the EGM by way of poll.

None of the above Conditions Precedent can be waived. If any of the Conditions Precedent shall not have been fulfilled by the Long Stop Date, the Supplemental Agreement shall lapse and the parties thereto shall release each other from all obligations thereunder save for claim (if any) in respect of any antecedent breach thereof.

The Extension shall take effect from the date of fulfillment of the Conditions Precedent. The Bondholder agrees and undertakes with the Company not to exercise any of the Conversion Rights, nor to effect any transfer, assignment or other disposal of all or any of the Convertible Bonds at any time from the date of the Supplemental Agreement up to and including the effective date of the Extension.

As the original Maturity Date shall fall on 15 October 2020 whereby the Company shall be obliged to fully redeem the Convertible Bonds, in the event that any of the Conditions Precedent are not fulfilled on or before 15 October 2020 and the Supplemental Agreement cannot become effective by 15 October 2020, the Conversion Rights attached to the Convertible Bonds may no longer be exercised by the Bondholder and the Convertible Bonds should be fully redeemed by the Company by 15 October 2020 pursuant to the existing terms and conditions of the Convertible Bonds, failure of which will constitute an event of default. Nonetheless, the Bondholder has agreed under the Supplemental Agreement to waive all its rights and claims against the Company for the Company's failure to repay the outstanding principal amount of the Convertible Bonds on or before the Maturity Date and confirms that such failure to repay by the Company does not constitute a breach by the Company of the Convertible Bonds nor an event of default under the Convertible Bonds subject to the condition that the Company shall make payment of all outstanding interest to the Bondholder as mutually agreed by 15 October 2020 and all outstanding principal amount and interest of the Convertible Bonds shall be fully repaid by 15 January 2021. Such waiver will survive the lapse of the Supplemental Agreement if any of the Conditions Precedent are not fulfilled by the Long Stop Date.

Listing Approval

No application has been or will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Agreement.

Principal Terms of the Convertible Bonds Immediately after the Extension

All the terms of the Convertible Bonds shall remain unchanged and in full force save and except as revised by the Extension. The principal terms of the Convertible Bonds as disclosed in the announcement of the Company dated 30 August 2015 and the circular of the Company dated 21 September 2015 are reproduced below (with only amendments made in relation to the Extension and the Conversion Price having been adjusted in accordance with the conditions of the Convertible Bonds):

Interest rate	:	The Convertible Bonds shall carry coupon interest at the rate of 0.01% per annum payable quarterly in arrears.
Maturity and redemption	:	Without prejudice to the paragraph headed "Events of default" below, the Company may, subject to prior agreement with the holder(s) of the Convertible Bonds, redeem at any time prior to the Extended CB Maturity Date all or part of the outstanding principal amount (unless previously converted, redeemed or cancelled) of the Convertible Bonds (together with accrued and unpaid interest, if any, in respect of the Convertible Bonds to be redeemed up to and including the redemption date) on a specified redemption date, by giving the holder(s) of the Convertible Bonds no less than 30 days' notice of the date fixed for such redemption and the principal amount and interest amount to be redeemed.

The outstanding principal amount of the Convertible Bonds (unless previously converted into the Shares or repaid in accordance with the conditions of the Convertible Bonds) and all outstanding interest payable in relation to the Convertible Bonds, shall be repaid by the Company to the holder(s) of the Convertible Bonds subject to and in accordance with the terms of the Convertible Bonds on the Extended CB Maturity Date at 100% of the outstanding principal amount of the Convertible Bonds. The Convertible Bonds may not be repaid or redeemed otherwise than in accordance with the conditions of the Convertible Bonds.

Conversion period : The holder(s) of the Convertible Bonds 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 their Convertible Bonds into the Shares at any time after the effective date of the Extension, being the date of fulfillment of all Conditions Precedent until the date seven days before (and excluding) the Extended CB Maturity Date, provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares at the relevant time in compliance with the Listing Rules.

Conversion price : The price at which the Conversion Shares will be issued upon exercise of the Conversion Right will be HK\$0.21 per Share.

The Conversion Price is subject to adjustment in accordance with the terms and conditions of the Convertible Bonds, including, amongst other things, upon the occurrence of an alteration to the nominal value of the Shares as a result of consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of the Shares or options over the Shares or issue of the Shares at less than 90% of the then current market price, which means, in respect of a Share at a particular date the average of the closing prices published in the Stock Exchange's daily quotations sheet for one Share (assuming a transaction in a board lot) for the five consecutive dealing days ending on and including the dealing day last preceding such date; provided that if at any time during the said five dealing days the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued will not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; and

- (ii) if the Shares to be issued will rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the relevant five dealing days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

Voting rights : The holder(s) of the Convertible Bonds will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being the holder(s) of the Convertible Bonds.

Events of default : Pursuant to the Subscription Agreement, if any of the events specified below occurs, the Company shall within 10 days of such event occurring give notice to the holder(s) of the Convertible Bonds. Within 10 days after the Company despatches the notice, any holder(s) of the Convertible Bonds holding, or one or more holder(s) of the Convertible Bonds together holding, at least 76% of the then outstanding principal amount of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable, whereupon they shall become immediately due and payable in the amounts which would otherwise be due on the Extended CB Maturity Date:

- (a) a default is made for more than seven days in any payment of any principal or interest relating to the Convertible Bonds when and as the same ought to be paid in accordance with the conditions of the Convertible Bonds;
- (b) a default is made by the Company in the performance or observance of any covenant, condition or provision of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal of the Convertible Bonds) and such default continues for the period of 30 days next following the service by a holder of the Convertible Bonds, or holders of the Convertible Bonds together, holding at least 51% of the then outstanding principal amounts of Convertible Bonds on the Company of notice requiring such default to be remedied;

- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a holder of the Convertible Bonds, or holders of the Convertible Bonds together, holding at least 51% of the then outstanding principal amounts of Convertible Bonds;
- (d) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any of its subsidiaries;
- (e) a distress, execution or seizure order before judgement is levied or enforced upon or sued out against the whole or a material part of the property of the Company or any of its subsidiaries (as the case may be) and is not discharged within 40 days thereof;
- (f) the Company or any of its subsidiaries is unable to pay its debts (save and except for such debts as set out in the disclosure letter to the Subscription Agreement) as and when they fall due or the Company or any of its subsidiaries shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors;
- (g) early termination of any of the documents in relation to the arrangement between the Group and some of its principal banks in relation to the restructuring of certain bank borrowings of the Group (for details, please refer to the Company's circular dated 21 September 2015) or any breach or default by the Company and/or any of its subsidiaries (as the case may be) in the performance or observance of any undertaking, covenant, condition or provision of such documents;
- (h) proceedings shall have been initiated against the Company or any of its subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 60 days;
- (i) any event occurs which has an analogous effect to any of the events referred to in paragraphs (a) to (h) above;

- (j) the listing of the Shares of the Company is withdrawn from the Stock Exchange; or
- (k) trading of the Shares of the Company are suspended for a consecutive period of more than 90 Business Days.

Transfer	:	Subject to the Bondholder's agreement and undertaking with the Company not to effect any transfer, assignment or other disposal of all or any of the Convertible Bonds from the date of the Supplemental Agreement up to and including the effective date of the Extension, the Convertible Bonds are freely assignable and transferrable by the holder(s) of the Convertible Bonds subject to the applicable laws and regulations and the Listing Rules, provided that the Convertible Bonds may not be transferred by the holder(s) of the Convertible Bonds, without the prior written consent of the Company, to any connected person of the Company. Any transfer of any Convertible Bond shall be in respect of the whole of the outstanding principal amount or multiples of units of principal amount of HK\$1,000,000 of that Convertible Bond.
Form and denomination	:	The Convertible Bonds will be issued in registered form in the denomination of HK\$1,000,000 and integral multiples thereof.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no change in the share capital and shareholding structure of the Company from the date of this announcement other than the allotment and issue of the Conversion Shares issuable under the Convertible Bonds, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds is as follows:

Name of the Shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds (at the Conversion Price)	
	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)
<i>Connected persons</i>				
— Bondholder and concert parties (Notes 1 and 2)	3,135,509,196	35.2	8,308,269,029	59.0
— HK Bloom (Note 2)	2,508,407,357	28.2	2,508,407,357	17.8
<i>Public Shareholders</i>	3,263,489,164	36.6	3,263,489,164	23.2
Total:	8,907,405,717	100.0	14,080,165,550	100.0

- Notes: (1) The entire issued share capital of the Bondholder is held by Modern Agricultural Industry Investment Holdings Limited (“**Modern Agricultural Holdings**”) which is in turn wholly-owned by 吉林省現代農業產業投資基金 (Jilin Province Modern Agricultural Industry Investment Fund*) (“**PRC LLP**”). The sole general partner of PRC LLP is 吉林省現代農業產業基金有限公司 (Jilin Province Modern Agricultural Industry Fund Limited*) (“**GP**”). As at the date of this announcement, the investment capital of PRC LLP is owned as to 60% by 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.*) (“**Nongtou**”) (Nongtou is controlled by 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 SASAC**”)), as to 26.7% by 銀華資本管理(珠海橫琴)有限公司 (Yinhua Capital Management (Zhuhai Hengqin) Co., Ltd.*) (“**Yinhua Capital**”) and as to 13.3% by 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.*) (“**Changchun Investment Fund**”). Accordingly, each of the Bondholder, Modern Agricultural Holdings, PRC LLP, GP, Nongtou and Jilin SASAC is deemed to be interested in the Shares held by the Bondholder in the Company under the SFO.
- (2) HK Bloom is beneficially owned as to 50% by Mr. Li Zhenghao and 50% by Ms. Sun Zhen. HK Bloom has obtained ruling from the Executive in November 2019 that the presumed concert party relationship between HK Bloom and the Bondholder pursuant to class (1) of the definition of “acting in concert” under the Takeovers Code is rebutted.

FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The following table sets out the fundraising activities of the Company during the past 12 months immediately preceding the date of this announcement and the detailed breakdown and description of the use of the net proceeds:

Date of announcement	Fundraising activity	Intended use of proceeds	Updated timeline of use	Amount actually used for the	
				Net proceeds raised (HK\$) (approx.)	intended purpose (HK\$) (approx.)
27 September 2019	Subscription of new Shares	Repayment of trade and other payables of the Group's PRC subsidiaries	April 2020 – September 2020	56,000,000	56,000,000
		Procurement of corn and other operational expenses	April 2020 – September 2020	76,000,000	76,000,000

The total net proceeds from the above subscription of new Shares have been fully utilised in accordance with the intended use and expected timeline of use.

Save as disclosed above, the Company has not conducted any other equity fundraising activities during the past 12 months immediately preceding the date of this announcement.

REASONS AND BENEFITS FOR THE EXTENSION

As at the date of this announcement, the Bondholder is interested in 3,135,509,196 Shares, representing approximately 35.2% of the existing issued share capital of the Company. In the event of full conversion of the Convertible Bonds held by the Bondholder in the aggregate principal amount of HK\$1,086,279,565 at the Conversion Price of HK\$0.21 per Conversion Share, 5,172,759,833 Conversion Shares will be issuable to the Bondholder and the Bondholder will become interested in an aggregate of 8,308,269,029 Shares, representing approximately 59.0% of the enlarged issued share capital of the Company.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) is of the view that the Extension is necessary for the following reasons:

- (1) full conversion of the Convertible Bonds on 15 October 2020 in the absence of the Extension will result in less than 25% of the Company's issued share capital being held by the public as that required by Rule 8.08 of the Listing Rules; and

- (2) The Bondholder has indicated to the Company that, although they intend to increase its voting rights in the Company through the exercise of the Conversion Rights, they are not willing to convert all or part of the Convertible Bonds on or before the Maturity Date given the out-of-money situation where the adjusted Conversion Price of HK\$0.21 per Conversion Share, which represents (a) a premium of approximately 76.5% to the closing price of HK\$0.119 per Share on the date of this announcement; and (b) a premium of approximately 83.6% of the average closing price of HK\$0.1144 per Share of the last five consecutive trading days prior to and excluding the date of this announcement. Yet, the Group also lacks the financial resources to fully redeem the Convertible Bonds given its financial conditions. For the six months ended 30 June 2020, the Group has recorded unaudited net liabilities of approximately HK\$5,070.9 million. Full redemption of the Convertible Bonds will have negative adverse impact on the cashflow and financial stability of the Group. To avoid the Group defaults in its repayment of the Convertible Bonds on the Maturity Day, the Group has requested for the Extension so as to allow the Group to have reasonable time to improve its business performance and financial position, and the Bondholder has agreed to such request.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) considers that, although the Extension is not in the ordinary course of business of the Group, and yet given the nature of and the reasons for the transaction, the terms and conditions of the Supplemental Agreement are fair and reasonable and on normal commercial terms, and the Extension is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products in the PRC.

INFORMATION ON THE BONDHOLDER

The Bondholder is an investment holding company incorporated in the British Virgin Islands. It is the controlling shareholder of the Company holding approximately 35.2% of the entire issued share capital of the Company as at the date of this announcement. Please refer to note (1) of the section headed “Effect on the shareholding structure of the Company” on page 10 of this announcement for details of the shareholding structure of the Bondholder. Jilin SASAC is a government agency, Yinhua Capital is principally engaged in asset management and Changchun Investment Fund is a Changchun municipal government owned investment company.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. In accordance with Rule 28.05 of the Listing Rules, application will be made by the Company to the Stock Exchange for

(1) the approval to the Extension; and (2) the granting of the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Agreement.

The Extension also constitutes a grant of securities convertible into shares and is subject to approval by the Shareholders pursuant to Rule 13.36(1)(a) of the Listing Rules. As the Bondholder holds approximately 35.2% of the issued share capital of the Company as at the date of this announcement and is a connected person of the Company, the Extension also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

(II) APPLICATION FOR THE GRANT OF THE WHITEWASH WAIVER

The number of Conversion Shares to be issued upon full conversion of the Convertible Bonds after the Extension remains unchanged. As illustrated in the table under the paragraph headed “Effect on the shareholding structure of the Company” in this announcement, full conversion of the Convertible Bonds at the Conversion Price by the Bondholder would result in the shareholding in the Company of the Bondholder and parties acting in concert with it being increased from approximately 35.2% to approximately 59.0%. This will render the Bondholder together with parties acting in concert with it to be obliged to make an unconditional mandatory general offer for all the Shares not already owned or will be acquired by the Bondholder (together with its concert parties) under Rule 26.1 of the Takeovers Code unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

Yet, as at the date of this announcement, the Bondholder does not intend to exercise its Conversion Rights to such an extent that it would be interested in 50% or more of the voting rights in the Company, as the obtaining of statutory control in the Company will trigger the mandatory general offer obligation by the Bondholder in respect of the shares of GSH under Note 8 to Rule 26.1 of the Takeovers Code. Assuming there is no other change in the share capital and shareholding structure of the Company from the date of this announcement other than the allotment and issue of the Conversion Shares issuable under the Convertible Bonds, the maximum number of the Conversion Shares which may be converted by the Bondholder at the adjusted Conversion Price of HK\$0.21 upon exercising the Conversion Rights without triggering the mandatory general offer obligation in respect of the shares of GSH under Note 8 to Rule 26.1 of the Takeovers Code is approximately 2,633,333,333.

An application will be made by the Bondholder to the Executive for the grant of the Whitewash Waiver to waive the obligations of the Bondholder to make a mandatory general offer for all the issued securities of the Company not already owned or agreed to be acquired by the Bondholder and parties acting in concert with it which would otherwise arise as a result of the issue of the Conversion Shares to the Bondholder upon the exercise of the Conversion Rights of the Convertible Bonds as soon as possible. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll.

The Bondholder, its associates and concert parties and those parties who are involved or interested in the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver shall abstain from voting on the resolutions to be proposed at the EGM to approve, among others, the same.

The Bondholder and the parties acting in concert with it have confirmed to the Company that they have not acquired any voting rights in the Company in the six month period prior to the date of this announcement.

As at the date of this announcement:

- (1) no Conversion Share has been allotted and issued under the Convertible Bonds;
- (2) the Conversion Price (which is subject to adjustments) is HK\$0.21 per Conversion Share after the adjustment to the Conversion Price from HK\$0.23 to HK\$0.22 which took effect upon the completion of the share subscription by HK Bloom on 20 August 2019 and the adjustment to the Conversion Price from HK\$0.22 to HK\$0.21 which took effect upon the completion of the share subscription by HK Bloom on 29 April 2020;
- (3) the Bondholder (together with its concert parties) owns or has control or direction over approximately 35.2% of the voting rights of the Company;
- (4) the Convertible Bonds are convertible to a maximum of 5,172,759,833 Conversion Shares on the basis of an aggregate principal amount of HK\$1,086,279,565 to be converted at the Conversion Price of HK\$0.21 per Conversion Share (subject to adjustments) and assuming that there being no change to the share capital and shareholding structure of the Company save for the allotment and issue of the Conversion Shares under the Convertible Bonds, the 5,172,759,833 Conversion Shares issuable upon full conversion of the Convertible Bonds represent:
 - (i) approximately 58.1% of the existing issued share capital of the Company as at the date of this announcement; and
 - (ii) approximately 36.7% of the issued share capital of the Company as enlarged by the issue of the 5,172,759,833 Conversion Shares;
- (5) other than the Convertible Bonds, there is no outstanding derivative in respect of securities in the Company entered into by the Bondholder or any person acting in concert with it;
- (6) save as disclosed under the paragraph headed “Effect on the shareholding structure of the Company” in this announcement, neither the Bondholder nor any person acting in concert with it holds any other shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

- (7) there was no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to shares of the Bondholder or of the Company which may be material to the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver;
- (8) there was no agreements or arrangements to which the Bondholder is a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Supplemental Agreement and the Whitewash Waiver, other than those set out in the paragraph headed “Conditions Precedent” in this announcement;
- (9) the Bondholder or any party acting in concert with it has not received any irrevocable commitment or arrangements to vote in favour of or against the resolutions in respect of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver;
- (10) neither the Bondholder nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (11) there is no consideration, compensation or benefit in whatever form paid or to be paid by the Bondholder or parties acting in concert with it to the Company or any party acting in concert with it in connection with the transaction contemplated under the Supplemental Agreement;
- (12) there is no understanding, arrangement, agreement or special deal between the Bondholder or parties acting in concert with it on the one hand, and the Company and parties acting in concert with it on the other hand; and
- (13) there is no understanding, arrangement, agreement or special deal between (i) any Shareholder; and (ii)(a) the Bondholder and parties acting in concert with it; or (b) the Company, its subsidiaries or associated companies.

(III) GENERAL

The Whitewash Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver and as to voting. The Connected Transaction Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Supplemental Agreement, the transaction contemplated thereunder and as to voting. None of the members of the Whitewash Independent Board Committee nor the Connected Transaction Independent Board Committee has any interest or involvement in the transaction contemplated under the Supplemental Agreement or the Whitewash Waiver. The Independent Financial Adviser has been appointed with the approval of the Connected Transaction Independent Board Committee and the

Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transaction contemplated thereunder as well as the Whitewash Waiver and as to voting.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Extension and the Whitewash Waiver. The Bondholder, its associates and concert parties and those parties who are involved or interested in the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver shall abstain from voting on the resolutions in relation to the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver to be proposed at the EGM. Other than the Bondholder, no other Shareholders are required to abstain from voting at the EGM in respect of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver.

Mr. Yuan Weisen and Mr. Zhang Zihua, both executive Directors, who are nominees of the Bondholder on the Board, and Mr. Gao Dongsheng, a non-executive Director, who is a director of one of the limited partners of the PRC LLP, namely, 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.*), have abstained from voting in respect of the relevant Board resolutions relating to the Extension and the Whitewash Waiver.

A circular containing, inter alia, (i) details of the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver; (iii) recommendation from the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee; and (iv) a notice of the EGM is expected to be despatched to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

As at the date of this announcement, the Company does not believe that the Extension and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Extension and the Whitewash Waiver do not comply with other applicable rules and regulations.

The Extension is conditional upon, including but not limited to approval of the Extension by the Independent Shareholders at the EGM, and the granting of the Whitewash Waiver by the Executive. As such, the Extension may or may not proceed.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder”	Modern Agricultural Industry Investment Limited, a company incorporated in the British Virgin Islands which is the controlling shareholder of the Company holding approximately 35.2% of the issued share capital of the Company as at the date of this announcement
“Business Day”	any day (other than Saturdays) on which licensed banks in Hong Kong are open for business
“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)
“Conditions Precedent”	the conditions precedent set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Connected Transaction Independent Board Committee”	an independent committee of the Board which comprises all the independent non-executive Directors established to advise the Independent Shareholders on the fairness and reasonableness of terms of the Supplemental Agreement, and to advise the Independent Shareholders how to vote at the EGM
“Conversion Price”	the adjusted conversion price of HK\$0.21 per Conversion Share, which is subject to further adjustment pursuant to the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the principal amount of the Convertible Bonds or part thereof into Conversion Shares

“Conversion Share(s)”	the new Shares which may be issued upon exercise by the holder(s) of the Convertible Bonds of the Conversion Rights under the Convertible Bonds
“Convertible Bonds”	the convertible notes in the principal amount of HK\$1,086,279,565 issued by the Company pursuant to the terms of the Subscription Agreement
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Extension and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any delegate of the Executive Director)
“Extended CB Maturity Date”	15 June 2023
“Extension”	the proposed extension of the Maturity Date from 15 October 2020 to the Extended CB Maturity Date (i.e. 15 June 2023)
“Group”	the Company and its subsidiaries
“GSH”	Global Sweeteners Holdings 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: 03889) and a non-wholly-owned subsidiary of the Company
“HK Bloom”	HK Bloom Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Financial Adviser”	Octal Capital Limited, the independent financial adviser appointed with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transaction contemplated thereunder as well as the Whitewash Waiver and as to voting

“Independent Shareholders”	the Shareholders other than the Bondholders, its associates and concert parties and those parties who are involved or interested in the Supplemental Agreement, the transaction contemplated thereunder and the Whitewash Waiver and those who are required to abstain from voting at the EGM to consider the approval of the Extension and the Whitewash Waiver under the Listing Rules and the Takeovers Code
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 October 2020 or such later date as the parties to the Supplemental Agreement may agree in writing
“Maturity Date”	the date falling on the fifth anniversary of the issue of the Convertible Bonds, i.e., 15 October 2020
“PRC”	People’s Republic of China
“SFO”	Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement dated 30 August 2015 entered into between the Company and the Bondholder in relation to, among others, the subscription of the Convertible Bonds
“Supplemental Agreement”	the supplemental agreement dated 25 September 2020 entered into between the Company and the Bondholder in relation to the Extension
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

“Whitewash Independent Board Committee”	an independent committee of the Board which comprises all the independent non-executive Directors who have no direct or indirect interest in the Supplemental Agreement or the Whitewash Waiver established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the fairness and reasonableness of terms of the Supplemental Agreement and the Whitewash Waiver, and to advise the Independent Shareholders how to vote at the EGM
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Bondholder and parties acting in concert with it to make a mandatory general offer for all the securities of the Company not already owned or acquired by the Bondholder and parties acting in concert with it under Rule 26 of the Takeovers Code which would otherwise arise as a result of the Bondholder obtaining the Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Agreement
“%”	per cent.

By order of the Board
Global Bio-chem Technology Group Company Limited
Yuan Weisen
Chairman

Hong Kong, 25 September 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Yuan Weisen, Mr. Zhang Zihua and Mr. Liu Shuhang; one non-executive Director, namely, Mr. Gao Dongsheng; and three independent non-executive Directors, namely, Ms. Dong Hongxia, Mr. Ng Kwok Pong and Mr. Yeung Kit Lam.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only