



The cover features a central graphic composed of several overlapping circular and semi-circular segments in shades of blue, yellow, and green. At the center is a realistic image of a yellow corn cob with green husks. Surrounding it are various icons: a sun in a blue sky segment, a molecular structure, a water droplet, a truck, a DNA helix, a chemical structure, and a cornfield. The overall design is modern and scientific, representing the company's focus on bio-chemical technology and agriculture.

2025

ANNUAL REPORT

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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
“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.*), a former wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Boiler Refurbishment Project”	the refurbishment project in respect of the boiler facilities at the production site of Changchun Dahe
“BVI”	British Virgin Islands
“Century Dacheng”	長春世紀大成商貿有限公司 (Changchun Century Dacheng Trading Company Limited*), an indirect wholly-owned subsidiary of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules applicable for the Year
“Chairman”	the chairman of the Board
“Changbaishan Liheng”	Changbaishan Liheng Investment Company Limited, a direct wholly-owned subsidiary of Jilin Liheng and one of the holders of CPS
“Changbaishan Yuanheng”	Changbaishan Yuanheng Investment Company Limited, a direct wholly-owned subsidiary of Jilin Yuanheng and one of the holders of CPS
“Changchun Dacheng Industrial”	長春大成實業集團有限公司 (Changchun Dacheng Industrial Group Company Limited*), a former wholly-owned subsidiary of the Company
“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
“Changchun GBT”	長春金寶特生物化工有限公司 (Changchun GBT Bio-Chemical Co, Ltd.*), a former wholly-owned subsidiary of the Company
“Changchun Guoxin”	長春市國新建築材料有限公司 (Changchun Guoxin Construction Materials Co., Ltd.*), the general partner of PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII, being one of the Relevant Suppliers
“Changchun Hongxiang”	長春宏祥新能源開發有限公司 (Changchun Hongxiang New Energy Development Co., Ltd.*), the purchaser of the Sale Shares under the Sale and Purchase Agreement and the general partner of PRC LLP IX, being one of the Relevant Suppliers
“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.*)
“Changchun MFB”	長春市財政局 (Changchun Municipal Finance Bureau*)

Definitions

“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
“Consideration Shares”	collectively, the Consideration Shares I and the Consideration Shares II
“Consideration Shares I”	the 1,387,643,964 Shares allotted and issued in accordance with the terms of SPA I
“Consideration Shares II”	the 1,364,962,013 Shares allotted and issued in accordance with the terms of SPA II
“Contractors”	Northeast Electric and Liaoning Electric, being the successful joint bidders which entered into the EPC Contract with Changchun Dahe as contractors
“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 immediately before its conversion
“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
“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
“Dacheng Industrial Group (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
“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.*), a former wholly-owned subsidiary of the Company



Definitions

“Debt-to-Equity-Swap Agreements”	five debt-to-equity-swap agreements entered into by (i) each of the Suppliers PRC LLPs, as the initial creditors and subscribers; (ii) Century Dacheng, as the debtor and the issuer; and (iii) GBT HK, the immediate shareholder of Century Dacheng, on 9 June 2025 in relation to the conversion of the Suppliers PRC LLPs’ interest in the Suppliers Debt to equity interest in Century Dacheng
“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 include (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.*), a former wholly-owned subsidiary of the Company
“Dihao Foodstuff”	長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.*), a former wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
“Disposal Completion”	the completion of the Disposal, which took place on 30 December 2024
“Disposal Group”	a group of 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
“EGM”	the extraordinary general meeting of the Company
“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
“EPC Contract”	the engineering, procurement and construction contract in relation to the Boiler Refurbishment Project, entered into by Changchun Dahe (as contractee), Northeast Electric and Liaoning Electric (each as a contractor) on 31 July 2025
“Executive Committee”	the executive committee of the Company
“GBT HK”	Global Bio-chem Technology (HK) Limited, an indirect wholly-owned subsidiary of the Company

Definitions

“GBT Repurchased Loans”	the outstanding consideration of RMB815,000,000 for the purchase of the repurchased loans from Changchun Rudder, being certain loans owed by Dacheng Bio-Tech and Changchun Dahe, including the portion of certain loans owed by Dihao Foodstuff of approximately RMB113,510,000
“GCG”	Global Corn Group Limited (formerly known as 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
“GCG Group”	GCG and its subsidiaries from time to time
“Group”	the Company 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*), a former wholly-owned subsidiary of the Company
“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.*)
“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
“Liaoning Electric”	中國能源建設集團遼寧電力勘測設計院有限公司 (China Energy Engineering Group Liaoning Electric Power Survey and Design Institute Co., Ltd.), being one of the Contractors

Definitions

“Liheng CPS”	the CPS issued to Changbaishan Liheng pursuant to the CPS Subscription by fully utilising the subscription monies of RMB1,330,000,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 applicable for the Year
“Modern Agricultural”	Modern Agricultural Industry Investment Limited, the controlling Shareholder holding approximately 49.36% of the issued share capital of the Company (including Treasury Shares)
“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 Holdings”	Modern Agricultural Industry Investment Holdings Limited
“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.*), 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
“Northeast Electric”	中國能源建設集團東北電力第二工程有限公司 (China Energy Engineering Group Northeast No. 2 Electric Power Construction Co., Ltd.), being one of the Contractors
“PRC” or “China”	the People’s Republic of China
“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 LLP I”	吉林省盛利壹號企業管理諮詢中心(有限合夥) (Jilin Province Shengli I Corporation Management Advisory Centre (LLP)*), a limited partnership established in the PRC with a registered capital of RMB61,595,279.29, representing approximately 13.36% of the Suppliers Debt
“PRC LLP III”	吉林省盛利叁號企業管理諮詢中心(有限合夥) (Jilin Province Shengli III Corporation Management Advisory Centre (LLP)*), a limited partnership established in the PRC with a registered capital of RMB92,330,485.85, representing approximately 20.02% of the Suppliers Debt
“PRC LLP V”	吉林省盛利伍號企業管理諮詢中心(有限合夥) (Jilin Province Shengli V Corporation Management Advisory Centre (LLP)*), a limited partnership established in the PRC with a registered capital of RMB44,643,501.81, representing approximately 9.68% of the Suppliers Debt

Definitions

“PRC LLP VII”	吉林省盛利柒號企業管理諮詢中心(有限合夥) (Jilin Province Shengli VII Corporation Management Advisory Centre (LLP)*), a limited partnership established in the PRC with a registered capital of RMB111,954,894.00, representing approximately 24.28% of the Suppliers Debt
“PRC LLP IX”	吉林省盛利玖號企業管理諮詢中心(有限合夥) (Jilin Province Shengli IX Corporation Management Advisory Centre (LLP)*), a limited partnership established in the PRC with a registered capital of RMB150,593,232.04, representing approximately 32.66% of the Suppliers Debt
“Re-acquisition”	the re-acquisition of an aggregate of 28.98% equity interest in Century Dacheng through the acquisition of the entire issue capital of Shengli I International and Shengli IX International pursuant to the SPAs
“Relevant Suppliers”	certain suppliers of the Group being the creditors of the Suppliers Debt, the interest under which was later converted into equity interest in Century Dacheng pursuant to the Debt-to-Equity-Swap Agreements
“Remaining Luyuan Properties”	the remaining land and buildings situated in Luyuan District, Changchun, the PRC, owned by the Disposal Group
“Remaining Rudder Loans”	the outstanding consideration of RMB701.5 million, together with outstanding interest, owed by Dacheng Bio-Tech and Changchun Dahe to Changchun Rudder
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a sale and purchase agreement entered into by Dacheng Industrial Group (HK) and Changchun Hongxiang on 30 December 2024, pursuant to which Dacheng Industrial Group (HK) agreed to sell, and Changchun Hongxiang agreed to purchase, the Sale Shares at the consideration of RMB1.0
“Sale Shares”	100.0% of the registered capital of Changchun Dacheng Industrial
“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
“ShengLi I Capital”	ShengLi I Capital Holdings Limited, a special purpose vehicle in the form of a limited company established in Hong Kong by PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII pursuant to terms of SPA I, which was the then sole shareholder of ShengLi I International prior to the Suppliers Debt Restructuring Arrangement
“ShengLi I International”	ShengLi I International Limited, a special purpose vehicle in the form of a limited company established in BVI by ShengLi I Capital pursuant to the terms of SPA I, which was the then immediate shareholder of Century Dacheng and owned 19.52% equity interest of Century Dacheng prior to the Suppliers Debt Restructuring Arrangement



Definitions

“ShengLi IX Capital”	ShengLi IX Capital Holdings Limited, a special purpose vehicle in the form of a limited company established in Hong Kong by PRC LLP IX pursuant to the terms of SPA II, which was the then sole shareholder of ShengLi IX International prior to the Suppliers Debt Restructuring Arrangement
“ShengLi IX International”	ShengLi IX International Limited, a special purpose vehicle in the form of a limited company established in BVI by ShengLi IX Capital pursuant to the terms of SPA II, which was the then immediate shareholder of Century Dacheng and owned 9.46% equity interest of Century Dacheng prior to the Suppliers Debt Restructuring Arrangement
“Songyuan Bio-chem”	大成生化科技(松原)有限公司 (Dacheng Bio-chem Technology (Songyuan) Co, Ltd.*), a former wholly-owned subsidiary of the Company
“SPA I”	the share purchase agreement dated 8 July 2025 and entered into between the Company, as purchaser, and PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII, each as a vendor, in relation to the sale and purchase of the entire issued share capital of ShengLi I International
“SPA II”	the share purchase agreement dated 8 July 2025 and entered into between the Company, as purchaser, and PRC LLP IX, as vendor, in relation to the sale and purchase of the entire issued share capital of ShengLi IX International
“SPAs”	collectively, SPA I and SPA II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription CPS”	the Yuanheng CPS and the Liheng CPS
“Supplemental Agreement”	the supplemental agreement in relation to the 2023 Master Supply Agreement dated 24 December 2025 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) to amend the terms under the 2023 Master Supply Agreement
“Suppliers Debt”	the payables owed by the Group to the Relevant Suppliers as at 31 March 2025 in the aggregate amount of approximately RMB461.1 million
“Suppliers Debt Restructuring Arrangement”	a series of arrangements performed by the Group to restructure and settle the Suppliers Debt through the allotment and issue of a total 2,752,605,977 Consideration Shares
“Suppliers PRC LLPs”	collectively, PRC LLP I, PRC LLP III, PRC LLP V, PRC LLP VII, and PRC LLP IX
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“Year”	the year ended 31 December 2025
“Yuanheng CPS”	the CPS issued to Changbaishan Yuanheng pursuant to the CPS Subscription by fully utilising the subscription monies of RMB250,000,000

Definitions

“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
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
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16 Harcourt Road
Hong Kong

WEBSITE

www.globalbiochem.com

STOCK CODE

00809

Message to Shareholders

Dear Shareholders,

The anti-dumping investigations conducted and relevant tariffs imposed by the European Union (the “EU”) and the United States (the “US”) on Chinese lysine products during the Year had further deepened transnational trade barriers and restrained export channels for domestic enterprises. Domestic lysine suppliers generally scaled down their export volumes, resulting in intensified competition in the local lysine market and causing lysine product prices to decline significantly in the second half of the Year.

Leveraging the established market position of the Group’s lysine business and the various production and sales strategies adopted during the Year, including timely adjustments of production facilities and processes, as well as the launch of amino acid products with varying concentrations to flexibly respond to customers’ diversified demands, the production facilities of Changchun Dahe reached optimal capacity utilisation, demonstrating strong operational resilience and competitive advantages, and driving overall sales volume to a year-on-year growth of approximately 36.6% to 522,000 MT. The Group also implemented stringent cost-control measures from raw material procurement to finished-product distribution, intensified its energy-saving and consumption-reduction efforts, and duly increased corn inventories based on precise projection of corn price trend, thereby further stabilising production costs for the Year. Nevertheless, intense market competition further exerted downward pressure on lysine product prices, affecting the Group’s profit margin. The Group’s gross profit margin declined from 9.5% in the corresponding prior year to 8.6% for the Year, with a mild year-on-year increase in gross profit.

During the Year, the Group continued to actively advance various debt-reduction measures to strengthen its financial position and mitigate the impact of long-outstanding debts on its business development. Through the sustained efforts of the management team, the Group completed the Suppliers Debt Restructuring Arrangement and reached the settlement arrangements of the Remaining Rudder Loans with Changchun Rudder in the second half of the Year, thereby recognising one-off gains of approximately HK\$231.4 million and approximately HK\$511.2 million in respect of the above arrangements, respectively. These gains enabled the Group to record a net profit of approximately HK\$156.3 million for the Year amidst the challenging operating environment. With substantial reduction in net liabilities, the Group further narrowed the gap towards the restoration of a net asset position, creating opportunities for future business financing.

OUTLOOK

The costs of corn, as a raw material, are expected to remain at a relatively high level in 2026, and the EU and US anti-dumping measures are likely to persist, exerting pressure on the Group’s operating environment. In response, the Group will continue to adjust lysine product output flexibly in line with raw material price trends and market dynamics, to effectively control operating expenses and strike a balance between profitability and market share. The Boiler Refurbishment Project is expected to be completed in the second half of 2026, upon which the Group will be able to further reduce production costs through boiler upgrades, thus enhancing its market competitiveness.

At the same time, the Group is conducting phased testing for the resumption of production at the Xinglongshan site. Through initial small-scale trial runs at the pilot platform, the Xinglongshan site is positioned to serve as a incubation base for new product. The Group expects to introduce business alliances or capital investors in the future to secure sufficient funding for the resumption of full production at the Xinglongshan site by stages, while enhancing its research and development facilities and massive fundamental facilities. These initiatives will provide a solid foundation for the Group to compete with industry leaders or cooperate with international capital going forward.

Our management team deeply appreciates the support from the Shareholders and all business partners for the Group’s business. As Chairman, together with my fellow Board members, will diligently perform our responsibilities and uphold our commitment to keep the Group on the path of healthy, steady and sustainable development, thereby to create long-term value for the Shareholders and all stakeholders.

Chairman
Wang Cheng

27 March 2026



Management Discussion and Analysis

The Group is principally engaged in the manufacture and sale of corn refined products and amino acids. 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

In 2025, the world economy forged ahead amid turbulence. Hit by multiple pressures including intensifying tariff frictions, escalating geopolitical tensions and rising volatility in financial markets, the economic recovery process remained fraught with considerable uncertainties. China's economy demonstrated strong resilience amid a complex and challenging external environment, with the consumer market continuing to recover, high-quality development making steady progress, and the fundamentals underpinning long-term growth becoming further strengthened.

According to the estimation published by the United States Department of Agriculture in February 2026, global corn production for the year 2025/26 is expected to reach 1,259.91 million MT (2024/25: 1,230.58 million MT). The total global corn production remains at a relatively high historical level, with the output of major corn-producing countries generally stable. During the Year, international corn prices staged a modest rebound from the lows seen in 2024, oscillating within the range of 400 to 500 cents per bushel throughout the Year and closed at 440.4 cents per bushel by the end of 2025 (equivalent to RMB1,186 per MT) (end of 2024: 451.5 cents per bushel (equivalent to RMB1,298 per MT)).

In the domestic market, because of the increase in total planted area of corn in China by 0.5%, reaching 44.9 million hectares for the Year, China's corn output recorded an increase in 2025 to 301.2 million MT (2024: 294.9 million MT), representing a year-on-year increase of 2.1% according to the 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 the demand of downstream products. As such, corn price in the PRC reached approximately RMB2,447 per MT by June 2025 and dropped to RMB2,312 per MT at the end of 2025 (2024: RMB2,082 per MT).

In 2025, the lysine market exhibited structural differentiation. The tightening global trade environment, marked by barriers such as the EU anti-dumping investigations, has led to export obstacles. Domestically, the dual pressures of elevated raw material corn prices and industry capacity expansion squeezed profit margins. The average price for lysine of the Group for the Year dropped by 17.3% to RMB4,606 per MT year-on-year, with the decline of lysine price being more pronounced during the second half of the Year. Coupled with high corn price in the PRC, Changchun Dahe had adjusted the amino acid production volume to achieve an optimal production operation rate and minimise the loss during the last quarter of 2025.

In addition, with the advancement of modern bio-manufacturing technologies, market demand for high value-added amino acid products continues to grow. To keep up with the market trend, Changchun Dahe is actively advancing the Boiler Refurbishment Project to reduce amino acid production costs and enhance the Group's competitiveness. At the same time, the Group plans to upgrade and renovate other aging facilities. In terms of research and development, the Group will collaborate with other industry players or strategic partners to gradually resume operations at the Xinglongshan site to diversify the business segment of the Group.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

For most of the Year, due to the keen competition in the domestic market, the Group has maximised the production capacity of its production facilities in amino acids operation and the sales volume of the Group increased by approximately 36.6% to approximately 522,000 MT (2024: 382,000 MT). However, the EU and the US have imposed definitive anti-dumping duties and countervailing duty investigations on lysine products from China starting the second half of 2025. As a result, the local suppliers tend to sell their amino acids products in the domestic market, and the Group has adjusted the amino acid production volume to achieve an optimal production operation rate to tackle the oversupply of amino acids products in the PRC during the last quarter of 2025. As such, the consolidated revenue of the Group increased by approximately 13.9% to approximately HK\$2,278.5 million (2024: HK\$2,001.0 million) for the Year. As the overall average selling price decreased by 15.1% while the overall average production cost per unit decreased by 14.0% during the Year, the Group recorded gross profit of approximately HK\$196.4 million (2024: HK\$191.0 million) with gross profit margin of 8.6% (2024: 9.5%). On 29 December 2025, Changchun Rudder, 長春市人民政府 (The Changchun Municipal Government*) (the “**Local Government**”), Changchun Dacheng Industrial (being a company in the Disposal Group) and 長春市綠園區人民政府 (The People’s Government of Luyuan District of Changchun City*) (the “**Luyuan Government**”) (collectively, the “**Relevant Parties**”) entered into a settlement agreement (the “**Relevant Agreement**”), pursuant to which Changchun Dacheng Industrial instructed the Luyuan Government to transfer the compensation arising from resumption of the Remaining Luyuan Properties payable to the Disposal Group, to Changchun Rudder for the purpose of settling the Remaining Rudder Loans on behalf of the Company upon the resumption of the Remaining Luyuan Properties taking place. Subsequent to the date of the Relevant Agreement, Changchun Rudder has further confirmed (i) the amount of final principal and interest payables under the Remaining Rudder Loans (the “**Confirmed Remaining Rudder Loans**”) as at 31 December 2025; and (ii) that the other liabilities under the Remaining Rudder Loans were released. In relation to the above-mentioned settlement arrangements (the “**Settlement Arrangements**”), together with the Suppliers Debt Restructuring Arrangement completed during the Year, one-off gains of approximately HK\$511.2 million and HK\$231.4 million were recognised respectively, and the Group, therefore, recorded a net profit of approximately HK\$156.3 million (2024: HK\$769.6 million).

Upstream products

(Revenue: HK\$335.0 million (2024: HK\$264.2 million))
(Gross loss: HK\$4.5 million (2024: Gross profit: HK\$2.6 million))

All the corn starch was used internally in producing the Group’s amino acids products during the Year. As such, no external sale of corn starch had been recorded for the Year and the corresponding prior year.

The sales volume of the Group’s other corn refined products increased by approximately 42.2% to approximately 145,000 MT (2024: 102,000 MT) during the Year while the revenue merely increased by approximately 26.8% to approximately HK\$335.0 million (2024: HK\$264.2 million). Due to the drop of the Group’s average selling price of other corn refined products by approximately 10.8%, which was at a faster rate than the lowering of the average production cost as the result of the anti-dumping policies imposed by various western countries during the second half of 2025, the gross loss margin of other corn refined products increased to approximately 1.3% (2024: gross profit margin: 1.0%) and the Group recorded gross loss of approximately HK\$4.5 million (2024: gross profit: HK\$2.6 million) during the Year.



Management Discussion and Analysis

Amino acids

(Revenue: HK\$1,943.5 million (2024: HK\$1,736.9 million))
(Gross profit: HK\$200.9 million (2024: HK\$188.4 million))

The amino acids segment consists of lysine, protein lysine and threonine products. As a result of the anti-dumping policies imposed by western countries during the Year, the average selling price of amino acid products of the Group dropped drastically by 16.9%. For the Year, the Group recorded a significant increase in sales volume of amino acids of approximately 34.6%, while the revenue generated therefrom increased by approximately 11.9% to HK\$1,943.5 million (2024: HK\$1,736.9 million). Although the Group has executed an appropriate adjustment in production capacity of amino acids products to minimise the operating loss during the last quarter of 2025, the decrease in average production cost per unit did not cover the decrease of total average selling price per unit. As such, the Group recorded a gross profit of the amino acids segment of approximately HK\$200.9 million (2024: HK\$188.4 million) with gross profit margin of 10.3% (2024: 10.8%) for the Year.

The outlook on the amino acids segment remains uncertain with the unpredictable corn price and trade wars between the PRC and the US. The Group will remain cautious and continue to closely monitor the development of the market conditions and devote efforts to facilitate various refurbishment projects to further lower the production costs as well as enhance its competitiveness within the amino acids industry.

Export sales

During the Year, export sales mainly consisted of the sale of amino acids and upstream products which accounted for approximately 20.4% (2024: 31.6%) of the Group's total revenue. The export sales of the Group amounted to approximately HK\$465.5 million (2024: HK\$632.1 million) during the Year. Such decrease was mainly attributable to the anti-dumping policies and additional tariffs imposed by western countries during the Year.

Other income and gains

During the Year, other income and gains increased by approximately 372.2% to approximately HK\$835.3 million (2024: HK\$176.9 million). Such increase was mainly attributable to the recognition of the one-off gains in relation to the Settlement Arrangements and the completion of Suppliers Debt Restructuring Arrangement of approximately HK\$511.2 million and HK\$231.4 million respectively, during the Year.

Selling and distribution costs

During the Year, selling and distribution costs increased by approximately 10.6% to approximately HK\$119.2 million (2024: HK\$107.8 million), accounting for approximately 5.2% (2024: 5.4%) of the Group's revenue. Such increase was mainly attributable to the increase in sales volume of the Group during the Year.

Administrative expenses

During the Year, administrative expenses significantly decreased by approximately 24.3% to approximately HK\$186.5 million (2024: HK\$246.5 million). Such decrease was resulted from the deconsolidation of the financials of the Disposal Group from the consolidated financial statements of the Group for the whole year of 2025 upon the Disposal Completion.

Management Discussion and Analysis

Other expenses

During the Year, other expenses decreased significantly by approximately 77.2% to approximately HK\$206.7 million (2024: HK\$906.7 million). Other expenses primarily comprised the expenses in relation to idle capacity of certain suspended production facilities of approximately HK\$40.7 million (2024: HK\$133.9 million) and impairment of property, plant and equipment approximately HK\$68.3 million (2024: Nil). Such decrease was mainly attributable to the absence of the recognition of loss on properties revaluation of approximately HK\$402.9 million and written off of property, plant and equipment of approximately HK\$311.4 million during the Year.

Finance costs

During the Year, finance costs of the Group decreased by 4.7% to approximately HK\$308.1 million (2024: HK\$323.4 million), which was mainly attributable to the decrease in interest on bank and other borrowings to approximately HK\$44.0 million (2024: HK\$71.1 million) for the Year.

Income tax expenses (credit)

Certain subsidiaries in the PRC generated net profit and PRC enterprise income tax of approximately HK\$0.1 million (2024: Nil) was recognized. On the other hand, no deductible temporary differences were recorded by the Group during the Year (2024: tax credit: HK\$24.0 million). As a result, the Group recorded income tax expenses of approximately HK\$0.1 million (2024: tax credit: HK\$24.0 million) during the Year.

Net profit of the Company

Despite the absence of recognition of a one-off gain on disposal of subsidiaries upon the Disposal Completion of approximately HK\$1,962.1 million recorded for the corresponding prior year, the Company recorded a net profit of approximately HK\$156.3 million (2024: HK\$769.6 million) for the Year due to the recognition of one-off gains in relation to the Settlement Arrangements and the Suppliers Debt Restructuring Arrangement, together with substantial reduction in the administrative expenses and other expenses during the Year.

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 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 2025 increased by approximately HK\$99.6 million to approximately HK\$1,793.3 million (31 December 2024: HK\$1,693.7 million) as a result of additional loans granted of approximately HK\$579.3 million, which was partially offset by (i) the repayment of the certain bank and other borrowings of approximately HK\$500.3 million; and (ii) the exchange rate adjustment of approximately HK\$20.6 million during the Year. On the other hand, the cash and bank balances as at 31 December 2025, which were mainly denominated in RMB and Euro, increased by approximately HK\$8.9 million to approximately HK\$94.4 million (31 December 2024: HK\$85.5 million, denominated in RMB and Euro). As a result, the net borrowings of the Group increased by approximately HK\$90.7 million to HK\$1,698.9 million (31 December 2024: HK\$1,608.2 million) as at 31 December 2025.



Management Discussion and Analysis

Structure of interest-bearing bank and other borrowings

As at 31 December 2025, the Group's interest-bearing bank and other borrowings amounted to approximately HK\$1,793.3 million (31 December 2024: HK\$1,693.7 million), all (31 December 2024: all) of which were denominated in RMB. As at 31 December 2025, the percentage of interest-bearing bank and other borrowings wholly repayable within one year and in the second to the fifth years were 68.8% and 31.2% (31 December 2024: 100.0% and nil), respectively.

As at 31 December 2025, interest-bearing bank and other borrowings amounted to approximately RMB620.7 million (31 December 2024: RMB89.2 million) have been charged at fixed interest rates ranging from 3.1% to 7.8% (31 December 2024: 5.0% to 7.8%). 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

Reference is made to the announcement of the Company dated 2 October 2025. The Company received a conversion notice from Modern Agricultural for the exercise of its conversion rights under the Convertible Bonds in full and convert the Convertible Bonds in the principal amount of HK\$1,086,279,565 into 5,172,759,833 conversion Shares (the "**CB Conversion Share(s)**") at the conversion price of HK\$0.21 per CB Conversion Share. Upon completion of the necessary administrative procedures, the Company allotted and issued 5,172,759,833 Shares, which rank *pari passu* in all respects among themselves and with all the then existing Shares in issue, to Modern Agricultural on 2 October 2025 (the "**Conversion**"). Following the Conversion, the Convertible Bonds have been fully converted and the Company has no outstanding Convertible Bonds in issue. As such, the Convertible Bonds were divided into liability component and equity component which amounted to nil and nil as at 31 December 2025 (31 December 2024: HK\$958.8 million and HK\$104.7 million) respectively and effective imputed interest of approximately HK\$157.5 million (2024: HK\$157.6 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; and (ii) Jilin Liheng conditionally agreed to subscribe for the Liheng CPS in the subscription monies of RMB1,330,000,000, 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.

Management Discussion and Analysis

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.

Following the CPS Subscription Completion, a total of 14,535,514,629 Liheng CPS and 2,732,235,940 Yuanheng CPS were issued to Changbaishan Liheng and Changbaishan Yuanheng, which may be converted into Shares on a one for one basis, representing approximately 42.63% and 8.01% of the issued share capital (including Treasury Shares) 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.

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 decreased to approximately 26 days (31 December 2024: 29 days), as the Group maintained a stringent credit control during the Year.

During the Year, the Group continued to have a long settlement period of trade payables as part of cash flow management of the Group. As such, trade payables turnover days for the Year was approximately 204 days (31 December 2024: 211 days).

In addition, the inventory turnover days decreased to approximately 8 days (31 December 2024: 42 days) as the Group adjusted the production capacity to achieve an optimal production operation rate during the last quarter of 2025.

As at 31 December 2025, the current ratio and the quick ratio of the Group were approximately 0.5 (31 December 2024: 0.3) and 0.5 (31 December 2024: 0.3), respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings and Convertible Bonds) to total assets (i.e. sum of current assets and non-current assets) also decreased to approximately 38.8% (31 December 2024: 58.4%) as a result of (i) the Suppliers Debt Restructuring Arrangement which took place on 2 October 2025; (ii) the Conversion; and (iii) the Relevant Parties reaching a consensus on the Settlement Arrangements during the Year.



Management Discussion and Analysis

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

The Group had no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Year.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2025, the Group's interest-bearing bank and other borrowings amounted to approximately HK\$779,433,000 (31 December 2024: HK\$746,266,000) were secured by pledge of certain property, plant and equipment and right-of-use assets of the Group which amounted to approximately HK\$742,185,000 (31 December 2024: HK\$1,004,576,000) and HK\$55,020,000 (31 December 2024: HK\$61,376,000), respectively.

FOREIGN EXCHANGE EXPOSURE

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in RMB, while export sales, which were denominated in US dollars, accounted for approximately 20.4% (2024: 31.6%) of the Group's revenue during the Year. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in RMB 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 RMB. 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

EPC Contract

Reference is made to the announcement of the Company dated 31 July 2025. On 31 July 2025, Changchun Dahe entered into the EPC Contract with Northeast Electric and Liaoning Electric (i.e. the Contractors), being the successful joint bidders, in relation to the Boiler Refurbishment Project at a maximum consideration of RMB129.1 million.

Management Discussion and Analysis

Under the EPC Contract, the Contractors will be responsible for the project engineering design, procurement, construction, installation, calibration and test running related works in respect of the Boiler Refurbishment Project. The entire term of the EPC Contract shall be inclusive of all the time required for engineering design and review, construction works, calibration and test runs, with 30 November 2025 set as the milestone date for the enclosure of the boiler plants and actual production expected to commence on 31 August 2026. The contract sum is approximately RMB125.1 million (inclusive of tax and excluding any bonus for early completion), comprises design fee of RMB2.2 million, procurement fee of RMB43.41 million, construction and installation fee of RMB78.4 million and calibration fee of RMB1.09 million. The early completion bonus, in the amount of RMB4.0 million, RMB3.0 million or RMB2.0 million, will be granted if the Contractors complete the Boiler Refurbishment Project before 30 June 2026, 31 July 2026 or 31 August 2026, respectively.

In view of the widely use of high-temperature/high-pressure and ultra-high-temperature/ultra-high-pressure boilers in the PRC with greater cost-efficiency, and taking into account the sustainable development of the Group as a whole, there is a need for Changchun Dahe to refurbish its boiler facilities in the production site and undergo a systematic upgrade of its boiler units in order to reduce costs and improve its market competitiveness. By entering into the EPC Contract, the Group will be able to contract out the Boiler Refurbishment Project to appropriate contractors, thereby reducing unnecessary administrative costs and selecting high-quality suppliers via fair competition. The Board is of the view that the terms of the EPC Contract are fair and reasonable and in the interests of the Shareholders as a whole.

Suppliers Debt Restructuring Arrangement

References are made to the announcements of the Company dated 9 June 2025, 3 July 2025, 8 July 2025 and 2 October 2025. In order to resolve the Suppliers Debt owing to the Relevant Suppliers that had been overdue for more than 10 years, the Group conducted the Suppliers Debt Restructuring Arrangement which primarily involved two major steps: (i) the debt-to-equity conversion in the PRC, converting the Relevant Suppliers' interests in the Suppliers Debt to equity interest in Century Dacheng to be held by the Suppliers PRC LLPs; and (ii) the equity-swap at the Company level, swapping the equity interest in Century Dacheng held by the Suppliers PRC LLPs with the Consideration Shares. On 9 June 2025, (i) each of the Suppliers PRC LLPs, as the initial creditors and subscribers; (ii) Century Dacheng, as the debtor and the issuer; and (iii) GBT HK, the immediate shareholder of Century Dacheng, entered into respective Debt-to-Equity-Swap Agreements. Pursuant to the Debt-to-Equity-Swap Agreements, each of the Suppliers PRC LLPs utilised the respective Suppliers Debt amount they owned (RMB461.1 million in aggregate) to subscribe for new registered capital of Century Dacheng, which, upon completion, are regarded as fully paid-up registered capital, representing approximately 28.98% equity interest in Century Dacheng.

On 8 July 2025, the Company, as purchaser, has entered into (a) SPA I, with PRC LLP I, PRC LLP III, PRC LLP V, and PRC LLP VII; and (b) SPA II with PRC LLP IX.



Management Discussion and Analysis

Pursuant to the SPAs, the Company conditionally agreed to acquire and the Suppliers PRC LLPs conditionally agreed to sell, the entire issued share capital of (i) ShengLi I International (which was indirectly wholly-owned by PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII, and held approximately 19.52% equity interest in Century Dacheng); and (ii) ShengLi IX International (which was directly wholly-owned by PRC LLP IX, and held approximately 9.46% of equity interest of Century Dacheng), respectively. The consideration for the Re-acquisition represents the amount of the Suppliers Debt after applying an overall haircut discount of approximately 34.72%, being RMB151,743,863 under SPA I and RMB149,263,510 under SPA II, respectively. Such consideration shall be settled by the allotment and issue of the Consideration Shares at the issue price of HK\$0.12 per Consideration Share at completion, representing (i) a premium of 36.6% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the date of the SPAs; and (ii) a premium of approximately 34.23% to the average of the closing price of HK\$0.0894 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the SPAs. Adopting the exchange rate as announced by the People's Bank of China on the date of the SPAs, a total of 1,387,643,964 Consideration Shares I and 1,364,962,013 Consideration Shares II shall be allotted and issued under SPA I and SPA II, respectively. The aggregate nominal value of the Consideration Shares is HK\$275,260,597.70. The resolution to approve the SPAs and the transactions contemplated thereunder, including the Re-acquisition and the grant of the specific mandate for the issue of the Consideration Shares, was passed by way of poll at an EGM held on 18 September 2025.

On 2 October 2025, all the conditions precedent under each of SPA I and SPA II have been fulfilled and completion of the SPAs took place in accordance with the terms and conditions of each of the SPAs. A total of 2,752,605,977 Consideration Shares have been issued, among which 1,387,643,964 Consideration Shares I were issued to ShengLi I Capital, for the acquisition of the 100% equity interest in ShengLi I International pursuant to SPA I; and 1,364,962,013 Consideration Shares II were issued to ShengLi IX Capital, for the acquisition of the 100% equity interest in ShengLi IX International pursuant to SPA II, respectively.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

There are no important events of the Group that occurred after the end of the Year.

FUTURE PLANS AND PROSPECTS

In the short run, the Group will monitor the process of the Boiler Refurbishment Project and, upon completion, utilise the high-temperature/high-pressure and ultra-high-temperature/ultra-high-pressure boilers to reduce production costs, improve market competitiveness and support the sustainable development of the Group as a whole. The Board expects that lysine and other amino acids products will remain as core business of the Group and will stabilise the cash flow in the short term. Reference is also made to the announcement of the Company on 23 May 2025 in relation to the strategic cooperation plan to establish a pilot testing platform at the Group's Xinglongshan site with 合肥和晨生物科技有限公司 (Hefei Hechen Bio-tech Company Limited*). The Group endeavours to utilise the research centres and pilot testing facilities at the Xinglongshan site for the trial run production of high-value-added biochemical new products for future development.

In the long run, the Group will collaborate with various industry players, universities and biochemical companies in the future to further develop product lines and be suitable for more advanced applications and facilitate full resumption of the 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.

Management Discussion and Analysis

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2025, the Group had approximately 1,890 (2024: 1,567) full time employees in Hong Kong and the PRC. During the Year, employee cost, including the Directors' remuneration, was approximately HK\$69,697,000 (2024: HK\$107,970,000). 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 56, 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 33 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 58, 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 35 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 GCG 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 GCG Group, overseeing the overall production operation of the Group and the GCG Group. In December 2018, Mr. Wang has been promoted to the chief operating officer of both the Group and the GCG Group. Mr. Wang was also appointed as an executive director and the chairman of GCG on 31 October 2022. Mr. Wang ceased to be the chairman and the chief operating officer of GCG on 28 December 2023 and resigned as an executive director of GCG on 17 January 2024. Mr. Wang has been designated from his position of the chief operation officer of the Group to the general manager of the Company (the “**General Manager**”) with effect from 18 December 2025.

NON-EXECUTIVE DIRECTOR

Mr. Li Yuewen, aged 47, 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 23 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 45, 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 23 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 69, 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 44 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 56, 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 52, 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 30 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.



Biographical Details of Directors and Senior Management

Mr. Tai Shubin, aged 45, 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 21 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 GCG on 17 December 2020 and re-designated to a non-executive director of GCG on 18 January 2024.

Mr. Wang Hongshan, aged 48, 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 2001 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 24 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 GCG 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. He was also appointed as the chairman of 長春鴻成合成生物科技股份有限公司 (Changchun Hongcheng Synthetic Biotechnology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, on 28 July 2025.

Mr. Chan Sing Fai, aged 42, was appointed as the company secretary and financial controller of the Company on 23 April 2018, and has over 18 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 10 years. He is also currently the company secretary and financial controller of GCG, and serves as an independent non-executive director of Jilin Province Chuncheng Heating Company Limited (Stock Code: 01853, the shares of which are listed on the Main Board of the Stock Exchange) with effect from 16 May 2025.

Corporate Governance Report

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 enquiries 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.

[^] The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

Corporate Governance Report

BOARD OF DIRECTORS

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.

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						AGM	EGM
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Corporate Governance Committee meeting	Executive Committee meeting		
Executive Directors								
Wang Cheng (<i>Chairman</i>) (a)	10/14		1/1	1/2	1/1	–	1/1	1/1
Wang Guicheng (b)	11/14					–	1/1	1/1
Non-executive Director								
Li Yüewen	14/14						1/1	0/1
Independent non-executive Directors								
Jiang Fangfang	14/14	3/3	1/1	2/2	1/1		1/1	1/1
Tan Chao	14/14	3/3	1/1	2/2	1/1		1/1	1/1
Xie Liangqiu	14/14	3/3					1/1	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 the meetings after disclosure of his conflict of interest.
- (b) Mr. Wang Guicheng absented from three Board meetings during the Year, as he was required to abstain from voting and be absent from two out of three 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 22 to page 23 of this report.

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.

Corporate Governance 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/contributions made 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.



Corporate Governance Report

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 PERFORMANCE REVIEW

The Company regards board evaluation as a critical tool to assess Board effectiveness and efficiency. The Board performance review will be conducted once every two years. Led by the Chairman with the support of the company secretary of the Company, an internal performance evaluation of the Board had been conducted for the Year. The Nomination Committee supports and draws reference from this annual evaluation. The evaluation involved each Director completing a questionnaire to provide comments covering a range of topics. The objective of the evaluation is to ensure that the Board continues to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The scope of the evaluation covered various criteria, including Board composition and skills, Board culture and dynamics, Board practices, quality and timeliness of information to the Board, Board meetings, compliance and training, risk management and internal controls, and stakeholder engagement. The findings of the evaluation were then analysed and presented to the Nomination Committee and the Board in aggregate form without attributing specific comments to individual Board members in order to preserve confidentiality and facilitate candid discussions.

Based on the performance review for the Year, the Board considers its existing practice to be effective. The Board received positive feedback acknowledging its commitment to promoting diversity, which continues to ensure a well-balanced composition of expertise and disciplines. The Group's efforts to strengthen overall performance amid a period of significant challenges and rapid transformation were duly recognised. The Board is satisfied that its performance objectives have been achieved and each Director has made a constructive and positive contribution to the Board's overall effectiveness.

ANNUAL NOMINATION COMMITTEE ASSESSMENT

During the Year, the Nomination Committee conducted an annual assessment of each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into consideration professional qualifications and work experience, existing directorships of other listed issuers and other significant external time commitments of such Director and other factors or circumstances relevant to their character, integrity, independence and experience. The assessment process involved a structured questionnaire completed by members of the Nomination Committee.

Corporate Governance Report

Based on the assessment, the Nomination Committee is satisfied that all Directors have devoted sufficient time and attention to their duties and have made positive contributions to the Board (as a whole) during the Year. This conclusion is supported by attendance records and active engagement in Board and committee activities.

DIVERSITY

Board level

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.

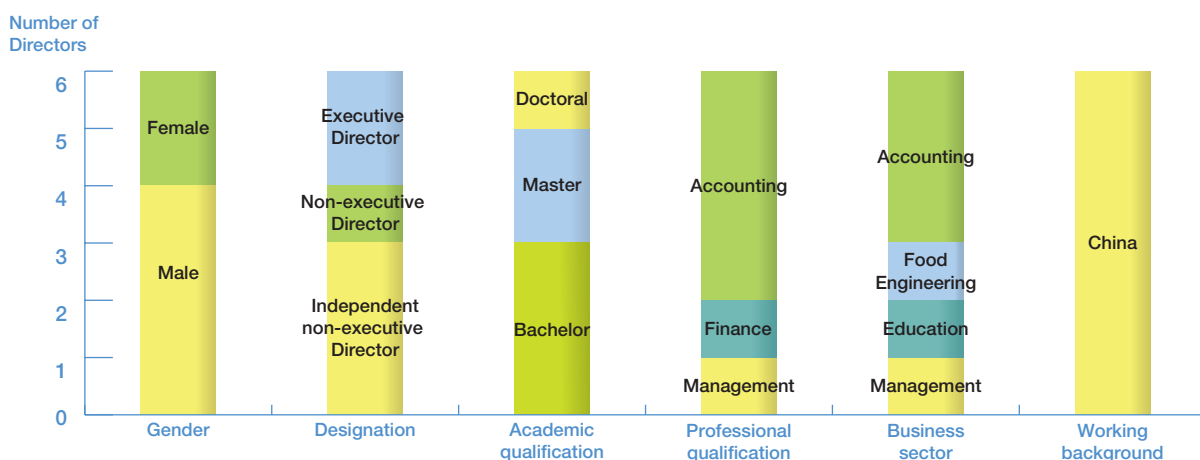
With reference to the business needs of the Group, the following measurable objectives have been set for implementing the board diversity policy:

- 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;
- 5) A prescribed proportion of members on the Board possessing experience in the industry he/she specialised in; and
- 6) A prescribed proportion of members on the Board with relevant industry technical expertise and/or legal professional qualifications within the next five years.

Corporate Governance Report

Based on its review, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the board diversity policy 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:



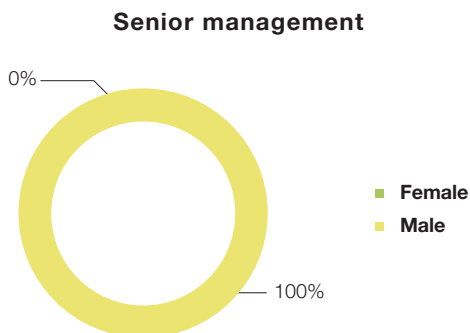
As at the date of this report, the Board consisted of two female Directors and four male Directors, the Board is of the view that gender diversity has been achieved at Board level. The Board shall continue to cooperate with the Nomination Committee to identify potential successors to the Board in accordance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

Workforce level

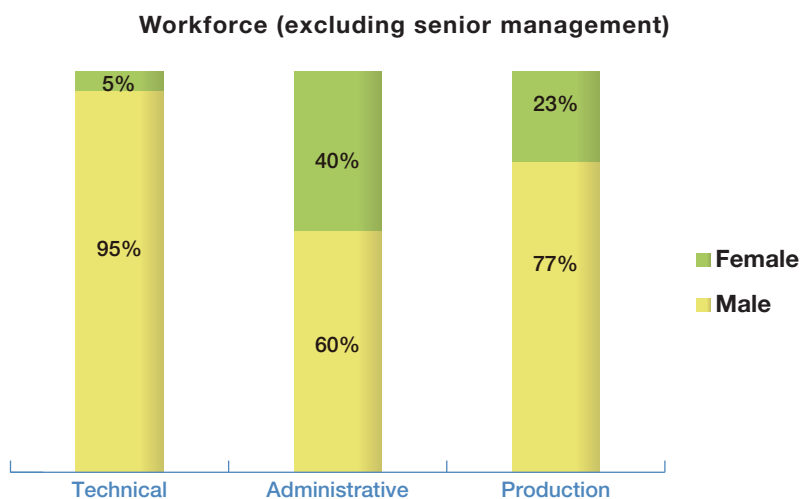
The Company recognises and firmly believes that cultivating a diverse, equitable, and inclusive workforce is essential to driving sustainable corporate growth. Therefore, the Company has adopted a workforce diversity policy to set out the Company's approach to fostering a corporate culture that prioritises diversity, equity, and inclusion among employees.

The workforce diversity policy has been considered from a broad range of attributes, including but not limited to race, ethnicity, gender, age, disability, cultural background, knowledge, skills and experience. The Company is committed to provide equal opportunities in relation to recruitment, training and development, compensation, and career and promotion opportunities. The Board will monitor and review the implementation of the policy and effectiveness of the workforce diversity policy annually.

The below chart shows an overview of the Group's employment structure in terms of gender diversity as at 31 December 2025:



Corporate Governance Report



As at 31 December 2025, the Group's male and female staff (including senior management) accounted for approximately 80% and 20% 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.

DIRECTORS' TRAINING

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 directors 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, to discharge their duties more effectively. A director who is newly appointed as a Director (if any) has fulfilled the minimum training hours requirement of the Listing Rules during the Year.

Corporate Governance Report

Pursuant to the CG Code, all Directors should participate in various director training provided by the Group to develop and refresh their knowledge and skills. During the Year, the Directors have participated in the following training covering different topics:

	Board and directors' duties	Listing Rules and Hong Kong law compliance	Corporate governance and ESG	Risk management and internal controls	Industry and business updates	Total no. of hours
Executive Directors						
Wang Cheng	4	6	1 1.5	1	9.75	23.25
Wang Guicheng	4	6	1 1.5	1	9.75	23.25
Non-executive Director						
Li Yuewen	4	6	1	1	9.75	21.75
Independent non-executive Directors						
Jiang Fangfang	4	6	1 1.5	1	9.75	23.25
Tan Chao	4	6	1 1.5	1	9.75	23.25
Xie Liangqiu	4	6	1 1.5	1	9.75	23.25

Remarks:

- Internal training by sharing articles or watching videos provided by the Group
- External training by expert external training provider
- Self-study by reading articles

All Directors confirmed that they have participated in continuous professional development as required by Rules 3.09F, 3.09G and 3.09H of the Listing Rules during the Year.

Corporate Governance Report

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, the positions of Chairman and the General Manager are respectively held by Mr. Wang Cheng and Mr. Wang Guicheng (being re-designated from chief operation officer of the Group to General Manager with effect from 18 December 2025), which are two clearly defined positions.

The Chairman is responsible for leading and supervising the operations of the Board, ensuring the Board is acting in the best interests of the Company. The General Manager works in close collaboration with the administrative and managerial team of each core business department of the Company and continues to be responsible for overseeing the operational management and product development of the Group, and assumes the role of chief executive officer of the Company.

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 OFFICERS' 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

Particulars of the Directors' remuneration for the Year are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management (other than the Directors) 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	4
HK\$1,000,000 to HK\$2,000,000	–



Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The management of the Company is responsible for providing all relevant information to the Board, providing 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 HKFRS Accounting 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 the foreseeable future for the following reasons:

(a) Completion of a series of group restructuring and debts restructuring arrangements

Since 2023, the Group executed a series of group restructuring procedures, including, among others: (1) disposal of approximately 47.00% of the entire issued share capital of GCG; and (2) the Disposal Completion which discharged the Disposal Group's net liabilities from the consolidated financial statements of the Group. On the other hand, the completion of the Debt Restructuring Arrangements and the Suppliers Debt Restructuring Arrangement had taken place in January 2024 and October 2025, respectively, which significantly improved the Group's financial position and decreased its finance expenses. To further enhance the Group's financial position, the management has been actively pursuing the settlement of the Remaining Rudder Loans. This involved requesting the Disposal Group to settle the Remaining Rudder Loans on behalf of the Group. On 29 December 2025, the Relevant Parties entered into the Relevant Agreement, pursuant to which Changchun Dacheng Industrial instructed the Luyuan Government to transfer the compensation arising from resumption of the Remaining Luyuan Properties payable to the Disposal Group, to Changchun Rudder for the purpose of settling the Remaining Rudder Loans on behalf of the Company upon the resumption of the Remaining Luyuan Properties taking place. Subsequent to the date of the Relevant Agreement, Changchun Rudder has further confirmed (i) the amount of the Confirmed Remaining Rudder Loans as at 31 December 2025; and (ii) that the other liabilities under the Remaining Rudder Loans were released. In relation to the above-mentioned Settlement Arrangements, a one-off gain of approximately HK\$511.2 million was recognised and the financial position of the Group has improved for the Year. The Board is of the view that the Group's financial liabilities will be further reduced following the full release of the obligations and liabilities associated with the Confirmed Remaining Rudder Loans, which is anticipated to take place upon the resumption of the Remaining Luyuan Properties in 2026.

(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 optimally adjust the production capacity of the production facilities in amino acids operation and upgrade production technology in order to lower the production cost. Pursuant to the announcements of the Company dated 23 May 2025 and 31 July 2025, Changchun Dahe entered into the EPC Contract with Northeast Electric and Liaoning Electric. The related works in respect of the Boiler Refurbishment Project have commenced and are expected to be completed in August 2026. Upon the completion of the Boiler Refurbishment Project, the Group will further reduce its unit production costs and improve its market competitiveness. The Directors believe that the amino acids operation will continue to generate adequate cash inflow to the Group in 2026.

Corporate Governance Report

(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 2025 amounted to approximately RMB7,155.0 million. It is tasked to consolidate the state-owned investments in the agricultural sector in the 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 the Jilin Province and provide adequate and sufficient financial support to the Group.

As at 31 December 2025, the Group’s liabilities due to the Nongfa Group amounted to approximately HK\$803.7 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 and the Supplemental Agreement.

Reference is further made to the announcement of the Company dated 2 October 2025, Modern Agricultural exercised its conversion rights under the Convertible Bonds in full and converted the Convertible Bonds in the principal amount of HK\$1,086,279,565 into 5,172,759,833 CB Conversion Shares at the conversion price of HK\$0.21 per CB Conversion Share. As a result, the Company allotted and issued 5,172,759,833 CB Conversion Shares, and Modern Agricultural held 8,308,269,029 Shares, representing approximately 49.5% of the issued share capital of the Company immediately after the Conversion. On the one hand, the capitalisation of Convertible Bonds significantly improved the financial position of the Company, on the other hand, the Conversion fully reflected Nongfa’s (which indirectly owned 60.0% of the investment capital of Modern Agricultural) confidence in the prospects of the Company.

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.



Corporate Governance Report

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. Monitored all relationships and service agreements (including non-audit service) between the Group and the Auditor to prevent the impairment of the independence of the Auditor;
8. Reviewed and approved the internal audit planning, and discussed any significant issues with the internal audit team and the Group's senior management;
9. 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;
10. 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
11. 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.

Corporate Governance Report

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, develops a list of desirable skills, perspectives and experience for assessing the optimal composition of the board, assists the Board in maintaining a Board skills matrix and diversity of the Board, and, in conjunction with the evaluation of the Board's performance conducted once every two years. The Nomination Committee shall make recommendations on any proposed changes to the Board, the selection of individuals nominated for directorships and the diversity policies adopted by the Company. For more information on the Company's diversity policies, please refer to the paragraphs headed "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 30 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.



Corporate Governance Report

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.

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.

[^] The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

Corporate Governance Report

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 other services in the aggregate amounted to HK\$346,000 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 59 of this report.



Corporate Governance 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 24 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 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 was 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 the same are published 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 developments 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' requests or enquiries, as received through the Company's share registrar in Hong Kong, was attended to by the Company promptly.

Corporate Governance Report

To the best knowledge of the Directors, as at 31 December 2025, 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%	0.033
Modern Agricultural	8,308,269,029	49.49%	540.037
HK Bloom	2,508,407,357	14.94%	163.046
Public float in Hong Kong	5,971,035,141	35.56%	388.117
Total	16,788,211,527	100.00%	1,091.233

As at 31 December 2025, 44,560,000 Shares were held by the Company as Treasury Shares, representing approximately 0.26% of the total number of issued Shares (including Treasury Shares). These Treasury Shares will be used in share schemes (if any), sold for cash or cancelled to the extent permitted by applicable laws and regulations, depending on the specific circumstances.

The 2025 AGM was held on 9 May 2025 to approve the 2024 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 18 September 2025, an EGM was held to approve the SPAs and the transactions contemplated thereunder, including the Re-acquisition and the grant of the specific mandate for the issue of the Consideration Shares. The resolution proposed was passed by way of poll.

The 2026 AGM will be held on 24 June 2026 to approve, among others, the 2025 audited consolidated financial statements, proposed share consolidation and change in board lot size, 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.



Corporate Governance Report

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.

The Company confirms that all dividend decisions made by the Board were made in accordance with the Company's dividend policy. Given the tightened cash position of the Group during the Year, the Board considers retaining cash to support ongoing operations and future business needs. Accordingly, the Board does not recommend the payment of any dividend (including preferential dividend to holders of the CPS) for the Year.

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 internal control department assists the management in establishing the risk management systems with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) risk management framework, where major risks are identified and analysed, and using the risk heat map supported by the questionnaire completed by the management, to prioritise the risks involved in different aspects of the Group.

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 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:

Corporate Governance Report

Principal risks and uncertainties

Risk description	Challenges	Key risk mitigations
<p><i>Financial risk:</i> Difficulties in cost control</p>	Increase in raw material price and lower cost-efficiency of machinery	<p>Communicated with material suppliers to obtain the most updated price list</p> <p>Executed refurbishment of the production facilities</p>
<p><i>Market risk:</i> Corn price fluctuation</p>	Corn price became more fluctuated and unpredictable	Performed detailed analysis of corn market trend and seized the best timing to reserve more corns
<p><i>Financial risk:</i> Liquidity risk of inadequate funding</p>	Lack of sufficient cash for the business operation in Changchun Dahe	Improving the financial performance of the Group and introduce strategic investors
<p><i>Strategic risk:</i> Market competition</p>	International markets are hampered, conditions are stringent and tariffs are high	Introducing new technologies to develop new products
<p><i>Operation risk:</i> Ageing production plants</p>	High repair cost and low efficiency of the ageing production equipment	Launched the Boiler Refurbishment Project to upgrade the facilities

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.



Corporate Governance Report

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 Board acknowledges its responsibility for the Company's risk management and internal control systems. 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 confirms that the Group's internal control procedures and risk management functions are appropriate and effective for the purposes set out in Principle D2 of the CG Code.

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.

The Group formulates a code of conduct to state the Company's expectations on duty and integrity. Whistleblowing policy enables our employees to bring problems to the management which considers such policy necessary to make our internal control system effective.

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 and consistent risk management and 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.

Corporate Governance Report

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.



Corporate Governance Report

CONSTITUTIONAL DOCUMENT

The Company did not make any change to its constitutional document during the Year. 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.

Corporate Governance Report

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 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 11 and page 12 to page 21 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 42 to page 45 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 20 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 20 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 64 to page 151 of this report.

The Directors do not recommend the payment of any dividend (including preferential dividend to holders of the CPS) for the Year (2024: Nil). The Company adopts a dividend policy which is set out on page 41 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 152 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 31 to the consolidated financial statements.

Report of the Directors

DONATIONS

During the Year, the Group made charitable and/or other donations of HK\$30,000.

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 12,894,000 Shares on the Stock Exchange with an aggregate consideration of approximately HK\$1,218,328 (before expenses). As confirmed by the Directors, such Share repurchases were conducted on the Stock Exchange and 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. In implementing the Share repurchase programme, the Board has taken into account the prevailing market conditions and considered that the Company's Share price was below its intrinsic value and may not fully reflect the business prospects of the Company. The Board has, therefore, made the below repurchases during the Year to reflect its confidence in the Company's long-term business and growth prospects. All such Shares repurchased were held as Treasury Shares. As at 31 December 2025, the total number of Shares in issue was 16,832,771,527 (including 44,560,000 Treasury Shares). Details of the Shares repurchased are as follows:

Months	Number of Shares repurchased	Repurchase price per Share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
2025				
January	6,894,000	0.100	0.099	685,506
February	6,000,000	0.095	0.083	532,822
	<u>12,894,000</u>			<u>1,218,328</u>

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 38(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.



Report of the Directors

DISTRIBUTABLE RESERVES

At 31 December 2025, 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\$3,840,706,000 as at 31 December 2025 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

Sales to the Group’s five largest customers accounted for approximately 41.4% of the total sales for the Year and sales to the largest customer included therein accounted for approximately 12.6% of the total sales of the Year. Purchases from the Group’s five largest suppliers accounted for approximately 45.5% of the total purchases for the Year and the purchases from the largest supplier included therein accounted for approximately 25.5% of the total purchases for the Year.

Save for Nongfa as a controlling Shareholder who had material beneficial interest in one of the Group’s five largest suppliers, namely 吉林省農發糧食集團有限公司 (Jilin Provincial Agricultural Development and Grain Group Co., Ltd.*), as detailed in the section headed “Continuing Connected Transactions” on page 56 to page 58 of this report, none of the Directors or any of their close associates or any Shareholder (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 customers and 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.

Report of the Directors

Customers

The Group has established good and long-term business relationships with the customers, and believes 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. Ms. Jiang Fangfang and Mr. Tan Chao, each 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.



Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on page 22 to page 24 of this report.

CHANGE IN INFORMATION UNDER RULE 13.51B OF THE LISTING RULES

With effect from 18 December 2025, Mr. Wang Guicheng, an executive Director, was re-designated from his position of chief operating officer of the Group into the General Manager. For further information, please refer to the announcement of the Company dated 18 December 2025.

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 Director(s) in the transactions, arrangements or contracts of significance to the Group during the Year:

- Mr. Wang Cheng, as an executive Director and the chairman of Nongfa, is 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 the Entire Transferred Loans and the GBT 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; and (c) the Supplemental Agreement. For further details in respect of the Debt Restructuring Service Agreement, the 2023 Master Supply Agreement and the Supplemental Agreement, please refer to the paragraphs headed "Continuing Connected Transactions" on page 56 to page 58 of this report.

Report of the Directors

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 "Continuing Connected Transactions" on page 56 to page 58 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 2025, 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 16,832,771,527 Shares (including Treasury Shares) in issue as at 31 December 2025.

Report of the Directors

Save as disclosed above, as at 31 December 2025, 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 2025, 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 (h)
HK Bloom	Beneficial owner	(a)	2,508,407,357	14.90
Modern Agricultural	Beneficial owner	(b)	8,308,269,029	49.36
ShengLi I Capital	Beneficial owner	(c)	1,387,643,964	8.24
ShengLi IX Capital	Beneficial owner	(d)	1,364,962,013	8.11
Changbaishan Liheng	Beneficial owner	(e)	14,535,514,629	86.35
Changbaishan Yuanheng	Beneficial owner	(f)	2,732,235,940	16.23
Bank of Jilin Co., Ltd	Security interest in Shares	(g)	1,749,858,609	10.40

Remarks:

- (a) HK Bloom is beneficially wholly-owned by Mr. Li Zhenghao. Under the SFO, Mr. Li Zhenghao is deemed to be interested in all the Shares interested by HK Bloom.
- (b) 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) ShengLi I Capital is owned as to 19.84% by PRC LLP I, 29.73% by PRC LLP III, 14.38% by PRC LLP V and 36.05% by PRC LLP VII. The general partner of each of PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII is Changchun Guoxin, which holds 43.08%, 13.74%, 26.43% and 89.63% of the capital in PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII, respectively, and none of the limited partners of each of PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII contributed more than one-third of the capital to the relevant limited liability partnership. Changchun Guoxin is wholly-owned by Mr. Liu Xiaochen. Accordingly, each of PRC LLP VII, Changchun Guoxin and Mr. Liu Xiaochen is deemed to be interested in the Shares held by ShengLi I Capital in the Company under the SFO.

Report of the Directors

- (d) ShengLi IX Capital is wholly-owned by PRC LLP IX. The general partner of PRC LLP IX is Changchun Hongxiang, which holds 99.95% of the capital in PRC LLP IX. Changchun Hongxiang is wholly-owned by Mr. Wang Chunhui. Accordingly, each of PRC LLP IX, Changchun Hongxiang and Mr. Wang Chunhui is deemed to be interested in the Shares held by ShengLi IX Capital in the Company under the SFO.
- (e) All Shares represented Shares which may be issued to Changbaishan Liheng upon full conversion of the Liheng CPS. Upon full conversion of the Liheng CPS, Changbaishan Liheng will become the holder of 14,535,514,629 Shares, representing approximately 46.34% 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 Liheng CPS. Changbaishan Liheng is a direct wholly-owned subsidiary of Jilin Liheng. 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 Jilin Liheng, Modern Agricultural Fund, Nongfa, Jilin SASAC, Jilin Changbaishan, Changchun SASAC and Changchun MFB is deemed to be interested in the Shares held by Changbaishan Liheng in the Company under the SFO.
- (f) All Shares represented Shares which may be issued to Changbaishan Yuanheng upon full conversion of the Yuanheng CPS. Upon full conversion of the Yuanheng CPS, Changbaishan Yuanheng will become the holder of 2,732,235,940 Shares, representing approximately 13.97% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of CPS Conversion Shares under the Yuanheng CPS. Changbaishan Yuanheng is a direct wholly-owned subsidiary of Jilin Yuanheng. 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 Yuanheng, Jilin Changbaishan and Jilin SASAC, is deemed to be interested in the Shares held by Changbaishan Yuanheng in the Company under the SFO.
- (g) Bank of Jilin Co., Ltd is a person having a security interest in Shares.
- (h) Calculated on the basis of 16,832,771,527 Shares (including the Treasury Shares) in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, 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.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

(i) 2023 Master Supply Agreement and Supplemental 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\$2,045,000,000 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.

As price information of corn kernels is no longer available on China Corn Network (www.yumi.com.cn), on 24 December 2025, in order to allow the parties to continue having an indicative reference point for determining the highest unit price of corn kernels to be supplied by the Nongfa Group, the Company and Nongfa entered into the Supplemental Agreement to revise such terms. Pursuant to the Supplemental Agreement, the parties agreed that the unit price of the corn kernels supplied by the Nongfa Group to the Group shall not be higher than the highest price of the prices below (price exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs):

- (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

Report of the Directors

- (2) the highest corn procurement price (最高玉米收購價格) in Jilin Province on the date immediately before the proposed date of the placing of purchase order by any member of the Group, obtained from Mysteel (www.mysteel.com), an independent third party price consulting platform;

provided that if any of the above websites are, for any reason(s), unable to function normally, be accessed or provide valid price information, then such highest price (exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs) shall be the unit corn price as published on any other website(s) of similar standing or credibility as approved by the Board and the Audit Committee.

During the Year, the Group purchased corn kernels amounted to approximately HK\$682,067,000 from the Nongfa Group under the 2023 Master Supply Agreement and the Supplemental 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 Companies**”); and (ii) Nongfa entered into the Debt Restructuring Service Agreement, pursuant to which the Relevant Companies appointed Nongfa, and Nongfa agreed to act, as the Relevant Companies’ 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 Companies to Jilin Cinda and the outstanding debts of approximately RMB815.0 million owed by the Relevant Companies 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 Companies 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 Companies to Nongfa under the Debt Restructuring Service Agreement will be RMB19,800,000 (approximately HK\$22,000,000) 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\$22,000,000) 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\$13,515,000 annual service fee have been charged by Nongfa under the Debt Restructuring Service Agreement of the Group.

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, the Supplemental Agreement and the Debt Restructuring Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.



Report of the Directors

The independent non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that the transactions have been entered into according to the respective agreements governing them on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole and, for the 2023 Master Supply Agreement and the Supplemental Agreement, in the ordinary and usual course of business of the Group. 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 to the Board that nothing has come to their attention that causes them to believe that the continuing connected transactions have fallen under any circumstances as set out in Rule 14A.56 of the Listing Rules. The Company had also complied with all disclosure requirements 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.

Save for the above continuing connected transactions, the other related party transactions, including those entered into between the Group and the Nongfa Group, which are disclosed in note 34 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.

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

27 March 2026

Independent Auditor's Report



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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 64 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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**”) as 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**”), as applicable to audits of financial statements of public interest entities, 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\$2,325.5 million and HK\$518.5 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.



Independent Auditor's Report

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 2025, the Group's leasehold buildings classified under property, plant and equipment of HK\$2,019,886,000, representing around 44% of total assets, are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any.

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 valuation schedules provided by the management 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;
- Assessed the competence, capabilities and objectivity of the auditor's expert; and
- Reviewed the adequacy and appropriateness of the disclosures made in the accompanying consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How our audit addressed the Key Audit Matter

Gain on debt restructuring

Refer to note 5 to the consolidated financial statements

During the year ended 31 December 2025, the settlement arrangement with 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.) ("**Changchun Rudder**") has been concluded. The former subsidiaries will settle the outstanding consideration of RMB701.5 million, together with outstanding interest ("**Remaining Rudder Loans**"), owed by the Group to Changchun Rudder ("**Settlement Arrangements**").

Changchun Rudder has further confirmed the amount of final principal and interest payables under the Remaining Rudder Loans of the Group.

The Group has recognised a gain on Settlement Arrangements with Changchun Rudder of HK\$511.2 million accordingly.

We have identified the gain on Settlement Arrangements as a key audit matter because of its significance to the consolidated financial statements.

Our key procedures, among others, included:

- Understood the details and reviewed relevant agreements in relation to Settlement Arrangements with Changchun Rudder;
- Reviewed the arithmetical accuracy of the calculation of gain on Settlement Arrangements; and
- Obtained the confirmations from Changchun Rudder to confirm the outstanding balances as at 31 December 2025.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2025 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 HKFRS Accounting Standards as 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.



Independent Auditor's Report

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 HKSAAs 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 HKSAAs, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

27 March 2026

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 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	2,278,532	2,001,095
Cost of sales		(2,082,091)	(1,810,123)
Gross profit		196,441	190,972
Other income and gains	5	835,257	176,901
Selling and distribution costs		(119,156)	(107,758)
Administrative expenses		(186,506)	(246,534)
Other expenses		(206,695)	(906,672)
Impairment on amounts due from former subsidiaries	36	(54,829)	—
Gain on disposal of subsidiaries		—	1,962,112
Finance costs	6	(308,105)	(323,402)
PROFIT BEFORE TAX	7	156,407	745,619
Income tax (expenses) credit	10	(110)	23,979
PROFIT FOR THE YEAR		156,297	769,598
OTHER COMPREHENSIVE 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		(96,572)	(109,755)
Release of exchange reserve upon deregistration of subsidiaries		(14,196)	—
Release of exchange reserve upon disposal of subsidiaries		—	(375,762)
		(110,768)	(485,517)
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation, net		—	98,991
Income tax effect		—	(24,748)
		—	74,243
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		(110,768)	(411,274)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45,529	358,324
EARNINGS PER SHARE			
Basic	12	HK1.4 cents	HK8.6 cents
Diluted	12	HK0.6 cents	HK2.9 cents

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,058,949	2,119,050
Right-of-use assets	14	291,707	290,085
Intangible assets	15	2,047	2,047
Interests in an associate	17	—	—
Interests in a joint venture	18	—	—
Financial assets at fair value through profit or loss (“ FVPL ”)	19	23,688	31,238
		2,376,391	2,442,420
CURRENT ASSETS			
Inventories	20	44,865	205,507
Trade receivables	21	162,663	159,457
Prepayments, deposits and other receivables	22	154,895	160,107
Due from the GCG Group	35	24,419	44,608
Due from former subsidiaries	35	1,761,263	1,444,613
Cash and bank balances	23	94,444	85,470
		2,242,549	2,099,762
CURRENT LIABILITIES			
Trade payables	24	1,147,368	1,174,619
Other payables and accruals	25	2,187,163	2,658,768
Tax payables		113	—
Convertible bonds (“ Convertible Bonds ”)	28	—	958,839
Interest-bearing bank and other borrowings	26	1,233,206	1,693,740
Lease liabilities	27	187	179
		4,568,037	6,486,145
NET CURRENT LIABILITIES		(2,325,488)	(4,386,383)
TOTAL ASSETS LESS CURRENT LIABILITIES		50,903	(1,943,963)

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	26	560,111	—
Lease liabilities	27	47	234
Deferred income	29	9,269	10,193
Deferred tax liabilities	30	—	—
		569,427	10,427
NET LIABILITIES		(518,524)	(1,954,390)
CAPITAL AND RESERVES			
Share capital	31	1,683,277	890,741
Convertible preference shares (“CPS”)	31	1,726,775	1,726,775
Treasury shares (“Treasury Shares”)	31	(3,801)	(2,583)
Reserves		(3,924,775)	(4,569,323)
TOTAL DEFICIT		(518,524)	(1,954,390)

These consolidated financial statements on page 64 to page 151 were approved and authorised for issue by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 27 March 2026 and signed on its behalf by

Wang Cheng
Director

Wang Guicheng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	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 2025	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)
Profit for the year	-	-	-	-	-	-	-	-	-	156,297	156,297
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(96,572)	-	(96,572)
– Exchange realignment	-	-	-	-	-	-	-	-	(96,572)	-	(96,572)
– Release of exchange reserve upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	(14,196)	-	(14,196)
	-	-	-	-	-	-	-	-	(110,768)	-	(110,768)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(110,768)	156,297	45,529
Transactions with owners of the Company											
<i>Changes in ownership interests</i>											
Conversion of Convertible Bonds	517,276	-	-	703,673	-	(104,654)	-	-	-	-	1,116,295
Addition of Treasury Shares	-	-	(1,218)	-	-	-	-	-	-	-	(1,218)
Issuance of shares of the Company (the "Shares") (note 31(a))	275,260	-	-	-	-	-	-	-	-	-	275,260
	792,536	-	(1,218)	703,673	-	(104,654)	-	-	-	-	1,390,337
At 31 December 2025	1,683,277	1,726,775	(3,801)	3,552,971*	478,967*	-	(98,539)*	35,445*	701,468*	(8,595,087)*	(518,524)

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Share capital HK\$'000	CPS HK\$'000	Treasury Shares HK\$'000	Share premium HK\$'000	Attributable to owners of the Company			Statutory reserve fund HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
					Properties revaluation reserve HK\$'000	Convertible Bond reserve HK\$'000	Other reserve 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	–	–	–	–	–	–	–	–	(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											
<i>Changes in ownership interests</i>											
Release upon disposal of subsidiaries	–	–	–	–	(274,106)	–	–	(37,063)	–	311,169	–
Addition of Treasury Shares	–	–	(2,583)	–	–	–	–	–	–	–	(2,583)
Issuance of CPS (note 31)	–	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)

* These reserve accounts comprise the negative reserves of HK\$3,924,775,000 (2024: HK\$4,569,323,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

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 Corn Group Limited (“**GCG**”, together with its subsidiaries, the “**GCG Group**”) (formerly known as Global Sweeteners Holdings Limited), an ex-subsiidiary of the Company, in prior years and the nominal value of the shares of the Company (the “**Share(s)**”) issued in exchange therefor; (ii) the premium arising from capitalisation issues in prior years; (iii) the premium arising from placings and subscriptions of shares of the Company; and (iv) the premium arising from conversion of Convertible Bonds.

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 2025

	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	156,407	745,619
Adjustments for:		
Finance costs	308,105	323,402
Bank interest income	(8)	(2)
Change in fair value of financial assets at FVPL	7,550	(14,098)
Amortisation of deferred income	(2,806)	(4,365)
Depreciation of property, plant and equipment	107,332	212,657
Depreciation of right-of-use assets	6,311	15,849
Gain on deregistration of subsidiaries	(14,196)	—
Gain on disposal of subsidiaries, net of tax	—	(1,962,112)
Loss on properties revaluation, net	—	402,961
Written off of property, plant and equipment	—	311,401
Impairment of property, plant and equipment	68,307	—
Written off of right-of-use assets	—	61,753
Gain on Suppliers Debt Restructuring Arrangement	(231,423)	—
Gain on Settlement Arrangements	(511,232)	—
Impairment (Reversal of impairment) of other receivables, net	13,285	(21,606)
Write back of long outstanding payables	(24,159)	—
Reversal of impairment of trade receivables, net	(2,207)	(21,419)
Write-down (Reversal of write-down) of inventories	25,250	(27,710)
Impairment on amount due from the GCG Group	24,419	—
Impairment on amounts due from former subsidiaries	54,829	—
Changes in working capital:		
Inventories	134,134	(38,682)
Trade receivables	804	(7,877)
Prepayments, deposits and other receivables	(6,283)	(9,337)
Pledged deposits	—	113
Trade payables	491,470	404,654
Other payables and accruals	(613,248)	(249,805)
Due from the GCG Group	—	(44,608)
Due to an associate	—	(746)
Cash (used in) generated from operations	(7,359)	76,042
Interest received	8	2
Net cash (used in) from operating activities	(7,351)	76,044

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(21,040)	—
Net cash outflow arising from disposal of subsidiaries		—	(535)
Net cash used in investing activities		(21,040)	(535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new interest-bearing bank and other borrowings	32	579,333	13,883
Repayment of interest-bearing bank and other borrowings	32	(500,331)	(1,742,592)
Repurchase of Shares		(1,218)	(2,583)
Proceeds from issuance of CPS	31	—	1,726,775
Repayment of lease liabilities	32	(204)	(472)
Interest paid	32	(44,013)	(71,073)
Net cash from (used in) financing activities		33,567	(76,062)
Net increase (decrease) in cash and cash equivalents		5,176	(553)
Cash and cash equivalents at beginning of year		85,470	88,246
Effect of foreign exchange rate changes, net		3,798	(2,223)
Cash and cash equivalents at end of year	23	94,444	85,470



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

1. CORPORATE INFORMATION

The Company 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.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations as 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 and financial assets at FVPL which are measured at revalued amounts/fair value. 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 2024 consolidated financial statements except for the adoption of the revised HKFRS Accounting Standard that is relevant to the Group and effective from the current year as detailed in note 2.3.

2.2 GOING CONCERN

As at 31 December 2025, the Group had net current liabilities of approximately HK\$2,325.5 million (31 December 2024: approximately HK\$4,386.4 million) and net liabilities of approximately HK\$518.5 million (31 December 2024: approximately HK\$1,954.4 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) Completion of a series of group restructuring and debts restructuring arrangements

Since 2023, the Group executed a series of group restructuring procedures, including, among others: (1) disposal of approximately 47.00% of the entire issued share capital of GCG; and (2) the disposal of 100.0% of the registered capital of 長春大成實業集團有限公司 (Changchun Dacheng Industrial Group Company Limited*) (“**Changchun Dacheng Industrial**”), a former wholly-owned subsidiary of the Company, and its seven subsidiaries (together, the “**Disposal Group**”), which took place on 30 December 2024 (the “**Disposal Completion**”) and discharged the Disposal Group’s net liabilities from the consolidated financial statements of the Group.

On the other hand, in January 2024, the Group completed the debt restructuring agreement entered into between 吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*) (“**Nongfa**”) and several subsidiaries of the Group in respect of the loans of approximately Renminbi (“**RMB**”) 4,267.8 million, together with outstanding interests (the “**Entire Transferred Loans**”), 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.*) (“**Jilin Cinda**”), which had been transferred to Nongfa on 31 December 2023, pursuant to which the Group had agreed to repay to Nongfa RMB1,580.0 million for the settlement of the Entire Transferred Loans (the “**Debt Restructuring Arrangements**”). Following the completion of the Debt Restructuring Arrangements, the Group underwent and completed a series of arrangements (the “**Suppliers Debt Restructuring Arrangement**”) to restructure and settle the payables owed by the Group to certain suppliers of the Group in the aggregate amount of approximately RMB461.1 million (the “**Suppliers Debt**”) through the allotment and issue of a total of 2,752,605,977 consideration shares (the “**Consideration Share(s)**”) in October 2025, which significantly improved the Group’s financial position and decreased its finance expenses. For details of the Debt Restructuring Arrangements, please refer to the announcement of the Company dated 4 January 2024. For details of the Suppliers Debt Restructuring Arrangement, please refer to the announcements of the Company dated 9 June 2025, 3 July 2025, 8 July 2025 and 2 October 2025.

2.2 GOING CONCERN *(Continued)*

(a) **Completion of a series of group restructuring and debts restructuring arrangements** *(Continued)*

To further enhance the Group's financial position, the management has been actively pursuing the settlement of the outstanding consideration of RMB701.5 million, together with outstanding interest (the "**Remaining Rudder Loans**"), owned by 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*) ("**Dacheng Bio-Tech**") and 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**") to 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) ("**Changchun Rudder**"). The settlement plan involves requesting the Disposal Group to settle the Remaining Rudder Loans on behalf of the Group. On 29 December 2025, Changchun Rudder, 長春市人民政府 (The Changchun Municipal Government*) (the "**Local Government**"), Changchun Dacheng Industrial (being a company in the Disposal Group) and 長春市綠園區人民政府 (The People's Government of Luyuan District of Changchun City*) (the "**Luyuan Government**") (collectively, the "**Relevant Parties**") entered into a settlement agreement (the "**Relevant Agreement**"), pursuant to which Changchun Dacheng Industrial instructed the Luyuan Government to transfer the compensation arising from resumption of the land and buildings situated in Luyuan District, Changchun, the PRC (the "**Remaining Luyuan Properties**"), payable to the Disposal Group, to Changchun Rudder for the purpose of settling the Remaining Rudder Loans on behalf of the Company upon the resumption of the Remaining Luyuan Properties taking place. Subsequent to the date of the Relevant Agreement, Changchun Rudder has further confirmed (i) the amount of final principal and interest payables under the Remaining Rudder Loans (the "**Confirmed Remaining Rudder Loans**") as at 31 December 2025; and (ii) that the other liabilities under the Remaining Rudder Loans were released. In relation to the above-mentioned settlement arrangements (the "**Settlement Arrangements**"), a one-off gain of approximately HK\$511.2 million was recognised and the financial position of the Group has improved for the Year. The Board is of the view that the Group's financial liabilities will be further reduced following the full release of the obligations and liabilities associated with the Confirmed Remaining Rudder Loans, which is anticipated to take place upon the resumption of the Remaining Luyuan Properties in 2026.

(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 optimally adjust the production capacity of the production facilities in amino acids operation and upgrade production technology in order to lower the production cost. Pursuant to the announcements of the Company dated 23 May 2025 and 31 July 2025, Changchun Dahe has entered into the engineering, procurement and construction contract on 31 July 2025 in relation to the refurbishment project of the boiler facilities (the "**Boiler Refurbishment Project**") at the production site of Changchun Dahe with 中國能源建設集團東北電力第二工程有限公司 (China Energy Engineering Group Northeast No. 2 Electric Power Construction Co., Ltd.) and 中國能源建設集團遼寧電力勘測設計院有限公司 (China Energy Engineering Group Liaoning Electric Power Survey and Design Institute Co., Ltd.) acting as contractors, where Changchun Dahe acted as contractee. The related works in respect of the Boiler Refurbishment Project have commenced and are expected to be completed in August 2026. Upon the completion of the Boiler Refurbishment Project, the Group will further reduce its unit production costs and improve its market competitiveness. The Directors believe that the amino acids operation will continue to generate adequate cash inflow to the Group in 2026.

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 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 2025 amounted to approximately RMB7,155.0 million. It is tasked to consolidate the state-owned investments in the agricultural sector in the 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 the Jilin Province and provide adequate and sufficient financial support to the Group.

As at 31 December 2025, the Group’s liabilities due to Nongfa and its subsidiaries from time to time (the “**Nongfa Group**”) amounted to approximately HK\$803.7 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 and the supplemental agreement dated 24 December 2025.

Reference is further made to the announcement of the Company dated 2 October 2025, Modern Agricultural Industry Investment Limited (“**Modern Agricultural**”), the controlling shareholder of the Company, exercised its conversion rights under the Convertible Bonds in full and converted the Convertible Bonds (the “**Conversion**”) in the principal amount of HK\$1,086,279,565 into 5,172,759,833 conversion shares (the “**CB Conversion Share(s)**”) at the conversion price of HK\$0.21 per CB Conversion Share. As a result, the Company allotted and issued 5,172,759,833 CB Conversion Shares, and Modern Agricultural held 8,308,269,029 Shares, representing approximately 49.5% of the issued share capital of the Company immediately after the Conversion. On the one hand, the capitalisation of Convertible Bonds significantly improved the financial position of the Company, on the other hand, the Conversion fully reflected Nongfa’s (which indirectly owned 60.0% of the investment capital of Modern Agricultural) confidence in the prospects of the Company.

The Directors, including all members of the audit committee of the Company (the “**Audit Committee**”), 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 2025.

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 2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standard that is relevant to the Group and effective from the current year.

The Group has applied, for the first time, the following revised HKFRS Accounting Standard that is relevant to the Group:

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

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

2.4 NEW AND REVISED HKFRS ACCOUNTING STANDARDS NOT YET ADOPTED

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvements to HKFRS Accounting Standards	Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ The effective date to be determined

The Directors do not anticipate that the adoption of the new/ revised HKFRS Accounting Standards 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 disposed 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)*

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.

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

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	20.0%

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.

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

The Group's financial assets at amortised cost include trade receivables and other receivables, due from the GCG Group, due from former subsidiaries and cash and bank balances.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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

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 does not give rise to equal taxable and deductible temporary differences is not recognised; 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 does not give rise to equal taxable and deductible temporary differences is not recognised; 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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

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 30 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 36 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. 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 2025, a deferred tax asset of approximately HK\$150.6 million (2024: HK\$302.9 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\$3,411.2 million (2024: HK\$4,724.5 million) and the remaining deductible temporary difference of HK\$106.5 million (2024: HK\$931.6 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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following reportable operating segments:

- (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.

Remark:

The Group did not engage in any activities related to corn sweeteners segment and polyol chemicals segment upon the Disposal Completion.

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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

(i) Segment results

Year ended 31 December 2025

	Upstream products <i>HK\$'000</i>	Amino acids <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	Polyol chemicals <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from: External customers	335,029	1,943,503	–	–	2,278,532
Segment results	(157,121)	(88,651)	–	–	(245,772)
Bank interest income					8
Unallocated income					52,032
Gain on Settlement Arrangements					511,232
Gain on Suppliers Debt Restructuring Arrangement					231,423
Gain on deregistration of subsidiaries					14,196
Change in fair value of financial assets at FVPL					(7,550)
Impairment on amounts due from former subsidiaries					(54,829)
Impairment on amount due from GCG Group					(24,419)
Corporate and other unallocated expenses					(11,809)
Finance costs					(308,105)
Profit before tax					156,407
Income tax expenses					(110)
Profit for the year					156,297

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

(i) Segment results *(Continued)*

Year ended 31 December 2024

	Upstream products <i>HK\$'000</i>	Amino acids <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	Polyol chemicals <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
Change 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					769,598

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

(ii) Other segment information

Year ended 31 December 2025

	Upstream products <i>HK\$'000</i>	Amino acids <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	Polyol chemicals <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure	—	21,040	—	—	21,040
Depreciation of property, plant and equipment	70,109	37,223	—	—	107,332
Depreciation of right-of-use assets (a)	2,810	3,328	—	—	6,138
Write-down of inventories	—	25,250	—	—	25,250
Impairment of property, plant and equipment	—	68,307	—	—	68,307
Impairment of other receivables, net	—	13,285	—	—	13,285
Reversal of impairment of trade receivables, net	(922)	(1,285)	—	—	(2,207)
Write back of long outstanding payables	—	(24,159)	—	—	(24,159)

Year ended 31 December 2024

	Upstream products <i>HK\$'000</i>	Amino acids <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	Polyol chemicals <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)

Remark:

- (a) Depreciation of right-of-use assets that was not attributable to any of the above segments which amounted to HK\$173,000 (2024: HK\$712,000) was included in corporate and other unallocated expenses.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

(iii) Geographical information

Revenue information based on locations of customers

	2025 HK\$'000	2024 HK\$'000
The PRC	1,813,053	1,369,017
Asia, the Americas and other regions	465,479	632,078
	2,278,532	2,001,095

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

	2025 HK\$'000	2024 HK\$'000
The PRC	2,352,487	2,410,793
Hong Kong	216	389
	2,352,703	2,411,182

(iv) Information about major customers

Revenue from customers individually accounted for 10% or more of the Group's revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Amino acids		
Customer A	286,449	N/A
Customer B	253,717	N/A

The revenue from Customer A and Customer B were less than 10% of the Group's revenue for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within HKFRS 15			
Sale of goods (a)		2,278,532	2,001,095
Other income and gains			
Amortisation of deferred income	29	2,806	4,365
Change in fair value of financial assets at FVPL		—	14,098
Bank interest income		8	2
Government grants (b)		2,174	67,391
Write back of long outstanding payables		24,159	—
Gain on deregistration of subsidiaries		14,196	—
Gain on Suppliers Debt Restructuring Arrangement (c)		231,423	—
Gain on Settlement Arrangements (d)		511,232	—
Sales of scrap materials		28,507	—
Foreign exchange gain, net		3,006	4,521
Reversal of impairment of trade receivables, net	36	2,207	21,419
Reversal of impairment of other receivables, net	36	—	21,606
Reversal of write-down of inventories		—	27,710
Others		15,539	15,789
		835,257	176,901

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\$53,621,000 (2024: HK\$151,380,000).
- (b) Government grants represented rewards to a subsidiary of the Company with no further obligations and conditions to be complied with.
- (c) Upon the completion of the Suppliers Debt Restructuring Arrangement, the Suppliers Debt in aggregate amount of approximately RMB461.1 million (equivalent to HK\$506.7 million) had been capitalised as equity interest in 長春世紀大成商貿有限公司 (Changchun Century Dacheng Trading Company Limited) (“**Century Dacheng**”), and a total of 2,752,605,977 Consideration Shares were issued as consideration for the acquisition of an aggregate 28.98% equity interest in Century Dacheng by the Group (the “**Re-acquisition**”), as such, approximately HK\$231.4 million has been recognised as other income and gains during the Year.
- (d) On 29 December 2025, the Relevant Parties entered into the Relevant Agreement, pursuant to which Changchun Dacheng Industrial instructed the Luyuan Government to transfer the compensation arising from resumption of the Remaining Luyuan Properties payable to the Disposal Group, to Changchun Rudder for the purpose of settling the Remaining Rudder Loans on behalf of the Company upon the resumption of the Remaining Luyuan Properties taking place. Subsequent to the date of the Relevant Agreement, Changchun Rudder has further confirmed (i) the amount of the Confirmed Remaining Rudder Loans as at 31 December 2025; and (ii) that the other liabilities under the Remaining Rudder Loans were released. As such, a one-off gain of approximately HK\$511.2 million was recognised by the Group during the Year.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

6. FINANCE COSTS

	Notes	2025 HK\$'000	2024 HK\$'000
Interest on bank and other borrowings		44,013	71,073
Interest on financial guarantees given by Nongfa	34(i)	30,435	19,021
Interest on payables to suppliers		76,176	75,697
Imputed interest on Convertible Bonds	28	157,456	157,589
Interest on lease liabilities		25	22
		308,105	323,402

7. PROFIT BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Employee benefits expenses (excluding Directors' remuneration):		
Wages and salaries	56,189	86,368
Pension scheme contributions	11,997	20,206
	68,186	106,574
Cost of inventories sold (a)	2,082,091	1,810,123
Depreciation of property, plant and equipment	107,332	212,657
Depreciation of right-of-use assets	6,311	15,849
Amortisation of deferred income	(2,806)	(4,365)
Auditor's remuneration		
— Annual audit	1,430	1,430
— Non-audit service fee	346	429
Written off of right-of-use assets	—	61,753
Impairment (Reversal of impairment) of other receivables, net	13,285	(21,606)
Research and development costs	8,215	4,129
Reversal of impairment of trade receivables, net	(2,207)	(21,419)
Foreign exchange gain, net	(3,006)	(4,521)
Write-down (Reversal of write-down) of inventories	25,250	(27,710)
Loss on properties revaluation, net	—	402,961
Impairment of property, plant and equipment	68,307	—
Change in fair value of financial assets at FVPL	7,550	(14,098)
Gain on Settlement Arrangements	(511,232)	—
Gain on deregistration of subsidiaries	(14,196)	—
Write back of long outstanding payables	(24,159)	—
Written off of property, plant and equipment	—	311,401
Impairment on amount due from the GCG Group	24,419	—
Impairment on amounts due from former subsidiaries	54,829	—
Gain on Suppliers Debt Restructuring Arrangement	(231,423)	—

Remark:

- (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.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2025				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	
Executive Directors					
Mr. Wang Cheng	–	–	–	–	–
Mr. Wang Guicheng	521	–	470	169	1,160
Non-executive Director					
Mr. Li Yuewen	–	–	–	–	–
	521	–	470	169	1,160
Independent non-executive Directors					
Mr. Tan Chao	117	–	–	–	117
Ms. Jiang Fangfang	117	–	–	–	117
Ms. Xie Liangjiu	117	–	–	–	117
	351	–	–	–	351

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

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

	2024				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	
Executive Directors					
Mr. Wang Cheng	—	—	—	—	—
Mr. Wang Guicheng	538	—	542	169	1,249
Non-executive Director					
Mr. Li Yuwen	—	—	—	—	—
	538	—	542	169	1,249
Independent non-executive Directors					
Mr. Tan Chao	117	—	—	—	117
Ms. Jiang Fangfang	117	—	—	—	117
Ms. Xie Liangqiu	117	—	—	—	117
	351	—	—	—	351

No performance-related bonus was paid or payable by the Group to any of the Directors during the years ended 31 December 2025 and 2024. 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 2025 and 2024. None of the Directors and chief executive of the Company waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

One (2024: 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 (2024: four) highest paid employees who are not Directors are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Basic salaries, housing benefits, other allowances and benefits in kind	2,071	2,316
Discretionary bonus	1,245	980
Pension scheme contributions	292	210
	3,608	3,506

The highest paid employees fell within the following bands:

	2025 <i>Number of individuals</i>	2024 <i>Number of individuals</i>
Nil to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$1,500,000	—	1
	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 2025 and 2024. 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 2025 and 2024. None of the highest paid non-Director employees waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

10. INCOME TAX EXPENSES (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 2025 and 2024.

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 2025 (2024: 25%). Provision for the PRC enterprise income tax has been made as the subsidiaries operating in PRC have estimated assessable profits for year ended 31 December 2025 (2024: 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).

	2025 HK\$'000	2024 HK\$'000
Current tax		
PRC enterprise income tax	110	—
Deferred tax		
Origination and reversal of temporary differences, net	—	(23,979)
Income tax expenses (credit)	110	(23,979)

Reconciliation of income tax expenses (credit)

	2025 HK\$'000	2024 HK\$'000
Profit before tax	156,407	745,619
Income tax at applicable tax rate	39,877	237,307
Non-deductible expenses	26,956	605
Tax-exempt income	(189,758)	(16,848)
Unrecognised temporary difference	54,741	(320,416)
Unrecognised tax losses	68,294	75,373
Income tax expenses (credit)	110	(23,979)

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

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

11. DIVIDENDS

The Board does not recommend the payment of any dividend (including: preferential dividend to holders of CPS) for the Year (2024: Nil).

12. EARNINGS PER SHARE

	2025	2024
Profit (in HK\$'000)		
Profit attributable to owners of the Company	156,297	769,598
Number of shares		
Weighted average of ordinary Shares in issue	10,818,054,580	8,928,680,187
Basic earnings per Share (HK cents per Share)	1.4	8.6

	2025	2024
Profit (in HK\$'000)		
Profit attributable to owners of the Company	156,297	769,598
Number of shares		
Weighted average of ordinary Shares in issue	10,818,054,580	8,928,680,187
Effect of conversion of CPS	17,267,750,569	17,267,750,569
Weighted average number of ordinary Shares for the purpose of diluted earnings per Share	28,085,805,149	26,196,430,756
Diluted earnings per Share (HK cents per Share)	0.6	2.9

For the years ended 31 December 2025 and 2024, the assumed conversion of CPS has dilutive effect as shown on the table above. For the years ended 31 December 2025 and 2024, no adjustment has been made in respect of outstanding Convertible Bonds as it has an anti-dilutive effect.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount – Year ended 31 December 2025	Leasehold buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Leasehold improvement, furniture, equipment and motor vehicles <i>HK\$'000</i>	Construction in-progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2025	2,031,266	84,680	1,620	1,484	2,119,050
Additions	–	–	–	21,040	21,040
Impairment	–	(68,307)	–	–	(68,307)
Depreciation	(105,111)	(1,910)	(311)	–	(107,332)
Exchange realignment	93,731	681	86	–	94,498
At 31 December 2025	2,019,886	15,144	1,395	22,524	2,058,949

Reconciliation of carrying amount – Year ended 31 December 2024	Leasehold buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Leasehold improvement, furniture, equipment and motor vehicles <i>HK\$'000</i>	Construction in-progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	3,318,696	153,899	3,852	347,252	3,823,699
Transfer	298,587	–	–	(298,587)	–
Disposal of subsidiaries	(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

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

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

	Leasehold buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Leasehold improvement, furniture, equipment and motor vehicles <i>HK\$'000</i>	Construction in-progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2025					
At cost	–	4,958,377	76,468	22,524	5,057,369
At valuation	2,019,886	–	–	–	2,019,886
Accumulated depreciation and impairment losses	–	(4,943,233)	(75,073)	–	(5,018,306)
	2,019,886	15,144	1,395	22,524	2,058,949
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

Leasehold buildings

The leasehold buildings are situated on parcels of land of the Group in the PRC with remaining lease terms ranging from 28 to 41 years (2024: 29 to 42 years).

At 31 December 2025, the Group has not obtained building certificates for certain leasehold buildings with a total carrying amount of HK\$835,357,000 (2024: HK\$812,229,000).

Had the Group's leasehold buildings been carried under the cost model, their carrying amount at 31 December 2025 would have been approximately HK\$2,104,159,000 (2024: HK\$2,105,768,000).

Valuation processes

The Group reviews the estimation of fair value of the leasehold buildings at the end of each reporting period. Valuation of leasehold buildings is normally performed by an independent professional valuer on a bi-annual basis, unless the Directors are of the opinion that there is a significant change in fair value or a more frequent valuation is necessary. Discussion of the valuation process and results with the Audit Committee is held twice a year to coincide with the interim and annual report reporting dates.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

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			Total HK\$'000
	Quoted prices in active market (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Industrial properties	—	—	2,031,266	2,031,266

During the years ended 31 December 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The 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:

	2025 HK\$'000	2024 HK\$'000
At 1 January	2,031,266	3,317,531
Transfer from construction-in-progress	—	298,587
Depreciation	(105,111)	(182,576)
Loss on properties revaluation, net	—	(303,970)
Written off of property, plant and equipment	—	(279,573)
Disposal of subsidiaries	—	(707,915)
Exchange realignment	93,731	(110,818)
At 31 December	2,019,886	2,031,266

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

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

Leasehold buildings *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation technique and the key inputs used in the valuation of the leasehold buildings at 30 December 2024 that were categorised as Level 3 fair value measurements:

Valuation technique	Significant unobservable inputs	Industrial properties
At 31 December 2024		
DRC approach	Construction cost (RMB/square meter)	RMB2,270 — RMB3,400

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.

Plant and machinery

In light of evolving market conditions and challenges, especially after anti-dumping policies were imposed by western countries during 2025, the performance of the Group's amino acids segment has deteriorated significantly since then. Certain plant and equipment for amino acids operation were in the status of temporary idleness or under-capacity.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

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

Leasehold buildings *(Continued)*

Fair value hierarchy *(Continued)*

The Group considered that there were indicators of impairment in respect of the machineries of amino acids operations (the “**Assets**”). As a result, an impairment loss of HK\$68,307,000 was recognised for property, plant and equipment during the year ended 31 December 2025.

Management performed impairment assessment by determining the recoverable amount of the Assets based on the higher of the VIU calculation and the fair value less cost of disposal. The key assumptions for fair value less cost of disposal method include market price of the relevant assets. The key assumptions for VIU calculation include product prices (as well as revenue growth rates) and discount rates.

The Assets have been in use for more than 20 years and its existing technological level falls short of today’s industry benchmarks. The management of the Group assessed the fair value of the Assets closes to zero. In this regard, as announced in the Company’s announcement dated 31 July 2025, the Group is implementing the Boiler Refurbishment Project to replace the Assets, with completion expected in August 2026. Based on the assessment, the recoverable amounts of the Assets are determined by the management based on VIU calculation, which are higher than that using fair value less cost of disposal.

The Group adopts the pre-tax discount rate of 7.3% during the forecast period. The recoverable amount of the Assets is closest to zero.

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Year ended 31 December 2025

14. RIGHT-OF-USE ASSETS

	Land HK\$'000	Office premises HK\$'000	Total HK\$'000
Reconciliation of carrying amount – Year ended 31 December 2025			
At 1 January 2024	289,696	389	290,085
Depreciation	(6,138)	(173)	(6,311)
Exchange realignment	7,933	–	7,933
At 31 December 2025	291,491	216	291,707
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	(24,259)	–	(24,259)
Exchange realignment	(5,045)	–	(5,045)
At 31 December 2024	289,696	389	290,085
At 31 December 2025			
Cost	392,763	518	393,281
Accumulated depreciation and impairment loss	(101,272)	(302)	(101,574)
	291,491	216	291,707
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

The leasehold land is granted with remaining lease terms ranging from 28 to 41 years (2024: 29 to 42 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.

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15. INTANGIBLE ASSETS

	Golf club membership HK\$'000
Reconciliation of carrying amount	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,047
At 31 December 2025	
Cost	2,047
Accumulated impairment losses	—
	2,047
At 31 December 2024	
Cost	2,047
Accumulated impairment losses	—
	2,047

16. SUBSIDIARIES

Details of the 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
				2025	2024	
Directly held:						
Global Corn Bio-chem Technology Company Limited	British Virgin Islands ("BVI")	Limited liability company	United States Dollars ("US\$") 600	100%	100%	Investment holding
ShengLi I International Limited	BVI	Limited liability company	US\$1	100%	—	Investment holding
ShengLi IX International Limited	BVI	Limited liability company	US\$1	100%	—	Investment holding
Indirectly held:						
Global Corn Chemical Investment Limited ¹	Hong Kong	Limited liability company	HK\$10,000	100%	100%	Investment holding
Dacheng Industrial Group (HK) Limited ¹	Hong Kong	Limited liability company	HK\$1	100%	100%	Investment holding
Global Corn Investments (HK) Limited	Hong Kong	Limited liability company	HK\$1	100%	100%	Investment holding

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16. SUBSIDIARIES (Continued)

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
				2025	2024	
Indirectly held: (continued)						
Global Bio-chem Technology Investments (HK) Limited	Hong Kong	Limited liability company	HK\$1	100%	100%	Investment holding
Global Polyol Group Limited*	Hong Kong	Limited liability company	HK\$1,000	100%	100%	Investment holding
Fortunix Investments Limited	Hong Kong	Limited liability company	HK\$10,000	51%	51%	Investment holding
Global Bio-chem Technology (HK) Limited	Hong Kong	Limited liability company	HK\$100	100%	100%	Investment holding
Bio-chem Technology (HK) Limited	Hong Kong	Limited liability company	HK\$2	100%	100%	General administration and sales
Global Corn Investments Limited	BVI	Limited liability company	US\$200	100%	100%	Investment holding
Global Bio-chem Technology Limited	BVI	Limited liability company	US\$200	100%	100%	Investment holding
China Bio-chem Group Limited	BVI	Limited liability company	US\$1,000	100%	100%	Investment holding
China Bio-chem Investments Limited	BVI	Limited liability company	US\$1,000	100%	100%	Investment holding
Changchun Huitong Dacheng Corn Distribution Co., Ltd. #	The PRC	Limited liability company	Registered: RMB450,000,000 Paid-up capital: RMB449,060,000	100%	100%	Sale of corn based biochemical products
Century Dacheng #	The PRC	Limited liability company	RMB1,591,117,392	100%	100%	Sale of corn starch, gluten meal, corn oil and other corn refined products

Notes to the Consolidated Financial Statements

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16. SUBSIDIARIES (Continued)

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
				2025	2024	
Indirectly held: (continued)						
Changchun Dacheng Industrial Group International Trade Co., Ltd.	The PRC	Limited liability company	RMB480,000,000	100%	100%	Sale of corn based biochemical products
Changchun Dahe [#]	The PRC	Limited liability company	US\$140,250,000	100%	100%	Manufacture and sale of corn based biochemical products
Dacheng Bio-Tech	The PRC	Limited liability company	RMB2,066,150,000	100%	100%	Manufacture and sale of corn oil and other refined products
Changchun Hongcheng Synthetic Biotechnology Co., Ltd.	The PRC	Limited liability company	RMB200,000,000	100%	100%	Manufacture and sale of corn refined products and other refined products

[#] Wholly-foreign-owned enterprise

[^] Applying deregistration at the end of the reporting period

The English names of the above companies in the PRC represent the best effort made by the Directors to translate the Chinese names as their names have not been registered officially in English.

None of the subsidiaries issue debt securities.

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17. INTERESTS IN AN ASSOCIATE

Interests in the associate represents 40% (2024: 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 profits of Dacheng Hexin for the Year and share of losses cumulatively were HK\$226,000 (2024: unrecognised share of losses of HK\$1,105,000) and HK\$10,760,000 (2024: HK\$10,986,000) respectively.

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

	2025 HK\$'000	2024 HK\$'000
<i>Gross amounts:</i>		
Current assets	6,795	7,425
Non-current assets	52,584	51,295
Current liabilities	(82,690)	(80,039)
Net liabilities	(23,311)	(21,319)
<i>Gross amounts:</i>		
Revenue	—	—
Profit (loss) and total comprehensive income (loss)	565	(2,762)

18. INTERESTS IN A JOINT VENTURE

	2025 HK\$'000	2024 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.

Notes to the Consolidated Financial Statements

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

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

	2025 HK\$'000	2024 HK\$'000
<i>Gross amounts:</i>		
Current assets	3,504	3,054
Non-current assets	29,332	29,724
Current liabilities	(83,465)	(78,247)
Net liabilities	(50,629)	(45,469)
<i>Included in above:</i>		
Cash and cash equivalents	217	227
Financial liabilities (excluding trade and other payables and provisions)	(41,396)	(43,080)
<i>Reconciliation:</i>		
Gross amount of equity	(50,629)	(45,469)
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	—	—
<i>Gross amounts:</i>		
Revenue	—	—
Loss and total comprehensive loss	(8,569)	(6,107)
<i>Included in above:</i>		
Depreciation and amortisation	(409)	(376)
Interest expense	(8,875)	(3,840)
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\$3,728,000 (2024: HK\$2,657,000) and HK\$18,256,000 (2024: HK\$14,528,000) respectively.

Notes to the Consolidated Financial Statements

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19. FINANCIAL ASSETS AT FVPL

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Listed equity investment, at fair value (a)	23,688	31,238

Remark:

- (a) The listed equity investment represents ordinary shares of GCG listed on the Stock Exchange. At 31 December 2025, 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.

20. INVENTORIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Raw materials	20,428	169,849
Finished goods	24,437	35,658
	44,865	205,507

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21. TRADE RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Trade receivables		389,518	392,479
Loss allowance	36	(226,855)	(233,022)
		162,663	159,457

The Group normally allows credit terms of 30 to 90 days (2024: 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:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	156,482	151,989
1 to 2 months	5,202	213
2 to 3 months	1	95
3 to 6 months	—	39
Over 6 months	978	7,121
	162,663	159,457

Information about the Group's exposure to credit risk and loss allowance for trade receivables is included in note 36 to the consolidated financial statements.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	48,503	22,869
Deposits and other debtors	42,324	63,957
PRC value-added tax ("VAT") and other tax receivables	64,068	54,005
Receivables from disposal of assets	—	19,276
	154,895	160,107

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Year ended 31 December 2025

23. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	94,444	85,470

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK\$87,417,000 (2024: HK\$77,456,000 denominated in RMB). The cash and bank balances denominated in RMB 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 RMB 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. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

	Note	2025 HK\$'000	2024 HK\$'000
Trade payables			
— To third parties (a)		644,952	526,071
— To the Nongfa Group (b)	34(ii)	502,416	648,548
		1,147,368	1,174,619

Remarks:

- (a) The trade payables to the third parties of the amount of approximately HK\$255.0 million (2024: Nil) are unsecured and interest-bearing at 6.5% per annum after the lapse of the credit periods.
- (b) The trade payables to the Nongfa Group are unsecured and interest-bearing at 6.5% per annum (2024: 6.5% to 7.8% per annum) after the lapse of the credit periods. During the Year, 吉林吉糧資產供應鏈管理有限公司 (Jilin Jiliang Assets Supply Chain Management Co., Ltd.)* (“**Jiliang**”) has been separated from the Nongfa Group to become an entity directly under 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**”) and classified as a third party. At 31 December 2024, the amount due to Jiliang of approximately HK\$244.2 million was included in the trade payables to the Nongfa Group.

The Group normally obtains credit terms ranging from 30 to 90 days (2024: 30 to 90 days) from its suppliers.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

24. 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:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	45,824	355,421
1 to 2 months	149,626	78,366
2 to 3 months	5,333	800
Over 3 months	946,585	740,032
	1,147,368	1,174,619

25. OTHER PAYABLES AND ACCRUALS

	Note	2025 HK\$'000	2024 HK\$'000
Accruals for employee benefits		523,350	387,446
Payables for purchases of machinery		39,576	52,071
Receipts in advance (a)		37,154	51,558
Payables to the Nongfa Group (b)	34(ii)	235,138	1,038,044
VAT and other duties payables		88,933	120,081
Accruals and other creditors (c)		878,059	208,410
Interest payables		384,953	801,158
		2,187,163	2,658,768

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:

	2025 HK\$'000	2024 HK\$'000
At 1 January	51,558	156,061
Recognised as revenue	(53,621)	(151,380)
Receipt of advances or recognition of receivables	37,154	51,558
Exchange realignment	2,063	(4,681)
At 31 December	37,154	51,558

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that were unsatisfied (or partially unsatisfied) at 31 December 2025 and 2024 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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

25. 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% to 12.0% per annum (2024: 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 (2024: 3.5% per annum). During the Year, Jiliang has been separated from the Nongfa Group to become an entity directly under Jilin SASAC and classified as a third party. At 31 December 2024, the amount due to Jiliang of approximately HK\$709.0 million was included in the payables to the Nongfa Group.
- (c) The other payables of the amount of approximately HK\$811.8 million (2024: Nil) are unsecured and interest-bearing at 6.5% per annum and are repayable on demand.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate %	Maturity	HK\$'000	Effective interest rate %	Maturity	HK\$'000
Current						
Short term bank borrowings						
– unsecured	3.1%-5.5%	On demand/ 2026	359,162	5.0%-6.5%	On demand/ 2025	852,634
Other borrowings						
– secured	10.0%	On demand	779,433	10.0%	On demand	746,266
Other borrowings						
– unsecured (a)	5.0%-7.8%	On demand	94,611	5.0%-7.8%	On demand	94,840
			1,233,206			1,693,740
Non-current						
Bank borrowings						
– unsecured	5.5%	2027-2028	560,111	–	–	–
			1,793,317			1,693,740

Notes to the Consolidated Financial Statements
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26. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Analysed into:	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank borrowings repayable:		
Within one year or on demand	359,162	852,634
In the second year	5,556	—
In the third to fifth year	554,555	—
	919,273	852,634
Other borrowings repayable:		
Within one year or on demand	874,044	841,106
	1,793,317	1,693,740
Secured	779,433	746,266
Unsecured	1,013,884	947,474
	1,793,317	1,693,740

Remark:

- (a) As 31 December 2025, the balance included the other borrowings from the subsidiaries of Nongfa amounted to HK\$66.2 million (2024: HK\$94.8 million) which are unsecured, interest-bearing at 5.0% to 6.5% (2024: 5.0% to 7.8%) per annum and are repayable on demand. During the Year, Jiliang has been separated from the Nongfa Group to become an entity directly under Jilin SASAC and classified as a third party. At 31 December 2025 and 31 December 2024, the amount due to Jiliang of approximately HK\$28.4 million and HK\$27.2 million respectively, were included in other borrowings.

Additional information	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Collaterals pledged for security:		
Property, plant and equipment	742,185	1,004,576
Right-of-use-assets	55,020	61,376
Corporate guarantee by:		
The Company	37,778	40,426
Certain subsidiaries	136,403	125,845
Nongfa	874,273	842,389
An independent third party	29,333	—
Denominated in Renminbi	1,793,317	1,693,740

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.

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Year ended 31 December 2025

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

Further details of the Group's management of liquidity risk are set out in note 36 to the consolidated financial statements.

27. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Current portion	187	179
Non-current portion	47	234
	234	413

28. CONVERTIBLE BONDS

The Convertible Bonds in an aggregate principal amount of HK\$1,086,279,565 were issued to and subscribed by 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.

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 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 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.

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28. CONVERTIBLE BONDS *(Continued)*

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 Bonds at the interest rates that were appropriate to the riskiness of the Convertible Bonds.

On 2 October 2025, the Convertible Bonds in the principal amount of HK\$1,086,279,565 were converted into 5,172,759,833 CB Conversion Shares based on the conversion price of HK\$0.21 per CB Conversion Share.

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

	2025 HK\$'000	2024 HK\$'000
Equity component		
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)
Conversion of Convertible Bonds	(104,654)	—
	—	104,654
Liability component		
Second Extended Maturity:		
At 1 January	958,839	801,250
Imputed interest	157,456	157,589
Conversion of Convertible Bonds	(1,116,295)	—
	—	958,839

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29. DEFERRED INCOME

	2025 HK\$'000	2024 HK\$'000
At 1 January	10,193	31,327
Disposal of subsidiaries	—	(15,798)
Amortisation	(2,806)	(4,365)
Exchange realignment	1,882	(971)
At 31 December	9,269	10,193

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.

30. DEFERRED TAX

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	—	7,240
Credited to profit or loss	—	(23,979)
Charged to other comprehensive income	—	24,748
Disposal of subsidiaries	—	(7,072)
Exchange realignment	—	(937)
At 31 December	—	—

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30. DEFERRED TAX *(Continued)*

Recognised deferred tax assets and liabilities

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Depreciation allowances	150,618	230,770	—	—
Revaluation of properties	—	—	150,618	192,644
Deferred income arising from resumption of land and buildings	—	—	—	98,290
Tax losses	—	60,839	—	—
Others	—	11,281	—	11,956
	150,618	302,890	150,618	302,890
Offsetting	(150,618)	(302,890)	(150,618)	(302,890)
Deferred tax liabilities, net	—	—	—	—

Unrecognised deferred tax assets arising from:

	2025 HK\$'000	2024 HK\$'000
Deductible temporary differences	106,479	931,557
Tax losses	3,411,161	4,724,459
	3,517,640	5,656,016

Deductible temporary differences of approximately HK\$106.5 million (2024: HK\$931.6 million) and tax losses arising in Hong Kong of approximately HK\$405.8 million (2024: HK\$405.8 million) have no expiry date under current tax legislations. Tax losses arising in the PRC of approximately HK\$3,005.4 million (2024: HK\$4,318.7 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.

No deferred tax has not been recognised for withholding taxes and other taxes that would be payable on the unremitted earnings of certain subsidiaries at 31 December 2025 (2024: HK\$15.0 million). The Directors consider that it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

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31. SHARE CAPITAL, CPS AND TREASURY SHARES

	2025 HK\$'000	2024 HK\$'000
Authorised:		
30,000,000,000 (2024: 30,000,000,000) ordinary Shares of HK\$0.1 each	3,000,000	3,000,000
30,000,000,000 (2024: 30,000,000,000) CPS of HK\$0.1 each	3,000,000	3,000,000
Issued and fully paid (a):		
16,832,771,527 (2024: 8,907,405,717) ordinary Shares of HK\$0.1 each	1,683,277	890,741
CPS (b):		
17,267,750,569 (2024: 17,267,750,569) CPS of HK\$0.1 each	1,726,775	1,726,775
Treasury Shares (c):		
44,560,000 (2024: 31,666,000) ordinary Shares	(3,801)	(2,583)

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

31. SHARE CAPITAL, CPS AND TREASURY SHARES (Continued)

Remarks:

(a) Share Capital

The movements in issued share capital and share premium of the Company during the Year are as follows:

	Number of shares	Nominal value HK\$'000	Share premium HK\$'000
At 1 January 2024, 31 December 2024 and 1 January 2025	8,907,405,717	890,741	2,849,298
Conversion of Convertible Bonds	5,172,759,833	517,276	703,673
Issuance of Shares	2,752,605,977	275,260	—
At 31 December 2025	16,832,771,527	1,683,277	3,552,971

Reference is made to the announcement of the Company dated 2 October 2025, the Convertible Bonds in the principal amount of HK\$1,086,279,565 were converted into 5,172,759,833 CB Conversion Shares based on the conversion price of HK\$0.21 per CB Conversion Share. On the same date, a total of 2,752,605,977 ordinary Shares were issued as consideration of approximately HK\$275.3 million for the Re-acquisition in relation to the Suppliers Debt Restructuring Arrangement.

(b) 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 CPS 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 (the “**EGM**”) 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 Changbaishan Liheng Investment Company Limited, a direct wholly-owned subsidiary of Jilin Liheng, and Changbaishan Yuanheng Investment Company Limited, a direct wholly-owned subsidiary of Jilin Yuanheng. The rate for conversion of the Subscription CPS into ordinary Shares 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.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

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

Remarks: *(Continued)*

(c) Treasury Shares

On 25 October 2024, an ordinary resolution had been passed at the EGM, pursuant to which a general mandate has been given to the Board for the repurchase of Shares not exceeding 890,740,571 Shares, being 10% of the total number of issued share capital 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 (the “**Shareholders**”) in general meeting revoking or varying the authority given to the Directors.

During the Year, 12,894,000 Shares have been repurchased pursuant to the Share Repurchase Mandate, and a total of 44,560,000 Shares are currently held as Treasury Shares as at 31 December 2025.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

32. 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 2025				
At 1 January 2025	1,693,740	958,839	413	2,652,992
Changes from financing cash flows:				
Proceeds from new interest-bearing bank and other borrowings	579,333	—	—	579,333
Repayment of interest-bearing bank and other borrowings	(500,331)	—	—	(500,331)
Repayment of lease liabilities	—	—	(204)	(204)
Interest paid	(44,013)	—	—	(44,013)
Total changes from financing cash flows	34,989	—	(204)	34,785
Exchange realignment	20,575	—	—	20,575
Other changes:				
Interest expenses	44,013	157,456	25	201,494
Conversion of Convertible Bonds	—	(1,116,295)	—	(1,116,295)
At 31 December 2025	1,793,317	—	234	1,793,551

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

32. OTHER CASH FLOW INFORMATION *(Continued)*

Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing bank and other borrowings <i>HK\$'000</i>	Convertible Bonds <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

33. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Purchase/Construction of property, plant and equipment	530,618	513,638

34. 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	2025 HK\$'000	2024 HK\$'000
Key management personnel	Short-term employee benefits	4,012	3,886
	Post-employment benefits	374	361
		4,386	4,247
The Nongfa Group	Purchase of corn kernels	682,067	401,854
	Interest on payables (a)	3,790	62,063
	Interest on other borrowings (a)	3,633	8,380
Nongfa	Guarantees charge	30,435	19,021
	Debt restructuring service fee	13,515	21,522

Remark:

- (a) During the Year, Jiliang has been separated from the Nongfa Group to become an entity directly under Jilin SASAC and classified as a third party. At 31 December 2024, the interest on payables and other borrowings to Jiliang amounted to approximately HK\$57.1 million and approximately HK\$3.9 million respectively, were included in the interest on payables and other borrowings to the Nongfa Group.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Balances with related parties

	2025 HK\$'000	2024 HK\$'000
Trade payables to the Nongfa Group (a)	(502,416)	(648,548)
Other payables to the Nongfa Group (b)	(235,138)	(1,038,044)
Other borrowings from the Nongfa Group (c)	(66,194)	(94,840)

Remarks:

- (a) The trade payables to the Nongfa Group are unsecured and interest-bearing at 6.5% per annum (2024: 6.5% to 7.8% per annum) after the lapse of the credit periods. At 31 December 2024, the amount due to Jiliang of approximately HK\$244.2 million was included in the trade payables to the Nongfa Group.
- (b) The payables represent (i) advances from the subsidiaries of Nongfa which are unsecured, interest-bearing at 6.5% and 12.0% per annum (2024: 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 (2024: 3.5% per annum). At 31 December 2024, the amount due to Jiliang of approximately HK\$709.0 million was included in the payables to the Nongfa Group.
- (c) As 31 December 2025, the balance included the other unsecured borrowings from the subsidiaries of Nongfa amounted to approximately HK\$66.2 million (2024: HK\$94.8 million), interest-bearing at 5.0% to 6.5% (2024: 5.0% to 7.8%) per annum and were repayable on demand. At 31 December 2024, the amount due to Jiliang of approximately HK\$27.2 million was included in other borrowings from the Nongfa Group.

(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.

35. DUE FROM GCG GROUP AND FORMER SUBSIDIARIES

The amounts due from former subsidiaries are unsecured, interest-free and repayable on demand.

The amount due from GCG Group is unsecured, interest-bearing at 6.0% per annum (2024: 6.0% per annum) and has no fixed terms of repayment.

Information about the Group's exposure to credit risk and loss allowance for amounts due from GCG Group and former subsidiaries are included in note 36 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

36. 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:

	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost		
Trade receivables	162,663	159,457
Financial assets included in deposits and other receivables	42,324	83,233
Due from the GCG Group	24,419	44,608
Due from former subsidiaries	1,761,263	1,444,613
Cash and bank balances	94,444	85,470
	2,085,113	1,817,381
Financial assets at FVPL		
Listed equity investment, at fair value	23,688	31,238
	23,688	31,238
	2,108,801	1,848,619
Financial liabilities at amortised cost		
Trade payables	1,147,368	1,174,619
Financial liabilities included in other payables and accruals	1,537,726	2,099,683
Interest-bearing bank and other borrowings	1,793,317	1,693,740
Convertible Bonds	—	958,839
Lease liabilities	234	413
	4,478,645	5,927,294

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.

36. 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\$11,037,000 (2024: HK\$15,989,000).

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 2024.

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables, amount due from the GCG 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

Substantially all of the Group's cash and bank balances were deposited in creditworthy global financial institutions and state-controlled financial institutions in Hong Kong 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 (2024: 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 9.2% (2024: 10.9%) and 16.9% (2024: 20.8%) of the Group's total trade receivables which were due from the Group's largest customer and the five largest customers respectively.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

36. 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\$453,000 (2024: HK\$466,000) 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 2025				
Not past due	0.0%	143,202	—	No
1 – 30 days past due	0.0%	11,843	—	No
31 – 270 days past due	0.0%	7,618	—	No
271 – 365 days past due	100.0%	90,352	(90,352)	Yes
Over 365 days past due	100.0%	136,503	(136,503)	Yes
		389,518	(226,855)	
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)	

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Trade receivables (Continued)

At 31 December 2025, the Group recognised loss allowance of HK\$226,855,000 (2024: HK\$233,022,000) on the trade receivables. The movements in the loss allowance for trade receivables during the years are summarised below.

	2025 HK\$'000	2024 HK\$'000
At 1 January	233,022	340,686
Reversal of allowance	(2,207)	(21,419)
Disposal of subsidiaries	—	(92,310)
Exchange realignment	(3,960)	6,065
At 31 December	226,855	233,022

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, amount due from GCG Group and amounts due from former subsidiaries

The Group performs impairment assessment on other receivables, amount due from GCG Group and amounts due from former subsidiaries 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, amount due from GCG Group and amounts due from former subsidiaries 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.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Other receivables, amount due from GCG Group and amounts due from former subsidiaries *(Continued)*

	2025 HK\$'000	2024 HK\$'000
Due from the GCG Group (a)	24,419	44,608
Due from former subsidiaries (b)	1,761,263	1,444,613
Deposits and other receivables	42,324	83,233
	1,828,006	1,572,454

Remarks:

- (a) Taken into account the historical actual credit loss experience, the financial position of the GCG Group and the current creditworthiness, as such, an impairment loss of approximately HK\$24,419,000 (2024: Nil) has been made against the amount due from the GCG Group during the Year. Nevertheless, the Directors believe that the remaining balance of the amount due from the GCG Group, after the impairment, could be recoverable.
- (b) Upon the Disposal Completion, the entire Remaining Luyuan Properties are owned by the Disposal Group and no longer held by the Group, however a significant portion at approximately 42.3% (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 the Disposal Group, as purchaser, to repay the amounts due from former subsidiaries in exchange for the Group's release of the seizure order. On 29 December 2025, the Relevant Parties entered into the Relevant Agreement, pursuant to which Changchun Dacheng Industrial instructed the Luyuan Government to transfer the compensation arising from resumption of the Remaining Luyuan Properties payable to the Disposal Group, to Changchun Rudder for the purpose of settling the Remaining Rudder Loans on behalf of the Company upon the resumption of the Remaining Luyuan Properties taking place. After taking into account the portion of the land relating to the Remaining Luyuan Properties that has been seized/pledged in favour of the Group (approximately 42.3%) and the amount of the Remaining Rudder Loans, the Group has made an impairment loss of approximately HK\$54,829,000 (2024: Nil) against the amounts due from former subsidiaries during the Year. Nevertheless, the Directors believe that the remaining balance of the amounts due from former subsidiaries, after the impairment, could be recoverable pursuant to the Settlement Arrangements.

As at 31 December 2025, the Group recognised loss allowance of HK\$105,072,000 (2024: HK\$12,006,000) on the other receivables, amount due from GCG Group and amounts due from former subsidiaries based on lifetime ECL.

The movements in the loss allowance for the balances are summarised below.

	2025 HK\$'000	2024 HK\$'000
At 1 January	12,006	70,445
Increase in (Reversal of) allowance	92,533	(21,606)
Disposal of subsidiaries	—	(36,489)
Exchange realignment	533	(344)
At 31 December	105,072	12,006

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Year ended 31 December 2025

36. 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 <i>HK\$'000</i>	Less than 3 months <i>HK\$'000</i>	More than 3 months but less than 12 months <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2025						
Trade payables	1,147,368	–	–	–	–	1,147,368
Financial liabilities included in other payables and accruals	1,537,726	–	–	–	–	1,537,726
Interest-bearing bank and other borrowings	1,180,824	30,243	45,344	18,236	567,235	1,841,882
Lease liabilities	–	50	148	50	–	248
	3,865,918	30,293	45,492	18,286	567,235	4,527,224

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Year ended 31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	On demand <i>HK\$'000</i>	Less than 3 months <i>HK\$'000</i>	More than 3 months but less than 12 months <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

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, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

37. 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.

Notes to the Consolidated Financial Statements
Year ended 31 December 2025

38. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	506,683	—
Current assets		
Other receivables	604	604
Cash and cash equivalents	1,149	3,589
	1,753	4,193
Current liabilities		
Other payables and accruals	2,968	5,976
Financial guarantee liability	—	741,982
Convertible Bonds	—	958,839
	2,968	1,706,797
Net current liabilities	(1,215)	(1,702,604)
Total assets less current liabilities	505,468	(1,702,604)
NET ASSETS (LIABILITIES)	505,468	(1,702,604)
Equity		
Share capital	1,683,277	890,741
CPS	1,726,775	1,726,775
Treasury Shares	(3,801)	(2,583)
Reserves (a)	(2,900,783)	(4,317,537)
TOTAL EQUITY (DEFICIT)	505,468	(1,702,604)

The statement of financial position was approved and authorised for issue by the Board on 27 March 2026 and signed on its behalf by

Wang Cheng
Director

Wang Guicheng
Director

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

38. THE COMPANY'S STATEMENT OF FINANCIAL POSITION *(Continued)*

(a) Reserves

	Share premium <i>HK\$'000</i>	Convertible bond reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 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 and 1 January 2025	3,137,033	104,654	(7,559,224)	(4,317,537)
Profit and total comprehensive income for the year	-	-	817,735	817,735
Transaction with owners of the Company				
Conversion of Convertible Bonds	703,673	(104,654)	-	599,019
	703,673	(104,654)	-	599,019
At 31 December 2025	3,840,706	-	(6,741,489)	(2,900,783)

The share premium of the Company represents the difference between the cost of investments in subsidiaries pursuant to a reorganisation in prior years 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 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.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 27 March 2026.

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				
	2025 [®] HK\$'000	2024 [®] HK\$'000	2023 [®] HK\$'000 (Re-presented)	2022 [^] HK\$'000	2021 [^] HK\$'000
RESULTS					
REVENUE	2,278,532	2,001,095	1,373,938	12,711	746,551
Cost of sales	(2,082,091)	(1,810,123)	(1,330,301)	(5,381)	(698,200)
Gross profit	196,441	190,972	43,637	7,330	48,351
Other income and gains	835,257	176,901	26,173	16,796	1,406,507
Selling and distribution costs	(119,156)	(107,758)	(66,083)	(9,197)	(63,450)
Administrative expenses	(186,506)	(246,534)	(304,070)	(258,308)	(372,761)
Other expenses	(206,695)	(906,672)	(256,325)	(496,389)	(635,527)
Impairment on amounts due from former subsidiaries	(54,829)	—	—	—	—
Gain on disposal of subsidiaries	—	1,962,112	—	—	—
Gain on derecognition of a subsidiary	—	—	421,870	—	—
Gain on debt restructuring	—	—	4,284,830	—	—
Gain on modification of Convertible Bonds	—	—	301,364	—	—
Share of loss of a joint venture	—	—	—	—	(2,004)
Finance costs	(308,105)	(323,402)	(750,351)	(685,178)	(790,585)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	156,407	745,619	3,701,045	(1,424,946)	(409,469)
Income tax (expenses) credit	(110)	23,979	42,082	46,788	(25,920)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	156,297	769,598	3,743,127	(1,378,158)	(435,389)
DISCONTINUED OPERATIONS					
Profit (loss) for the year from discontinued operations	—	—	481,466	(141,407)	—
Profit (loss) for the year	156,297	769,598	4,224,593	(1,519,565)	(435,389)
Profit (loss) attributable to:					
Owners of the Company	156,297	769,598	4,224,593	(1,443,068)	(400,801)
Non-controlling interests	—	—	—	(76,497)	(34,588)
	156,297	769,598	4,224,593	(1,519,565)	(435,389)
TOTAL ASSETS	4,618,940	4,542,182	5,209,096	5,849,887	6,482,715
TOTAL LIABILITIES	(5,137,464)	(6,496,572)	(9,246,002)	(13,636,943)	(13,183,540)
NON-CONTROLLING INTERESTS	—	—	—	248,063	183,121
	(518,524)	(1,954,390)	(4,036,906)	(7,538,993)	(6,517,704)

[®] 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 2025, 2024 and 2023. Please refer to the independent auditor's report on page 59 to page 63 of this report and the Company's 2024 and 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 and 2021. Please refer to the Company's 2022 and 2021 annual reports for details.