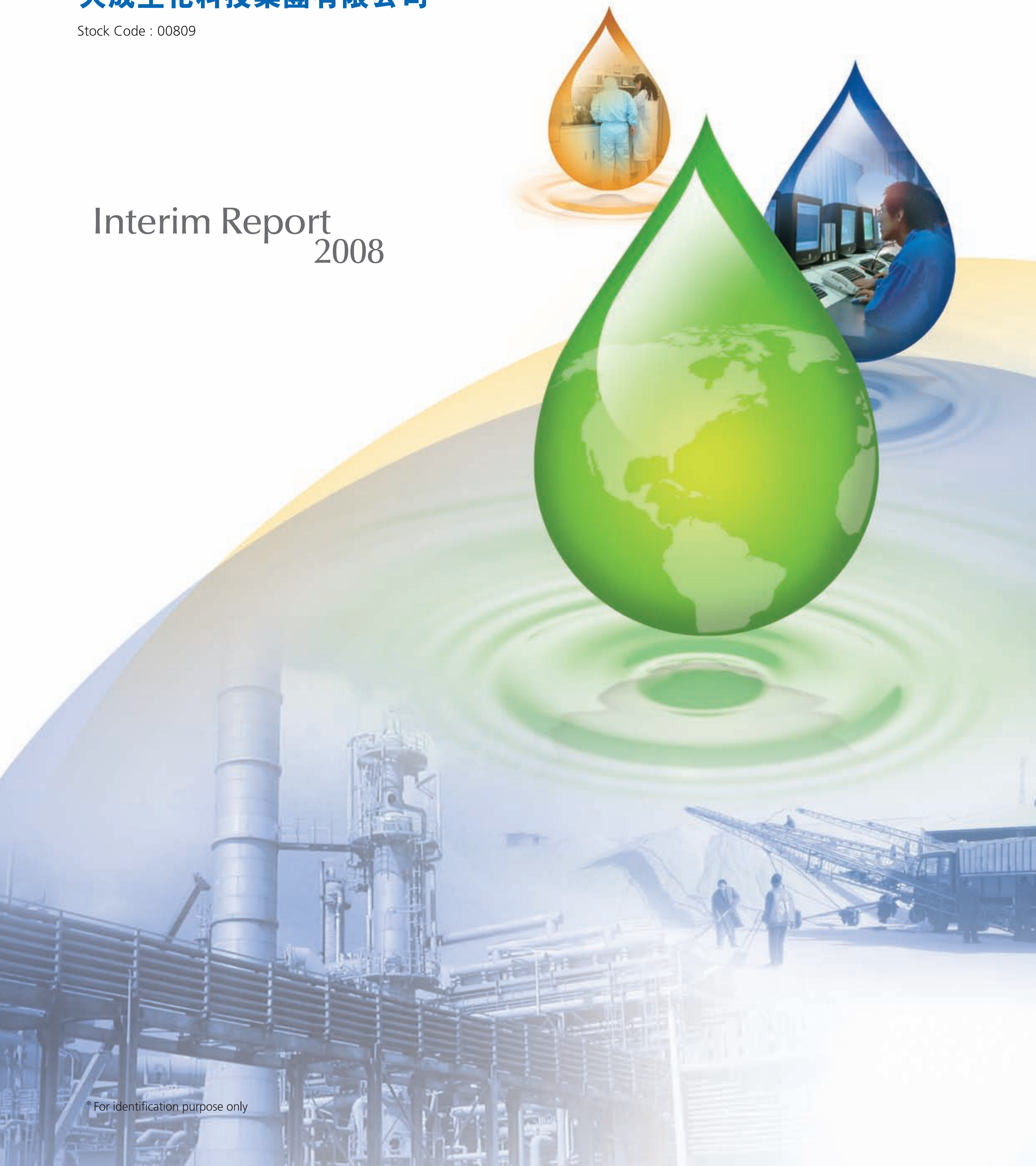
Global Bio-chem Technology Group Company Limited
大成生化科技集團有限公司*

Stock Code : 00809

Interim Report 2008



* For identification purpose only

JILIN

Annual Production Capacity:

• Amino Acids	- 450,000 mt
• Corn Sweeteners	- 780,000 mt
• Modified Starch	- 80,000 mt
• Polyol Chemicals	- 210,000 mt
• Corn Refinery	- 1.8 million mt
	- 1.0 million mt*

Site Area: Over 3.3 million m^2
Location: Situated within the Golden Corn Belt

LIAONING

Annual Production Capacity:

• Corn Refinery	- 600,000 mt
• Corn Sweeteners	- 200,000 mt*

Site Area: Approximately 370,000 m^2
Location: Situated within the Golden Corn Belt and at the transportation hub

SHANGHAI

Annual Production Capacity:

• Corn Sweeteners	- 240,000 mt

Site Area: Approximately 30,000 m^2
Location: Situated in close proximity to food & beverage manufacturers

HONG KONG

Headquarters

* *in progress*
mt: metric tonnes
m^2: metres square

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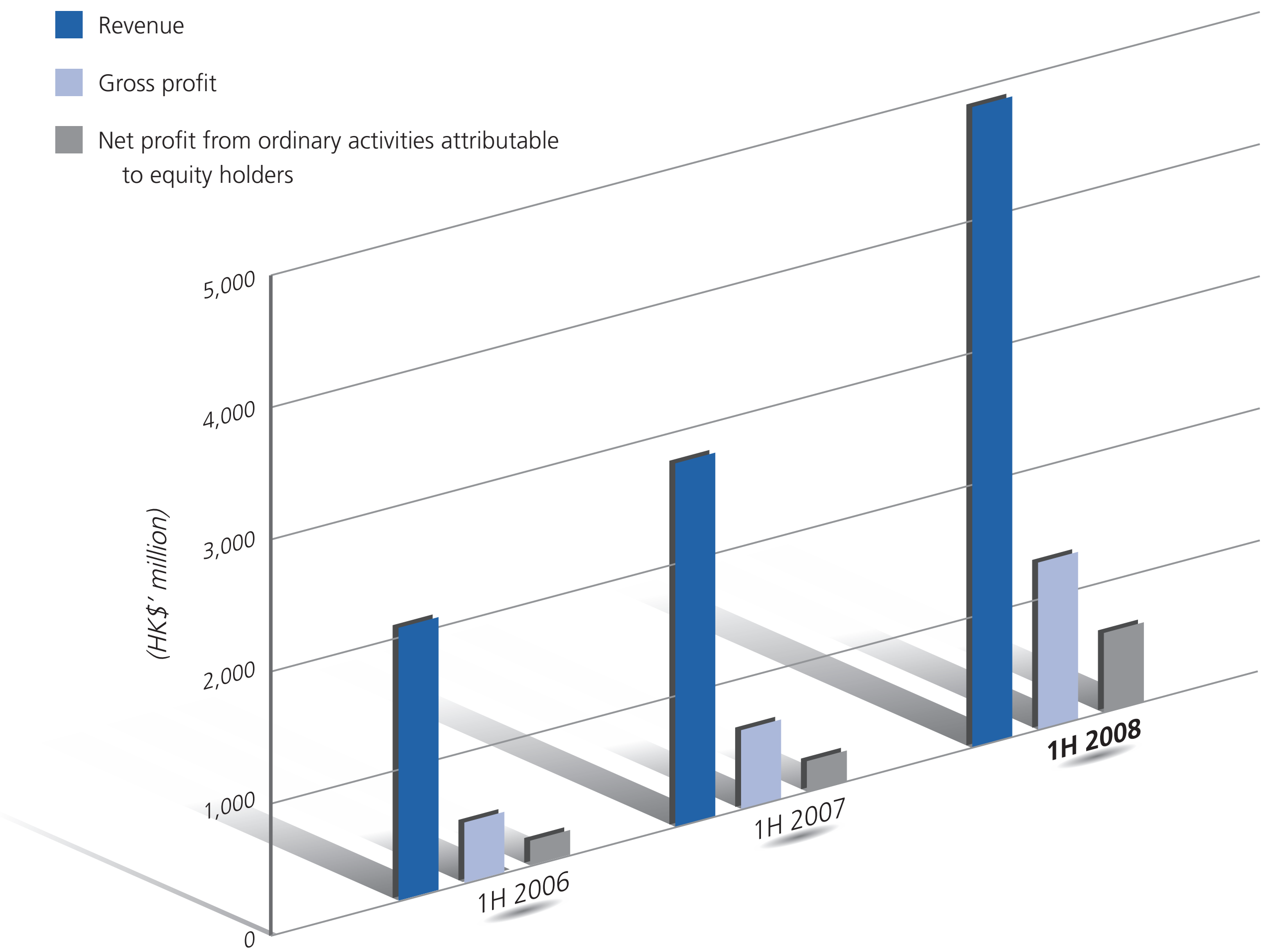
FINANCIAL HIGHLIGHTS



	Unaudited six months ended 30 June		
	2008	2007	Change
Operating results (HK$ million)			
Revenue	**4,852**	2,734	78%
Gross profit	**1,266**	601	111%
Net profit from ordinary activities attributable to equity holders	**602**	230	162%
Basic earnings per share (HK cents)	**26.0**	9.9	163%
Interim dividend per share (HK cents)	**1.5**	1.0	50%

BOARD OF DIRECTORS

Liu Xiaoming, *Co-Chairman*
Xu Zhouwen, *Co-Chairman*
Wang Tieguang, *Executive Director*
Patrick E Bowe, *Non-Executive Director*
Steven C Wellington,
Alternate Director to Patrick E Bowe
Lee Yuen Kwong*,
Independent Non-Executive Director
Chan Man Hon, Eric*,
Independent Non-Executive Director
Li Defa*,
Independent Non-Executive Director

* *Audit Committee Members*

COMPANY SECRETARY

Cheung Chak Fung, *ACCA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1104
Admiralty Centre
Tower 1
18 Harcourt Road
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
18/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

LEGAL ADVISERS

Chiu & Partners
41st Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

The Agriculture Bank of China
6 Beian Road, Nanguan District
Changchun, Jilin Province
The People's Republic of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
36C Bermuda House
3rd Floor, British American Tower
Dr. Roy's Drive
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.globalbiochem.com

STOCK CODE: 00809

MESSAGE TO SHAREHOLDERS

Dear shareholders,

In the first half of 2008, the Group recorded strong growth in its results of operations. Along with the improvement of economy of scale in new products including polyol chemicals, the increase in our capacity for corn processing, and the advantages of our lysine products as a dominant player in the market, the Group generated satisfactory results in the first half of the year, laying a solid foundation for the full year performance of the Group.

The Group reported a consolidated revenue of approximately HK$4.9 billion for the first half of 2008, representing an increase of 78% over the corresponding period of last year. Gross profit and net profit increased by 111% and 162% to HK$1.3 billion and HK$600 million respectively. The period under review witnessed strong market demand for our products and thus a general increase in selling prices while the increase in corn prices slowed down. Gross profit margin of the Group grew by 4 percentage points during the period under review.

Despite the occurrence of natural disasters including snowstorm, persistent heavy rainfall and earthquake in some provinces and cities in the PRC during the period under review, which caused temporary delay to the transportation of products, our sales volume was not adversely affected. Instead, the last six months achieved remarkable growth in the sales volume of our lysine and protein lysine with the increased demand for animal feeds as boosted by the strong demand for meat products. Selling prices remained at a high level comparable to those prevailing in the second half of last year. As an internationally leading and the domestically largest lysine producer, the Group took full advantage of its dominant position in the market during the period. In the first half of the year, we sold 220,000 metric tonnes of lysine products, including protein lysine, representing a 22% increase over the corresponding period of last year. Export volume accounted for over 30% of the total sales volume of our lysine products. Years of marketing efforts have made protein lysine a more popular product at home and abroad, which strengthened our market share in both the domestic and international markets of the product.

To capture market opportunities resulted from strong demand, the Group fully employed the flexibility of the production facilities of its amino acid products. Since the second half of 2007, the production facilities with a capacity of 100,000 metric tonnes of glutamic acid had been retrofitted for the production of lysine products. Such switching of our production facilities was effective and timely in enhancing the production capacity of certain amino acid products and catering to market demand.

The Changchun polyol plant with an annual production capacity of 200,000 metric tonnes, which commenced commercial production earlier this year, is gradually generating returns and becoming a key contributor to the Group's profit. During the period, this series of products reported a sales volume of 84,000 metric tonnes and a sales value and gross profit of HK$700 million and HK$270 million respectively. Made from naturally renewable materials, our polyol products may replace various chemical materials refined from petrochemicals. They find wide applications in various industries, including textile and automobile industries. The significant fluctuation in crude oil prices and increased awareness of environmental protection around the globe in recent years has created huge demand for our polyol as a brand-new product. Nowadays, our polyol chemicals are used as raw materials for producing polymer resin and construction materials. As the first enterprise in the world to engage in the production of polyol chemicals using corn kernels as a raw material, the Group is currently in the process of patent registrations for the respective technology in order to safeguard the results of our scientific research.

To promote the general application of our polyol chemical products and to further enlarge the share in the domestic sales market, our sales centre and polyol chemicals application development team in Shanghai worked closely together to provide customers with fully-supported research and development services to ensure that products will cater the production needs of our customers. The Group has also started seeking collaboration with overseas enterprises to explore the possibility of exporting our polyol chemical products.

Our corn sweetener business has demonstrated stable growth after its successful separate listing last year. Global Sweeteners, the separately-listed subsidiary of the Group, is the largest producer of corn sweeteners in the PRC. The expansion of its capacity during the period under review has provided room for its further business development. While expanding its production scale, Global Sweeteners has also taken gradual steps as scheduled in upward conglomeration. Through the acquisition of the Group's starch processing business located in Jinzhou, Liaoning, Global Sweeteners will possess its own corn starch production capacity to effectively control its raw material supply and production costs.

After two years of investigation into the alleged infringement by the Group of the patents allegedly held by Ajinomoto in relation to its lysine products, the United States International Trade Commission issued an initial determination that Global Bio-chem has not violated Section 337 of the United States Tariff Act of 1930. As regards the orders issued by the Hague District Court in August 2007 prohibiting members of the Group from importing into and/or trading in the Netherlands lysine products that allegedly infringed the patents of a third party, the Group has lodged an appeal against the court's judgment.

PROSPECTS

The Directors anticipate that our satisfactory performance and strong product sales for the first half of the year will continue in the second half. Upon the forthcoming peak season, the demand for our products will be pushed up further. The full utilisation of our production facilities will enable the Group to capture market opportunities and maintain a stable level of sales revenue.

On the other hand, the prices of corn kernels, a major raw material for our products, remained largely stable during the period under review with the adoption of an effective procurement strategy. Going forward, the Group will similarly purchase a considerable amount of corn kernels immediately after harvest seasons to effectively safeguard a stable supply of raw materials and its control over costs. At the same time, the Group will seek to attain a strong level of profitability by making full use of its production capacity, enhancing its operational efficiency and grasping a greater control over its costs of operations.

It is expected that our polyol production capacity of 200,000 metric tonnes will be fully utilised during the year. In view of the huge market demand for such products, the business segment is set to contribute considerably to the Group in terms of sales revenue and profit. As such, the Group will foster the development of its chemical products under its future plans. In particular, a new polyol chemical production site in Xinglongshan Economic and Technical Development Zone of Changchun in Jilin Province was nailed down. Preparation for the construction of the first phase of a corn refinery, which will provide a sufficient supply of raw materials for future expansion of our polyol chemical production with its processing capacity of one million metric tonnes of corns, is already underway.

In line with the continuous expansion of our operations scale, the Group strives to gain broader access to the capital market with a view to ensuring that sufficient funds are available to support its business expansion. The Group will explore the possibility of forming separate fund-raising platforms for our respective key businesses. Meanwhile, the Group will keep abreast of interest rate changes in the market to optimise the timing for raising funds.

The Group is currently an industry leader in terms of production scale, product offering and operational efficiency. It will continue to give its products full play, foster its market penetration and consolidate its leading position in the industry. To cope with the challenges presented by rising energy and transportation costs, the Group will also further optimise the production processes, improve the effectiveness of the utilisation of raw materials and energy and enhance our energy-saving technology in order to maintain the Group's competitive strengths.

Liu Xiaoming	**Xu Zhouwen**
Co-Chairman	*Co-Chairman*

16 September 2008

Global Bio-chem Technology Group Company Limited (the "Company"), its subsidiaries (collectively referred as to the "Group") and each of its jointly-controlled entities are principally engaged in the manufacture and sale of corn based refined products, categorised into upstream and downstream products. Upstream products include corn starch, gluten meal and other corn refined products. Corn starch is then further refined into a wide range of high value-added downstream products including amino acids, corn sweeteners, modified starch and polyol chemical products.

INITIAL DETERMINATION OF THE 337 INVESTIGATION

The Company and certain of its subsidiaries are currently involved in an investigation (the "337 Investigation") before the United States International Trade Commission (the "Commission") initiated by Ajinomoto Heartland LLC and Ajinomoto Co., Inc. ("Complainants") on 25 April 2006 alleging that the Group infringed certain patents by importing certain lysine feed products to the United States of America ("US"). On 31 July 2008, an administrative law judge of the Commission issued a non-final initial determination that the said patents are invalid and unenforceable and that the Group's importation of lysine feed products into the US has not violated Section 337 of the United States Tariff Act of 1930. The Commission had set 1 December 2008 as the target date for issuing its final determination. Although the Complainants have petitioned for a review of the initial determination, the directors of the Company (the "Directors"), based on the advice from the Group's legal counsel, consider that the Commission will affirm the initial determination. All estimated related legal costs arising from the 337 Investigation and other litigations have been properly accrued in the condensed consolidated financial statements of the Group.

BUSINESS ENVIRONMENT

During the six months ended 30 June 2008 (the "Period"), global and domestic demand of lysine remained strong and lysine price improved substantially, which provided the Group a better marketing environment. The scale production and sales of polyol chemicals division became a new and important income source of the Group.

Followed by the promulgation of middle and long term program of renewable energy development (可再生能源中長期發展計劃) issued by the National Development and Reform Commission of the People's Republic of China (the "PRC") in the second half last year, the PRC would not increase the production capacity of ethanol derived from grain crops including corn. As a result, the price of the Group's key raw material, i.e. corn kernels, remained stable during the Period.

Although the operating costs, especially transportation and utility charges, during the Period increased substantially due to the high petroleum price and certain natural disasters in the PRC, the Group has successfully mitigated these increases by implementation of an effective selling price adjustment mechanism, which had brought no significant negative impact on the Group's profitability. However, the increasing interest margin of the US and the PRC imposed additional pressure on the finance costs of the Group.

To effect a strategic allocation of client base and in view of keen demand from overseas markets, the Group maintained its sales to regions other than the PRC at similar level as compared with the corresponding period last year. During the Period, such export sales accounted for approximately 23% (2007: 26%) of the Group's revenue. Being the major operating currency of the Group, the appreciation of Renminbi ("RMB") of approximately 9% as compared to the same period last year further strengthened the financial performance of the Group during the Period.

FINANCIAL PERFORMANCE

(Revenue: HK$4.9 billion (2007: HK$2.7 billion))
(Gross profit: HK$1.3 billion (2007: HK$601 million))
(Net profit: HK$602 million (2007: HK$230 million))

In view of the strong product prices and enlarged sales volume of upstream products, amino acids and polyol chemical products, the Group's consolidated revenue and gross profit increased substantially by approximately 78% and approximately 111% respectively as compared to the same period last year. Despite the pressure from the increased operating costs and finance costs, a 162% increase in net profit of approximately HK$602 million (2007: HK$230 million) was recorded.

Upstream products segment

(Revenue: HK$1.5 billion (2007: HK$754 million))
(Gross profit: HK$288 million (2007: HK$103 million))

In view of the commencement of the new upstream refinery in Dehui with an annual production capacity of 600,000 metric tonnes since the second half of 2007, the output volume and sales volume of upstream products to external parties increased by approximately 27% and over 50%, respectively, as compared to the same period last year.

With the strong economic growth in the PRC, the average selling price of upstream products increased by approximately 31% as compared to the same period last year. Although almost all items of production overheads and other consumables had also increased substantially during the Period, the cost of the Group's key raw material, corn kernels, had only increased by approximately 14%, which limited the increase in the cost of sales of upstream products per metric tonne to approximately 23%. As a result, the gross profit margin improved to approximately 19% (2007: 14%) with a 180% increase in gross profit.

Downstream products segment

(Revenue: HK$3.3 billion (2007: HK$2.0 billion))
(Gross profit: HK$977 million (2007: HK$498 million))

The revenue and gross profit of downstream products increased substantially by approximately 69% and approximately 96% respectively during the Period, which was attributable to the launch of polyol chemical products, the enlarged sales volume of amino acids and strong lysine prices.

The aggregate turnover of amino acids of approximately HK$1.9 billion (2007: HK$1.3 billion) increased by approximately 46% as compared with the corresponding period last year and it still constituted a major portion, approximately 40% (2007: 48%), of the Group's total turnover. The gross profit also recorded a new high of approximately HK$536 million (2007: HK$343 million). Such strong performance was mainly derived from the improvement in both output volume and market condition of lysine products. With the increase in average selling price of this division of approximately 22% as compared with that of the corresponding period last year, the Group's gross profit margin of the amino acids division improved to approximately 28% (2007: 26%).

As a new income source, polyol chemicals division generated revenue of approximately HK$697 million (2007: HK$4 million), with a gross profit margin of approximately 39% (2007: gross loss). The gross profit contributed from this division amounted to approximately HK$269 million (2007: gross loss of HK$10 million) during the Period.

Mainly due to the increased internal consumption of crystallised glucose which is refined from glucose corn syrup for the production of polyol chemical products, the sales volume of sweeteners division dropped by approximately 11% in spite of the improvement of sorbitol and corn syrup solid market. Nonetheless, the revenue and gross profit amounting to approximately HK$619 million (2007: HK$570 million) and approximately HK$159 million (2007: HK$153 million) of this division rose by approximately 9% and approximately 4% respectively mainly because of the rebound of sorbitol market. Additional revenue and gross profit from sorbitol division of approximately HK$36 million and approximately HK$10 million respectively as compared to the corresponding period in 2007 were recorded.

Product segments

In line with the new production capacity in the upstream division, the sales and gross profit of upstream products accounted for approximately 31% (2007: 28%) and approximately 23% (2007: 17%) of the Group's totals, respectively.

Operating expenses and tax

As announced by the Company on 10 January 2008, the Group acquired the entire equity interests held by those joint venture partners in a joint venture for the production and sale of sorbitol products. A negative goodwill arising from the acquisition and amounting to approximately HK$24 million was recognised as an income.

Due to the inflation and enlarged operation scale, the operating expenses other than finance costs increased by more than 87%. Nevertheless, the ratio of operating expenses to turnover remained at similar level of less than 10% (2007: 9%) as compared to the corresponding period last year through the continuous and stringent control over operating costs and the enhancement in operational efficiency. The legal expense spent for the 337 Investigation and other infringement litigations among the other expenses was approximately HK$37 million, this item itself was triple as compared to the corresponding period in 2007.

Due to the enlarged borrowing portfolio and upward trend of interest margin, the finance costs increased by approximately 74% as compared with that for the corresponding period in 2007. In view of the strong operating performance, the ratio of finance costs to turnover maintained at the same level as compared to the corresponding period last year. However, it is anticipated that the finance costs will remain heavy for the rest of this year.

With the prevailing income tax laws and regulations, certain subsidiaries established in the PRC can still enjoy income tax relief. As income arising from the polyol chemicals division and the new upstream refinery enjoy 100% income tax relief in 2008, the overall effective tax rate of the Group reduced to approximately 6% (2007: 15%).

Increase in net profit attributable to equity holders of the Company

Mainly resulted from the strong product prices, capacity expansion of various products and stringent control over operating expenses, the net profit attributable to equity holders of the Company, after deducting the profit shared by minority shareholders of Global Sweeteners Holdings Limited ("GSH"), improved substantially by approximately 162% to approximately HK$602 million.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

To support additional working capital requirement and the capital expenditure on projects including the construction of facilities and/or expansion projects, the net borrowings as of 30 June 2008 increased to approximately HK$3.1 billion (31 December 2007: HK$2.8 billion).

Structure of interest-bearing borrowings

As at 30 June 2008, the Group's bank borrowings amounted to approximately HK$5.6 billion (31 December 2007: HK$4.8 billion), of which approximately 20% (31 December 2007: 17%) were denominated in Hong Kong dollars or US dollars while the remainder were denominated in RMB. With the upward trend of interest margin in the PRC, the average interest rate during the Period was approximately 7% (2007: 6%).

The percentage of interest-bearing borrowings wholly repayable within one year and in the second to the fifth year were approximately 58% (31 December 2007: 35%) and approximately 42% (31 December 2007: 65%) respectively. The change was mainly due to the reclassification of long term finance to short term. In view of the continual support from existing bankers, no material pressure in obtaining continuous financing resource is expected. As at 30 June 2008, a borrowing was secured by one of the Group's properties with a carrying value/aggregate net book value of approximately HK$21 million (31 December 2007: HK$21 million).

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging 30 to 90 days. Due to the commencement of operation of the new upstream refinery in the second half of last year and high corn storage level during the last quarter of each year, the turnover days of both trade receivables and inventories as at 31 December remained relatively high. These were reduced to approximately 52 days (31 December 2007: 58 days) and approximately 73 days (31 December 2007: 87 days), respectively during the Period. Meanwhile, the trade creditors turnover days decreased to approximately 32 days (31 December 2007: 33 days) which was in line with the seasonal pattern of stock acquisition.

Due to the reclassification of certain bank borrowings from long term to short term, the current ratio and the quick ratio as at 30 June 2008 were approximately 1.1 (31 December 2007: 1.4) and approximately 0.8 (31 December 2007: 1.0) respectively, representing a slight decrease. Meanwhile, without significant changes to the level of bank borrowings, total assets and equity, the Group's gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to total equity (aggregate total of minority interests and equity attributable to equity holders of the Company and (iii) net borrowings to total equity remained stable at approximately 36% (31 December 2007: 36%), approximately 76% (31 December 2007: 74%) and approximately 43% (31 December 2007: 43%), respectively. Despite the increase in bank borrowings and interest margin, interest coverage (i.e. EBIDTA over finance costs) improved slightly to approximately 6 times (2007: 5 times) due to the strong operating performance of the Group.

Foreign exchange exposure

Although most of the operations were carried out in the PRC in which transactions were denominated in RMB, the Directors consider that there is no unfavorable exposure to foreign exchange fluctuation and there will be sufficient cash resources denominated in Hong Kong dollars for the repayment of borrowings and declaration of future dividends.

During the Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 June 2008.

CHANGE IN THE STRUCTURE OF THE GROUP

In addition to the aforesaid acquisition of the entire equity interests held by those joint venture partners in a joint venture for the production and sale of sorbitol products, as announced by a joint announcement issued by the Company and GSH on 4 July 2008, 100% equity interests in Jinzhou Yuancheng Bio-chem Technology Co., Ltd., which operates a corn refinery plant in Liaoning Province, the PRC, held by two indirect wholly owned subsidiaries of the Company will be transferred to a direct wholly owned subsidiary of GSH at a consideration of HK$520 million. As at the date of this report, the Company indirectly holds approximately 67% equity interests in GSH. Completion of the above intra-group transfer is subject to, among others, the approval of the relevant PRC government authority, which is still pending as at the date of this report.

The Directors believe the transfer would create not only the synergy effect arising from the vertical integration of the corn sweeteners operation, but would also improve the overall profitability of those facilities of GSH and its subsidiaries in Liaoning Province and Shanghai which is in turn beneficial to the Group.

PROSPECTS

It is the Group's mission to become one of the leading vertically integrated corn based biochemical product manufacturers in the Asia-Pacific Region, as well as becoming a major player in the global market. To realise this objective, the Group will strive to enlarge its market share and diversify its product mix, as well as enhance its capability in developing high value-added downstream products through research and development and through strategic business alliances with prominent international market leaders.

Polyol project

Polyol chemical products include resin, ethylene glycol, propylene glycol, glycerin and butanediols and can be used in textile, plastic, construction materials, medical, chemical and cosmetic industries. The end products from polyol chemicals include polyester fibre, polymer resin and anti-freezer, chemicals applied in the production of coatings, PVC stabilisers, detergents, paint driers, etc. Usually, polyol chemical products are refined from crude oil and thus, their prices are highly correlated. In view of the expected expensive and insufficient supply of crude oil in the foreseeable future, the use of agricultural products as raw material of polyol chemicals becomes a feasible alternative.

During the Period, the sales volume of such products had reached 83,700 metric tonnes (2007: 1,000 metric tonnes), while the revenue attributable to such products during the Period amounted to more than HK$697 million, representing approximately 14% (2007: less than 1%) of the Group's total turnover during the Period.

The board of Directors (the "Board") is of the opinion that the PRC and other regions in Asia are markets with enormous potential for the polyol chemical products. In addition to the polyol chemical plant with an annual capacity of 200,000 metric tonnes in Changchun, the foundation work including the construction of a upstream refinery of a new polyol chemical production site, in Xinglongshan of Changchun, is now in progress by phases. It is expected that successful implementation of the polyol project will generate large contribution to the Group in the near future.

Amino Acids

Among those amino acids, the annual planned production capacity of lysine includes 140,000 metric tonnes of lysine and 220,000 metric tonnes of protein lysine; and 100,000 metric tonnes of glutamic acid. Those facilities can be interchangeable to produce other amino acids or fermentation products. Meanwhile, huge additional demand is expected when feed producers lift up their consumption rate of lysine to follow the national or western countries' indicated additive proportion in feed industry. However, with the continuous and strong demand growth in lysine products, the Group is utilising all fermentation facilities for the production of lysine products with a total annual capacity of approximately 450,000 metric tonnes.

In addition, the Group is also dedicated to the research and development of many other high value-added amino acids, including arginine, valine to fuel our growth momentum.

STATUS OF AN INFRINGEMENT LITIGATION

Apart from the 337 Investigation, the Company and certain of its subsidiaries are currently the respondents in a litigation in The Hague District Court in relation to the infringement of three registered patents. On 22 August 2007, The Hague District Court handed down its judgment that two patents had been infringed by the respondents, which are members of the Group, and issued orders (i) prohibiting the Group from further infringement and the offer for sale, import and/or trade of any infringing products, L-lysine products in the Netherlands with immediate effect and (ii) compensate the damages of the plaintiffs to be assessed by the court. The Directors believe the judgement to be incorrect and an appeal against the court's judgement had been lodged. No provision for the infringement compensation is considered necessary as advised by the Group's legal counsel.

Save as disclosed above, there was no material contingent liability of the Group as at 30 June 2008.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2008, the Group had approximately 6,000 full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited in the production capability and development of new biochemical products. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

INTERIM DIVIDENDS

The Board has resolved to declare an interim dividend of HK1.5 cents per ordinary share of the Company (the "Share") (2007: HK1.0 cent) in respect of the Period. The Board expects that the interim dividend will be paid on or around 28 November 2008.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLING SHARES

As at 30 June 2008, the interests and short positions of the Directors in the share capital of the Company or its associated corporations (within the meaning at Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in Shares of the Company:

		Number of Shares held, capacity and nature of interest			
Name of director	Notes	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Liu Xiaoming	1	13,636,000	345,600,000	359,236,000	15.5
Xu Zhouwen	2	14,040,000	211,040,000	225,080,000	9.7
Wang Tieguang	3	8,892,800	172,800,000	181,692,800	7.8
		36,568,800	729,440,000	766,008,800	33.0

Notes:

1. 345,600,000 Shares were owned by LXM Limited, a company incorporated in the British Virgin Islands ("BVI"). The entire issued share capital of LXM Limited is beneficially owned by Mr Liu Xiaoming. Mr Liu Xiaoming is the sole director of LXM Limited.

2. 211,040,000 Shares were owned by Crown Asia Profits Limited, a company incorporated in the BVI. The entire issued share capital of Crown Asia Profits Limited is beneficially owned by Mr. Xu Zhouwen. Mr. Xu Zhouwen is the sole director of Crown Asia Profits Limited.

3. 172,800,000 Shares were owned by Rich Mark Profits Limited, a company incorporated in the BVI. The entire issued share capital of Rich Mark Profits Limited is beneficially owned by Mr Wang Tieguang. Mr Wang Tieguang is the sole director of Rich Mark Profits Limited.

Save as disclosed above, as at 30 June 2008, none of the Directors and chief executive of the Company had any interests or short positions in the securities or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' interest and short positions in shares and underlying shares" above, at no time during the Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or to any person in whose Shares and debentures any Directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, at 30 June 2008, the following persons (other than the Directors) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO;

Name	Notes	Number of ordinary Shares held	Percentage of the Company's issued share capital
LXM Limited	1	345,600,000	14.9
FMR LLC		280,028,900	12.1
Crown Asia Profits Limited	2	211,040,000	9.1
Kong Zhanpeng	3	185,840,000	8.0
Hartington Profits Limited	3	172,800,000	7.5
Rich Mark Profits Limited	4	172,800,000	7.5

Notes:

1. The entire issued capital of LXM Limited is beneficially owned by Mr Liu Xiaoming, an executive Director. Mr Liu Xiaoming is the sole director of LXM Limited.

2. The entire issued capital of Crown Asia Profits Limited is beneficially owned by Mr Xu Zhouwen, an executive Director. Mr Xu Zhouwen is the sole director of Crown Asia Profits Limited

3. These Shares were held as to 13,040,000 by Mr Kong Zhanpeng, a former executive Director, and as to 172,800,000 by Hartington Profits Limited of which the entire issued capital is beneficially owned by Mr Kong Zhanpeng.

4. The entire issued capital of Rich Mark Profits Limited is beneficially owned by Mr Wang Tieguang, an executive Director. Mr Wang Tieguang is the sole director of Rich Mark Profits Limited

Save as disclosed above, as at 30 June 2008, no person, other than the Directors, whose interests are set out in the section "Directors' interest and short positions in shares and underlying shares" above, had registered an interest or short position in the Shares or underlying Shares that was required to be disclosed pursuant to Section 336 of the SFO.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance in the interests of its equity holders and devotes considerable effort to identifying and formalizing best practices.

In the opinion of the Directors, the Company has complied throughout the Period with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In compliance with the Code, the Company has set up an audit committee (the "Audit Committee") and a remuneration committee (the "Remuneration Committee") under the Board. The Board considers the determination of the appointment and removal of Directors to be the Board's collective decision and thus does not intend to adopt the recommended best practice of the Corporate Governance Code to set up a nomination committee.

Audit Committee

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, internal controls and other important matters. The Audit Committee comprises three independent non-executive Directors. The chairman of the Audit Committee is Mr Lee Yuen Kwong, who is a Certified Public Accountant and has been practicing since 1990. The other members of the Audit Committee are Mr Chan Man Hon, Eric, who is a solicitor and has been practicing in Hong Kong for over 20 years and Mr Li Defa, who is the Dean of College of Animal Science and Technology, China Agricultural University.

The Audit Committee meets regularly with the senior management and the Company's external auditors to consider the Company's financial reporting process, the effectiveness of the internal controls, the audit process and risk management.

The interim results of the Group for the Period have not been audited, but have reviewed by the Company's external auditors, Ernst & Young, and the Audit Committee.

Remuneration Committee

During the Period, the members of the Remuneration Committee comprise two independent non-executive Directors, Mr Lee Yuen Kwong and Mr Chan Man Hon, Eric and one executive Director, Mr Wang Tieguang. Mr Chan Man Hon, Eric is the chairman of the Remuneration Committee. The duties of the Remuneration Committee, among others, are to make recommendations to the Board on the Group's policy and structure for the remuneration of Directors and 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 October 2008 to Tuesday, 21 October 2008, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for entitlement to the interim dividend, all transfers of Shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 17 October 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
REVENUE			
Sales of goods	4	**4,851,952**	2,734,458
Cost of sales		**(3,586,320)**	(2,133,421)
Gross profit		**1,265,632**	601,037
Other income	4	**59,475**	27,970
Negative goodwill	14	**24,036**	—
Selling and distribution costs		**(268,062)**	(150,829)
Administrative expenses		**(137,853)**	(86,977)
Other expenses		**(60,470)**	(10,568)
Finance costs	5	**(194,093)**	(111,403)
PROFIT BEFORE TAX	6	**688,665**	269,230
Tax	7	**(40,072)**	(39,315)
PROFIT FOR THE PERIOD		**648,593**	229,915
ATTRIBUTABLE TO:			
Equity holders of the Company		**602,009**	229,915
Minority interests		**46,584**	—
		648,593	229,915
EARNINGS PER SHARE			
— Basic and diluted	8	**HK26.0 cents**	HK9.9 cents
DIVIDEND PER SHARE	9	**HK1.5 cents**	HK1.0 cent

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**8,565,224**	7,635,769
Prepaid land premiums		**529,932**	504,706
Deposits paid for acquisition of property, plant and equipment		**270,584**	190,236
Goodwill		**360,889**	360,889
Long term loan to a jointly-controlled entity	17(b)	**40,000**	40,000
Total non-current assets		**9,766,629**	8,731,600
CURRENT ASSETS			
Inventories		**1,447,535**	1,245,823
Trade receivables	11	**1,382,968**	1,078,743
Prepayments, deposits and other receivables		**262,042**	285,699
Due from jointly-controlled entities	17(b)	**2,529**	19,584
Tax recoverable		**22,859**	14,299
Cash and cash equivalents		**2,438,934**	2,021,812
Total current assets		**5,556,867**	4,665,960
CURRENT LIABILITIES			
Trade payables	12	**640,965**	468,994
Other payables and accruals		**1,135,218**	1,079,369
Interest-bearing bank loans and other borrowings		**3,261,971**	1,662,435
Tax payable		**54,944**	53,406
Total current liabilities		**5,093,098**	3,264,204
NET CURRENT ASSETS		**463,769**	1,401,756
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,230,398**	10,133,356
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**2,320,753**	3,140,668
Deferred income		**28,989**	27,480
Due to a venturer of a jointly-controlled entity	17(b)	**20,000**	20,000
Deferred tax		**61,520**	59,189
Total non-current liabilities		**2,431,262**	3,247,337
Net assets		**7,799,136**	6,886,019

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	**231,885**	231,885
Reserves		**7,044,132**	6,185,203
Proposed dividend		**34,783**	46,377
		7,310,800	6,463,465
Minority interests		**488,336**	422,554
Total equity		**7,799,136**	6,886,019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company									
	Issued share capital HK$'000	Share premium HK$'000	Assets revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed dividends HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008	**231,885**	**1,820,205**	**141,092**	**159,451**	**477,867**	**3,586,588**	**46,377**	**6,463,465**	**422,554**	**6,886,019**
Exchange realignment and total income recognised directly in equity	**—**	**—**	**—**	**—**	**291,703**	**—**	**—**	**291,703**	**19,198**	**310,901**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**602,009**	**—**	**602,009**	**46,584**	**648,593**
Proposed interim dividend	**—**	**—**	**—**	**—**	**—**	**(34,783)**	**34,783**	**—**	**—**	**—**
Final 2007 dividend paid	**—**	**—**	**—**	**—**	**—**	**—**	**(46,377)**	**(46,377)**	**—**	**(46,377)**
At 30 June 2008 (Unaudited)	**231,885**	**1,820,205***	**141,092***	**159,451***	**769,570***	**4,153,814***	**34,783***	**7,310,800**	**488,336**	**7,799,136**
At 1 January 2007	231,885	1,820,199	80,718	76,495	228,087	2,795,623	46,377	5,279,384	—	5,279,384
Exchange realignment and total income recognised directly in equity	—	—	—	—	98,705	—	—	98,705	—	98,705
Issue of shares	—	6	—	—	—	—	—	6	—	6
Profit for the period	—	—	—	—	—	229,915	—	229,915	—	229,915
Final 2006 dividend paid	—	—	—	—	—	(243)	(46,182)	(46,425)	—	(46,425)
At 30 June 2007 (Unaudited)	231,885	1,820,205*	80,718*	76,495*	326,792*	3,025,295*	195*	5,561,585	—	5,561,585

* These reserve accounts comprise the consolidated reserves of the Group of HK$7,078,915,000 (30 June 2007 (unaudited): HK$5,329,700,000) on the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash inflow/(outflow) from operating activities	**898,922**	(255,349)
Net cash outflow from investing activities	**(781,574)**	(272,591)
Net cash inflow/(outflow) from financing activities	**299,774**	(149,381)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**417,122**	(677,321)
Cash and cash equivalents at beginning of period	**2,021,812**	1,630,341
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,438,934**	953,020
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,405,157**	919,120
Non-pledged time deposits with original maturity of less than three months when acquired	**33,777**	33,900
	2,438,934	953,020

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") for the six months ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors (the "Directors") on 16 September 2008.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 May 1999. The Group is involved in the manufacture and sale of corn refined products and corn based biochemical products.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except for the adoption of the following Hong Kong Financial Reporting Standards ("HKFRSs") mandatory for annual periods beginning on or after 1 January 2008.

HK (IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation of the Group's condensed consolidated financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the condensed consolidated financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKFRS 2 Amendment	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 July 2008

The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Segment information is presented by way of the following segment formats:

(i) on a primary segment reporting basis, by business segment; and

(ii) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	Six months ended 30 June							
	2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000	**2008 (Unaudited) HK$'000**	2007 (Unaudited) HK$'000	**2008 (Unaudited) HK$'000**	2007 (Unaudited) HK$'000	**2008 (Unaudited) HK$'000**	2007 (Unaudited) HK$'000
Segment revenue:								
Sales to external customers	**1,518,648**	753,544	**3,333,304**	1,980,914	**—**	—	**4,851,952**	2,734,458
Intersegment sales	**591,527**	828,053	**—**	—	**(591,527)**	(828,053)	**—**	—
Total revenue	**2,110,175**	1,581,597	**3,333,304**	1,980,914	**(591,527)**	(828,053)	**4,851,952**	2,734,458
Segment results	**376,286**	118,547	**511,247**	261,525	**—**	—	**887,533**	380,072
Unallocated revenue							**59,475**	27,970
Unallocated expenses							**(64,250)**	(27,409)
Finance costs							**(194,093)**	(111,403)
Profit before tax							**688,665**	269,230
Tax							**(40,072)**	(39,315)
Profit for the period							**648,593**	229,915

(b) Geographical segments

	Mainland China		Countries other than Mainland China		Consolidated	
	Six months ended 30 June					
	2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000	**2008 (Unaudited) HK$'000**	2007 (Unaudited) HK$'000	**2008 (Unaudited) HK$'000**	2007 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	**3,756,292**	2,029,661	**1,095,660**	704,797	**4,851,952**	2,734,458

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income is as follows:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Bank interest income	**11,541**	13,889
Sales of scraps and raw materials	**4,181**	7,271
Exchange gains, net	**42,728**	460
Others	**1,025**	6,350
	59,475	27,970

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans:		
Wholly repayable within five years	**194,093**	121,622
Less: Interest capitalised	**—**	(10,219)
	194,093	111,403

6. PROFIT BEFORE TAX

The Group's profit from operating activities is arrived at after charging:

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Provision for legal expenses		**51,807**	8,878
Depreciation		**220,836**	160,355
Amortisation of prepaid land premiums		**7,902**	8,733
Negative goodwill	14	**24,036**	—
Impairment of trade receivables	11	**14,351**	617

7. TAX

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Provisions for the current period:		
Hong Kong profits tax	**1,000**	4,000
PRC corporate income tax	**39,072**	35,315
Tax charge for the period	**40,072**	39,315

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period (2007: 17.5%). Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2008. During the prior period, the statutory tax rate was 33%, except for five subsidiaries, which were granted Technological Advanced Enterprise status and were entitled to a lower applicable tax rate of 15% according to Article 75 of the Detailed Rules and Regulation for the Implementation of the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises.

As of 1 January 2008, the Enterprise Income Tax Law of the People's Republic of China (the "EITL") became effective. According to the EITL, enterprises that previously enjoy the preferential policies of low tax rates shall be gradually transited to enjoy the statutory tax rate within 5 years after the implementation of the EITL. Among them, the enterprises that enjoy the enterprise income tax rate of 15% shall be subject to the enterprise income tax rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

7. TAX (CONTINUED)

All of the Group's subsidiaries and jointly-controlled entities operating in Mainland China are exempted from PRC corporate income tax for two years starting from the first profitable year of their operations and are entitled to a 50% relief from the PRC corporate income tax for the following three years.

During the current period, taxes on the assessable profits of three (2007: three) PRC subsidiaries and one jointly-controlled entity had been calculated at 50% of the applicable prevailing tax rate in the PRC.

No provision for income tax has been made for five of the Group's PRC subsidiaries as they remain exempt from income tax for their first two profitable years of their operations.

The remaining PRC subsidiaries of the Group have not made any provision for income tax as they did not generate any assessable profits for the current and prior periods.

Tax recoverable represents excess of tax payments over estimated tax liabilities by certain group companies.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit from ordinary activities attributable to equity holders of the Company for the period of approximately HK$602,009,000 (2007: HK$229,915,000) and 2,318,849,403 (2007: weighted average number of 2,318,848,991) ordinary shares in issue during the period.

Since there were no dilutive potential ordinary shares as at 30 June 2008 and 30 June 2007, diluted earnings per share equals to basic earnings per share for the six months ended 30 June 2008 and 30 June 2007, respectively.

9. DIVIDEND

	Six months ended 30 June	
	2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
Interim — HK1.5 cents (2007: HK1.0 cent) per ordinary share	**34,783**	23,188

At the board meeting held on 16 September 2008, the Directors declared an interim dividend of HK1.5 cents per ordinary share. The interim dividend is not reflected as a dividend payable in the condensed consolidated financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

Group	**Property, plant and equipment (Unaudited) HK$'000**
Balance at 1 January 2008	**7,635,769**
Additions	**691,000**
Acquisition of a jointly-controlled entity	**43,996**
Disposals	**(3,080)**
Depreciation	**(220,836)**
Transfers	**(620)**
Exchange realignment	**418,995**
Balance at 30 June 2008	**8,565,224**

Group	Property, plant and equipment (Audited) HK$'000
Balance at 1 January 2007	6,376,507
Additions	1,149,048
Surplus on revaluation	88,374
Disposals	(6,899)
Depreciation	(362,511)
Exchange realignment	391,250
Balance at 31 December 2007	7,635,769

11. TRADE RECEIVABLES

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Trade receivables	1,404,777	1,089,440
Impairment	(21,809)	(10,697)
Total	1,382,968	1,078,743

The Group normally allows credit terms of 90 days to established customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Within 1 month	790,872	615,690
1 to 2 months	305,987	250,522
2 to 3 months	95,398	92,293
Over 3 months	190,711	120,238
Total	1,382,968	1,078,743

11. TRADE RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
At 1 January	**10,697**	11,538
Impairment losses recognised	**14,351**	2,053
Amount written off as uncollectible	**(3,752)**	(3,616)
Exchange realignment	**513**	722
Total	**21,809**	10,697

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Neither past due nor impaired	**1,192,257**	958,505
Less than 1 month past due	**104,367**	67,071
1 to 3 months past due	**86,344**	53,167
Total	**1,382,968**	1,078,743

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers, except for the purchase of corn kernels from farmers, which are normally settled on a cash basis. The carrying amounts of trade payables approximate to their fair values.

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Within 1 month	**395,241**	361,509
1 to 2 months	**59,799**	28,106
2 to 3 months	**42,747**	13,108
Over 3 months	**143,178**	66,271
Total	**640,965**	468,994

13. SHARE CAPITAL

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Authorised:		
10,000,000,000 (31 December 2007: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,318,849,403 (31 December 2007: 2,318,849,403) ordinary shares of HK$0.10 each	**231,885**	231,885

14. BUSINESS COMBINATION

On 8 January 2008, Global Sweeteners (China) Limited, a subsidiary of the Company, entered into an acquisition agreement with Mitsui & Co., Ltd., Mitsui & Co., (H.K.) Ltd. and Nikken Fine Chemicals Co., Ltd., the minority shareholders of Global-Nikken (H.K.) Company Limited ("Global Nikken (Hong Kong)"), a joint-controlled entity of the Group, to acquire their remaining 49% equity interests therein at a total cash consideration of US$2,450,000 (equivalent to approximately HK$19.1 million) (the "Acquisition"). After the completion of the Acquisition on 18 February 2008, Global Nikken (Hong Kong) became a subsidiary of the Group and has contributed HK$12 million to the net profit of the Group from the date of completion of the Acquisition to 30 June 2008.

The assessment of the fair value of the assets and liabilities of Global Nikken (Hong Kong) as at the date of completion of the Acquisition is still in process. The provisional fair value of the identifiable assets and liabilities as at the date of the Acquisition was regarded as their carrying value as follows:

	Provisional fair value recognised on the Acquisition (Unaudited) HK$'000	**Carrying amount** (Unaudited) HK$'000
Net assets acquired:		
Property, plant and equipment	43,996	43,996
Prepaid land premiums	3,758	3,758
Inventories	1,269	1,269
Trade receivables	4,430	4,430
Prepayments and other receivables	33	33
Tax recoverable	3,170	3,170
Cash and cash equivalents	660	660
Trade payables	(486)	(486)
Balances with group companies	(12,374)	(12,374)
Other payables	(488)	(488)
Deferred tax	(805)	(805)
	43,163	43,163
Excess over the cost of a business combination recognised in the condensed consolidated income statement (note 6)	(24,036)	
Satisfied by		
Cash	19,127	

The provisional fair value of the identifiable assets and liabilities acquired and the negative goodwill arising on the Acquisition will be adjusted according to the valuation report by the end of 2008.

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date.

At 30 June 2008, the banking facilities granted to the Company's subsidiaries secured by guarantees given to the banks by the Company were utilised to the extent of approximately HK$4,356,033,000 (31 December 2007: HK$3,772,888,000).

16. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Contracted, but not provided for:		
Land premiums and leasehold buildings	**203,657**	253,375
Plant and machinery	**326,339**	181,879
	529,996	435,254
Authorised, but not contracted for:		
Capital contributions payable to subsidiaries	**—**	207,153
	529,996	642,407

17. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the period, the following related party transactions were noted:

		Six months ended 30 June	
	Notes	**2008 (Unaudited) HK$'000**	2007 (Audited) HK$'000
Sales of corn starch to a jointly-controlled entity	(i)	**6,565**	22,627
Sales of corn sweeteners to a jointly-controlled entity	(i)	**4,936**	9,049
Purchases of sorbitol from a jointly-controlled entity	(i)	**5,532**	1,920
Purchases of sweeteners from a jointly-controlled entity	(i)	**1,493**	3,251
Utility costs charged to jointly-controlled entities	(ii)	**3,792**	3,216
Sales of goods to Mitsui & Co., Ltd. and its subsidiaries	(iii)	**9,988**	3,710

(i) The sales and purchases were made at prices mutually agreed by the parties.

(ii) The utility costs were charged based on the actual costs incurred.

(iii) Mitsui & Co., Ltd. was the joint venture partner of a jointly-controlled entity. The transactions were made at prices mutually agreed between the parties. Following the acquisition of the minority interests in this jointly-controlled entity as disclosed in note 14 to these financial statements, Mitsui & Co., Ltd. is no longer a related party to the Group.

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with the related parties

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
Long term loan to a jointly-controlled entity	40,000	40,000
Short term balance due from jointly-controlled entities	2,529	19,584
Due to a venturer of a jointly-controlled entity	20,000	20,000

The long term loan was unsecured, interest-free and will be repayable in 2101 or upon the liquidation, winding-up or dissolution of the jointly-controlled entity, whenever is earlier.

The short term balance due from jointly-controlled entities is unsecured, interest-free and is repayable within one year. The balance approximates to its fair value.

Since the Group has no legal right to offset the long term loan advanced to a jointly-controlled entity against the venturer's share of liability of that jointly-controlled entity, the balance was not eliminated.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2008 (Unaudited) HK$'000	2007 (Audited) HK$'000
Short term employee benefits	8,918	7,122
Post-employment benefits	169	34
Total compensation paid to key management personnel	9,087	7,156

18. POST BALANCE SHEET EVENT

Intragroup transfer of Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng")

On 27 June 2008, Global Corn Investments Limited ("Global Corn") and Changchun Dacheng Industrial Group Co., Ltd. ("Dacheng Industrial"), both being indirect wholly owned subsidiaries of the Company, entered into an agreement with Global Sweeteners Investments Limited, a direct wholly owned subsidiary of Global Sweeteners Holding Limited ("GSH"), for the transfer of the entire equity interests in Jinzhou Yuancheng at a consideration of HK$520 million. GSH is an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands whose shares are also listed on the Main Board of The Stock Exchange of Hong Kong Limited. Jinzhou Yuancheng is principally engaged in the manufacture and sales of corn starch and other by-products in the PRC. As this was an intragroup transaction, no gain or loss was recognised in the condensed consolidated income statement.

ERNST & YOUNG
安 永

To the board of directors of Global Bio-chem Technology Group Company Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 33 which comprises the condensed consolidated balance sheet of Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

16 September 2008