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

Stock Code : 00809

Interim Report 2009

* For identification purpose only

JILIN

Annual Production Capacity:

- Amino Acids – 460,000 mt
- Corn Sweeteners – 820,000 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 m²

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 m²

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 m²

Location: Situated in close proximity to food & beverage manufacturers

HONG KONG

Headquarter

** in progress*

mt: metric tonnes

m²: metres square

Contents

Financial Highlights

- "We are preparing **for the market recovery** by **upholding our sensible business strategies** and maintaining strict operational discipline."

- "We are **confident in overcoming any challenges** and in **turning adversities into opportunities for future growth** and creating greater value for shareholders."

	Unaudited six months ended 30 June		
	2009	2008	Change
Operating results (HK$ million)			
Revenue	**3,396**	4,789	(29%)
Gross profit	**358**	1,255	(71%)
Net profit/(loss) attributable to equity holders of the Company	**(91)**	602	N/A
Basic earnings/(loss) per Share (HK cents)	**(3.9)**	26.0	N/A
Interim dividend per Share (HK cents)	**–**	1.5	N/A

Corporate Information

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

Agricultural Bank of China
70 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
Wanchai
Hong Kong

WEBSITE
www.globalbiochem.com

STOCK CODE: 00809

Message to Shareholders

Dear shareholders

During the first half of 2009, the worldwide economy was still under the shadow of the financial crisis, characterised by weakened demand for commodities. Decline in prices and slowdown in sales of the Group's major products had led to a substantial retreat in the operating results. Entering the second quarter, the overall market began to recover. The Group's business performance improved in the second quarter, with stabilisation in selling prices and production volume of various products.

The Group's consolidated revenue in the first half of the year amounted to approximately HK$3,400 million, representing a 29% decrease from that of the corresponding period last year. The fall in the prices of major products caused a 71% retreat in gross profit for the period to approximately HK$400 million, while the decline in capacity utilisation rate due to weak demand during the period had affected the Group's overall operation efficiency. As a result, the Group reported a net loss attributable to equity holders for the period of approximately HK$90 million.

During the period under review, particularly in the first quarter, the drop in customers' stock level and reduction in ordered volume led to stagnant sales. Amid market recession, product prices were significantly adjusted. The average selling price of the Group's major business — amino acid division — dropped by nearly 30% when compared with that of the full year of 2008, adding pressure to the Group's profitability. Due to dwindling demand, the prices of upstream products such as corn starch as well as downstream products such as sweeteners and polyol chemicals dropped.

As the world's largest lysine producer, the Group's business was inevitably affected by the slowdown in the global lysine market. Slack demand from major export markets, combined with the appreciation of Renminbi, squeezed the Group's lysine export sales volume by 52%, year-on-year, in the first half of the year. The Group changed its marketing focus to protein lysine to further consolidate its leading market position in the PRC. Nevertheless, lysine prices were suppressed by customers' switch to cautious purchasing policy to prevent loss from keeping a high lysine stock level amid the worldwide economic slowdown.

The polyol chemicals business which the Group has been actively involved in recent years was also impacted by the global financial turmoil. The persistent economic recession and the uncertain macroeconomic outlook caused a general decline in sales orders. The prices of polyol chemical, a new type of environmental friendly raw material for the manufacturing sector, dropped as demand fell. The underutilisation of capacity has resulted in a negative gross margin. For the sake of prudence, the Group made a provision for the closing inventory of polyol chemicals of HK$61 million.

OUTLOOK

In view of the recovering world economy and financial market, together with the initial effect of the PRC government's stimulus measures and economic revitalization policies, as well as the Central Government's determination to maintain a GDP growth of 8%, the Group believes the market and operating environment will quickly improve in the second half of the year. Demand and selling prices of the Group's upstream products have stabilised, resulting in a considerable increase in production volume. Rise in lysine demand is expected when the peak season arrives in the second half of the year, which will help stabilise the prices further.

Furthermore, the livestock industry, which supplies daily necessities to the community, and other agricultural-related industries have regained their growth momentum. As the majority of the Group's products are supplied to agricultural-related and livestock industries, their sales performance showed signs of recovery in the second quarter. The Group expects the market environment of its products, particularly lysine, will further improve in the second half of the year, with the arrival of the peak season.

Our objective is to maintain lysine sales at the same level as that of last year and a relatively high sales to production ratio, thereby enabling the Group to effectively control its unit costs.

The Group will maintain or adjust its market share in the PRC according to market conditions. It will leverage its operational scale and cost competitiveness to adjust its overseas marketing strategy, to prevent excessive capacity from suppressing international product prices.

Sales of polyol chemicals products are expected to remain stable. The Group will continue to develop new polyol chemicals products utilising its advanced technology, with the aim to extend the application of these new products to industries developing green products. With these new products and applications, the Group will seek to broaden the source of income from the polyol chemicals business. In addition, the Group will study the feasibility of alternative raw materials to improve the production flexibility and to sustain the purpose of using renewable resources. At present, the capacity utilisation rate of the polyol chemicals products is approximately 50%. With further improvement in our product mix, the polyol chemicals operations will be able to achieve optimum utilisation, and will thus enhance profitability.

Located in Xinglongshan, Changchun, the first phase of the corn refinery facilities, with an annual capacity of 1 million metric tonnes, is expected to complete by the end of this year. In light of changing market conditions, the Group will adopt a prudent approach and will put the facilities to operation by stages. A large proportion of the corn starch produced by the new facilities will be used for internal consumption, with the rest to be sold to third parties.

We believe our overall operations in the second half of the year will improve as compared to the first half of the year. Our management will be alert to new challenges that may arise amid the gradual recovery in the global economy and market. The management will consolidate its leadership and prepare for the market recovery by upholding its sensible business strategies, strengthening its internal control and cost control, and maintaining strict operational and financial discipline. We are confident in overcoming any challenges and in turning adversities into opportunities for future growth and creating greater value for shareholders.

Liu Xiaoming	**Xu Zhouwen**
Co-chairman	*Co-chairman*

17 September 2009

Management Discussion and Analysis

Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of corn refined and corn based biochemical 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 chemicals.

BUSINESS ENVIRONMENT

Since the second half of 2008, the business environment of corn refinery industry deteriorated rapidly due to the global economic downturn. The slip of petroleum price, the shrinking of export of textile industry, the tightening of bank borrowing and fear of recession caused a consequential drop in demand and customers' stock level, which severely affected our product prices. Although such unfavourable market condition has been gradually improving since the second quarter of 2009, the performance of the Group during the six months ended 30 June 2009 (the "Period") was inevitably adversely and seriously affected.

During the Period, the demand from overseas markets dropped rapidly and substantially. Export sales shrank and accounted for approximately 14% (2008: 23%) of the Group's revenue.

CHANGES OF ACCOUNTING POLICY

During the Period, the accounting policy used to account for the Group's jointly controlled entities had been changed from proportionate consolidation to equity method since the directors of the Company (the "Directors") considered that it would save cost for the preparation of the financial statements but would still provide useful financial information about the economic activity of the Group to the readers. The change did not result in any impact on the profit and the equity attributable to equity holders of the Company in the periods prior to the change.

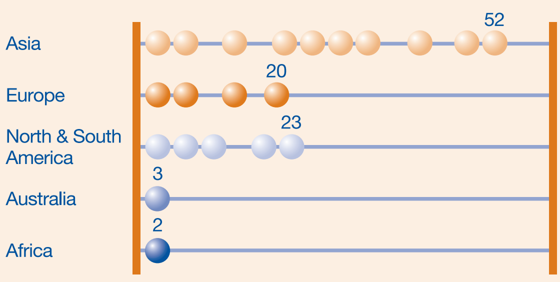
Details of the restatement of items previously reported were disclosed in note 3 of the interim condensed consolidated financial statements on page 22 of this report.

FINANCIAL PERFORMANCE

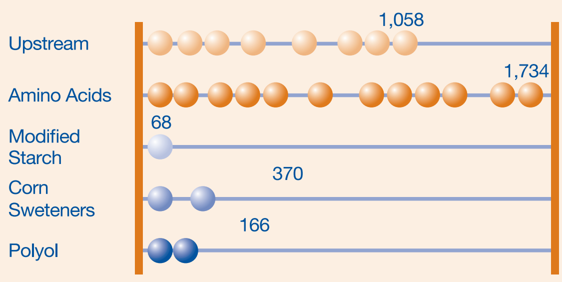
(Revenue: HK$3.4 billion (2008: HK$4.8 billion))
(Gross profit: HK$358 million (2008: HK$1,255 million))
(Net loss: HK$89 million (2008: net profit HK$649 million))

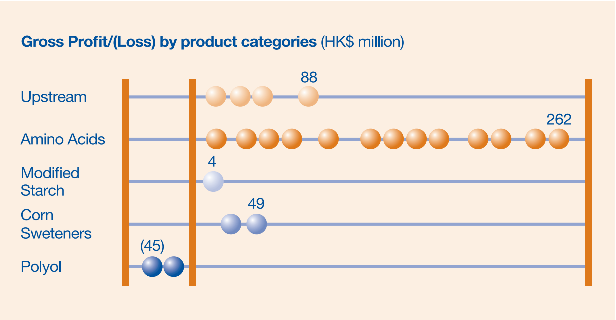
The adverse financial performance was mainly due to the significant decline (in average 14%) of selling price and the drop (overall 17%) in sales volume of almost all of our product series as compared to corresponding period last year. Meanwhile, the operating result was further affected by a provision for polyol chemical products amounting to approximately HK$61 million.

Revenue by Regions (other than Mainland China) (%)



Revenue by product categories (HK$ million)





Upstream products segment

(Revenue: HK$1.1 billion (2008: HK$1.5 billion))
(Gross profit: HK$88 million (2008: HK$288 million))

In view of the sharp decrease in corn starch price since the last quarter of 2008, the Group scaled down its upstream production and performed extensive maintenance of production facilities during the first quarter of 2009 in order to minimise the operating loss of upstream products segment. Although both the production activities and the selling price of upstream products had resumed gradually since the second quarter of 2009, the average selling price and sales volume of upstream products during the Period dropped by approximately 12% and 20% respectively as compared to the same period last year.

Downstream products segment

(Revenue: HK$2.3 billion (2008: HK$3.3 billion))
(Gross profit: HK$270 million (2008: HK$967 million))

The revenue and gross profit of downstream products decreased substantially by approximately 29% and 72% respectively during the Period, which was mainly attributable to the decline of selling prices and drop in sales volume of most of our downstream product series. The changes in sales volume, average selling price, average cost of goods sold, revenue and gross profit for the Period as compared to the same period last year are summarised below:

Changes of downstream product series for the Period

Product series	Sales volume	Average selling price	Average cost of good sold	Revenue	Gross profit
Amino acids	26%	(29%)	(16%)	(10%)	(51%)
Modified starch	(16%)	(12%)	(3%)	(26%)	(69%)
Corn sweeteners	(32%)	(2%)	17%	(33%)	(67%)
Polyol chemicals	(64%)	(35%)	35%^	(76%)	(117%)
Overall	(14%)	(17%)	4%	(29%)	(72%)

^ *additional provision for polyol chemicals at 30 June 2009 of approximately HK$61 million had been taken into consideration*

Among those downstream product series, the sales volume of amino acids increased by approximately 26% which was attributable to the enormous efforts in promoting the domestically-used protein lysine. However, a 51% reduction in gross profit of amino acids was recorded because of the slip of selling price and demand drop from overseas markets.

The performance of modified starch was highly affected by the weary Asian market while the export volume of those high value-added products reduced substantially during the Period. Since the second half of 2009, the export business of modified starch has been resuming gradually.

Because of the outbreak of melamine-tainted food incident in the mainland ("Mainland China") of the People's Republic of China (the "PRC") and the global financial tsunami in the second half of 2008, the operating environment of corn sweeteners remained weak during the Period. Nonetheless, its average selling price was relatively stable.

Meanwhile, due to the severe market conditions with ample market inventory and the tremendous decline in crude oil price since the second half of last year, the sales of polyol chemicals during the Period shriveled seriously. Despite the positive outlook of demand, an additional provision for stock at 30 June 2009 of approximately HK$61 million was made and charged to cost of sales for the sake of prudence, which resulted in a gross loss of approximately HK$45 million.

Product segments

The sales and gross profit of upstream products accounted for approximately 31% (2008: 32%) and approximately 24% (2008: 23%) of the Group's totals, respectively. There was no significant change because the performance of both products segments was simultaneously affected by the poor market condition.

Operating expenses and tax

In order to improve the competitive edge in such harsh operating environment, stringent controls over operating expenses were further reinforced. As a result, approximately 31% of reduction in operating expenses other than finance costs was achieved while the ratio of total operating expenses to turnover of less than 9% (2008: 10%) was recorded, which was at similar level as compared to the corresponding period last year.

Despite the enlarged borrowing portfolio, the finance costs decreased by approximately 20% as compared to the same period last year which was mainly due to the drop in average interest rate and increase in interest capitalised as fixed assets of approximately HK$26 million. 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 Mainland China can still enjoy income tax relief. However, the tax holiday of most of the profitable entities had been expired while those entities which were still enjoying tax relief operated at losses during the Period. As a result, income tax amounting to approximately HK$8 million (2008: HK$39 million) were charged for the Period despite an operating loss of the Group.

Share of profits of jointly controlled entities

During the Period, the high fructose corn syrup joint venture recorded an operating profit attributable to the Group of approximately HK$3 million (2008: HK$5 million). The drop in operating profit was mainly due to the reduction of sales volume.

Net loss attributable to equity holders of the Company

Mainly resulted from the decline in product prices, drop in sales volume and an additional provision of polyol chemicals, the net loss attributable to equity holders of the Company of approximately HK$91 million was resulted.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

To support additional working capital requirement and the capital expenditure on projects including the construction of facilities, the net borrowings as of 30 June 2009 increased to approximately HK$4.4 billion (31 December 2008: HK$4.1 billion).

Structure of interest-bearing borrowings

As at 30 June 2009, the Group's bank borrowings amounted to approximately HK$5.8 billion (31 December 2008: HK$5.5 billion), of which approximately 12% (31 December 2008: 19%) was denominated in Hong Kong dollars or US dollars while the remainder was denominated in Renminbi ("RMB"). With the downward trend of interest margin in the PRC, the average interest rate during the Period was approximately 6.5% (2008: 7%).

The percentage of bank and other borrowings wholly repayable within one year, in the second to the fifth year and beyond five years were approximately 56% (31 December 2008: 62%), 44% (31 December 2008: 38%) and less than 1% (31 December 2008: less than 1%) respectively. The change is mainly due to the renewal of certain bank loans of which 2-year repayment terms were granted. At 30 June 2009, a mortgage loan was secured by one of the Group's properties with a carrying value/ aggregate net book value of approximately HK$20 million (31 December 2008: HK$21 million).

Non-compliance of a financial covenant

Included in the Group's interest-bearing bank borrowings under current liabilities as at 30 June 2009 were loans of US$75 million (equivalent to HK$581 million), which are due for repayment in early 2010. Although the Group was unable to comply with one of the financial covenants of these loans, the Directors considers that such non-compliance will not have any significant negative impact on the Group's ability to settle its liabilities as and when they fall due.

Turnover days, liquidity ratios and gearing ratios

Due to the global financial tsunami, the sales activities slowed down since the last quarter of 2008. As a result, finished good level as at 30 June 2009 became relatively high and inventory turnover days increased to approximately 151 days (31 December 2008: 119 days). At the same time, in order to secure the sales activities under harsh operating environment, favourable credit terms were granted to customers but also received from suppliers. Accordingly, the turnover days of trade receivables and trade payables increased to approximately 67 days (31 December 2008: 47 days) and 59 days (31 December 2008: 55 days) respectively.

Due to the renewal of certain bank loans of which 2-year repayment terms were granted, aggregate amount of bank loans classified as current liabilities reduced. Current ratio, thus, improved slightly to 1.04 (31 December 2008: 0.99). However, quick ratio did not improve in line with current ratio because of the increase in stock level. At 30 June 2009, the quick ratio remained at 0.6 (31 December 2008: 0.6).

At the same time, due to the reduction of cash inflow since the global financial tsunami, gearing ratios in term of (i) net debts (i.e. net balance between bank borrowings and cash and cash equivalent) to total equity (aggregate total of shareholders equity and minority interest) and (ii) bank borrowings to total equity increased to 57% (31 December 2008: 51%) and 74% (31 December 2008: 70%), respectively. Nevertheless, gearing ratio in terms of bank borrowings to total assets remained stable at approximately 36% (31 December 2008: 36%). In view of the continual support from existing bankers, the Group is able to obtain continuous financing resources for its operation.

Foreign exchange exposure

Although most of the operations were carried out in Mainland China 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 2009.

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.

2009 is a year with full of challenges. With the global financial tsunami and general slowdown of the world economy since the second half of 2008, the Group has been facing a tough business environment in terms of economic situations in the local and overseas markets, especially in the first quarter of 2009. The operating environment has been gradually improving since the second quarter of 2009 and the Directors believe that those existing difficulties are considerable but surmountable. In view of various economic revitalisation proposals launched by the PRC government, Mainland China is one of the first to recover from the global financial crisis. The Directors also expect that the Group's performance will improve as over 80% of the Group's income is generated from businesses in Mainland China. The board of Directors (the "Board") will endeavor to manage the existing businesses and any new investment of the Group prudently in order to maximise the return and wealth to the equity holders of the Company.

Polyol chemicals project

Polyol chemicals include 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 these chemicals include polyester fibre, polymer resin and anti-freezer, chemicals applied in the production of coatings, PVC stabilisers, detergents, paint driers, etc. Usually, polyol chemicals are refined from crude oil and thus, their prices are highly correlated. In view of the insufficient supply of crude oil in long run and the consciousness of eco-friendly businesses, the Directors believe that the use of agricultural products as raw material of polyol chemicals becomes a feasible alternative.

The Board is of the opinion that Mainland China and other regions in Asia are the markets with enormous potential for the polyol chemical products. In addition to the polyol chemical plant with an annual capacity of 210,000 metric tones in Changchun, the Board has decided to further expand the Group's production capacity of polyol chemicals in order to capture such huge potential market. To facilitate such development, construction work of upstream products facilities in Xinglongshan of Changchun is now in progress. It is expected that the success in the polyol project will generate large contribution to the Group in the foreseeable future.

Amino Acids

Currently, the aggregate annual production capacity of amino acids is around 460,000 metric tonnes and those facilities can be interchangeable to produce different amino acids or fermentation products. Meanwhile, steady demand growth in Mainland China is expected when feed producers lift up their consumption rate of lysine to follow the national or western countries' indicated additive proportion in the feed industry. With the continuous and strong demand growth in lysine products, the Group is utilising all fermentation facilities for the production of lysine products.

In addition, the Group is also dedicated to the research and development of many other high value-added amino acids, and cultivation of micro-organisms to improve the production yield to fuel our growth momentum.

STATUS OF INFRINGEMENT LITIGATIONS

The Company and certain of its subsidiaries are currently proposed respondents in certain litigations in Europe in relation to the alleged infringement of registered patents applicable in the production of lysine. Among these litigations, The Hague District Court, on 22 August 2007, handed down its judgment that the Group's L-lysine products had infringed two patents of third parties and issued orders (i) prohibiting the Group from further infringement and the offer for sale, import and/or trade of any infringing 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 judgment to be incorrect and an appeal against the court's judgment had been lodged. For other litigations, the Directors have been advised by the Group's legal counsel that the Group has sufficient grounds to defend against the claims. Therefore, no provision for any infringement compensation is considered necessary.

Save as disclosed above, there was no material contingent liability of the Group as at 30 June 2009.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2009, the Group had approximately 6,000 full time employees in Hong Kong and Mainland China. 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.

Disclosure of Additional Information

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend in respect of the Period.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interests and short positions of the Directors or chief executive of the Company 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") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares (the "Shares") of the Company:

		Number of shares held, capacity			
Name of Director	Notes	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Mr. Liu Xiaoming	1	13,636,000	349,320,000	362,956,000	15.65
Mr. Xu Zhouwen	2	17,254,000	211,040,000	228,294,000	9.85
Mr. Wang Tieguang	3	8,892,800	172,800,000	181,692,800	7.84

Notes:

1. 349,320,000 Shares are owned by LXM Limited, a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of LXM Limited is beneficially owned by Mr. Liu Xiaoming.

2. 211,040,000 Shares are 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.

3. 172,800,000 Shares are 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.

Save as disclosed above, as at 30 June 2009, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES 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 2009, the following persons (other than the Directors or chief executive of the Company) 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 or as recorded in the register required to be kept by the Company under section 336 of the SFO are as follows:

Long positions:

Name	Notes	**Number of ordinary Shares held**	**Percentage of the Company's issued share capital**
LXM Limited	1	349,320,000	15.06
Crown Asia Profits Limited	2	211,040,000	9.10
Mr. Kong Zhanpeng	3	185,840,000	8.01
Hartington Profits Limited	3	172,800,000	7.45
Rich Mark Profits Limited	4	172,800,000	7.45
FMR LLC	5	160,457,600	6.92
The Bank of New York Mellon Corporation	5	115,970,400	5.00

Notes:

1. The entire issued share 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 share 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 shares by Mr. Kong Zhanpeng, a former executive Director and one of the executive directors of Global Sweeteners Holdings Limited ("GSH"), a subsidiary of the Company whose shares are listed on the Stock Exchange and 172,800,000 shares by Hartington Profits Limited, a company incorporated in the BVI. The entire issued share capital of Hartington Profits Limited 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.

5. These Shares are held by FMR LLC and The Bank of New York Mellon Corporation as investment managers and interest of controlled corporation respectively.

Save as disclosed above, as at 30 June 2009, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded 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 with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the Period.

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 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 been 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 a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standard set out in the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code and the code of conduct, throughout the Period.

SHARE OPTION SCHEME OF THE COMPANY'S SUBSIDIARY

GSH operates a share option scheme (the "GSH Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of GSH and its subsidiaries. The GSH Scheme became effective on 3 September 2007 and, unless otherwise cancelled or amended, will remain in force 10 years from that date.

The following share options were outstanding under the GSH Scheme during the Period:

Participants	Number of share options at 1 January 2009 and 30 June 2009	Date of grant of share options	Exercise period of share options	Vesting period of share options	Exercise price of share options HK$ per share	Closing price of GSH's share immediately before the date of grant of options HK$ per share
Employees	3,330,000	7 July 2008	7 July 2008 to 6 July 2011	–	1.59	1.63
Employee	100,000	7 July 2008	1 March 2009 to 6 July 2011	7 July 2008 to 1 March 2009	1.59	1.63
Employee	100,000	7 July 2008	14 April 2009 to 6 July 2011	7 July 2008 to 14 April 2009	1.59	1.63
Employees	4,642,000	17 September 2008	17 September 2009 to 16 September 2011	17 September 2008 to 17 September 2009	0.99	0.87
	8,172,000					

No share option was exercised, lapsed or cancelled during the Period.

Report on Review of Interim Financial Information

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 36 which comprises the condensed consolidated statement of financial position of Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2009 and the related condensed consolidated statements of comprehensive 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 enquiries, 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

17 September 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Notes	2009 (Unaudited) HK$'000	2008 (Restated) (Unaudited) HK$'000
		Six months ended 30 June	
REVENUE			
Sales of goods	5	**3,396,310**	4,789,259
Cost of sales		**(3,038,450)**	(3,533,930)
Gross profit		**357,860**	1,255,329
Other income	5	**30,042**	58,462
Negative goodwill		**—**	24,036
Selling and distribution costs		**(180,484)**	(263,699)
Administrative expenses		**(121,550)**	(136,673)
Other expenses		**(14,361)**	(60,470)
Finance costs	6	**(156,007)**	(194,091)
Share of profits of jointly controlled entities		**2,839**	5,057
PROFIT/(LOSS) BEFORE TAX	7	**(81,661)**	687,951
Tax	8	**(7,539)**	(39,358)
PROFIT/(LOSS) FOR THE PERIOD		**(89,200)**	648,593
OTHER COMPREHENSIVE INCOME/(LOSS)			
Exchange difference on translation of financial statements of operations outside Hong Kong		**(2,021)**	310,901
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(91,221)**	959,494
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Company		**(90,532)**	602,009
Minority interests		**1,332**	46,584
		(89,200)	648,593
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Company		**(92,919)**	893,712
Minority interests		**1,698**	65,782
		(91,221)	959,494
EARNINGS/(LOSS) PER SHARE			
— Basic	9	**HK(3.9) cents**	HK26.0 cents
— Diluted	9	**N/A**	N/A
DIVIDEND PER SHARE	10	**—**	HK1.5 cents

Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**8,846,301**	8,960,535
Prepaid land premiums		**535,722**	534,714
Deposits paid for acquisition of property, plant and equipment		**391,074**	231,101
Goodwill		**348,428**	348,428
Interests in jointly controlled entities	12	**94,480**	91,634
Deferred tax assets		**14,290**	2,192
Total non-current assets		**10,230,295**	10,168,604
CURRENT ASSETS			
Inventories		**2,542,254**	2,268,543
Trade receivables	13	**1,258,648**	1,111,732
Prepayments, deposits and other receivables		**325,226**	357,894
Due from jointly controlled entities	19(b)	**3,264**	2,685
Tax recoverable		**26,107**	29,182
Cash and cash equivalents		**1,343,345**	1,476,700
Total current assets		**5,498,844**	5,246,736
CURRENT LIABILITIES			
Trade payables	14	**990,241**	1,057,996
Other payables and accruals		**943,878**	778,394
Due to a director	19(b)	**67,580**	—
Interest-bearing bank loans	15	**3,246,409**	3,416,562
Tax payable		**43,546**	37,796
Total current liabilities		**5,291,654**	5,290,748
NET CURRENT ASSETS/(LIABILITIES)		**207,190**	(44,012)
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,437,485**	10,124,592
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	15	**2,533,982**	2,123,441
Deferred income		**37,049**	27,620
Deferred tax liabilities		**74,590**	73,056
Total non-current liabilities		**2,645,621**	2,224,117
Net assets		**7,791,864**	7,900,475
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	**231,885**	231,885
Reserves		**7,040,330**	7,132,648
Proposed dividend		**—**	23,188
		7,272,215	7,387,721
Minority interests		**519,649**	512,754
Total equity		**7,791,864**	7,900,475

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company										
	Issued share capital HK$'000	**Share premium HK$'000**	**Share option reserve 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 31 December 2008 and 1 January 2009	**231,885**	**1,820,205***	**1,992***	**141,092***	**237,413***	**859,514***	**4,072,432***	**23,188**	**7,387,721**	**512,754**	**7,900,475**
Profit/(Loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(90,532)**	**–**	**(90,532)**	**1,332**	**(89,200)**
Other comprehensive income/(loss):											
Exchange difference on translation of financial statements of operations outside Hong Kong	**–**	**–**	**–**	**–**	**–**	**(2,387)**	**–**	**–**	**(2,387)**	**366**	**(2,021)**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**(2,387)**	**(90,532)**	**–**	**(92,919)**	**1,698**	**(91,221)**
Other movements:											
Equity-settled share option arrangement of a subsidiary group	**–**	**–**	**601**	**–**	**–**	**–**	**–**	**–**	**601**	**–**	**601**
Establishment of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,197**	**5,197**
Final 2008 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(23,188)**	**(23,188)**	**–**	**(23,188)**
At 30 June 2009 (Unaudited)	**231,885**	**1,820,205***	**2,593***	**141,092***	**237,413***	**857,127***	**3,981,900***	**–**	**7,272,215**	**519,649**	**7,791,864**

* These reserve accounts comprise the consolidated reserves of the Group of HK$7,040,330,000 (31 December 2008 (audited): HK$7,132,648,000) on the condensed consolidated statement of financial position.

	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
Profit for the period	–	–	–	–	–	602,009	–	602,009	46,584	648,593
Other comprehensive income:										
Exchange difference on translation of financial statements of operations outside Hong Kong	–	–	–	–	291,703	–	–	291,703	19,198	310,901
Total comprehensive income for the period	–	–	–	–	291,703	602,009	–	893,712	65,782	959,494
Other movements:										
Proposed interim dividend	–	–	–	–	–	(34,783)	34,783	–	–	–
Final 2007 dividend declared	–	–	–	–	–	–	(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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
		(Restated)
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash inflow from operating activities	**57,197**	898,074
Net cash outflow from investing activities	**(249,087)**	(781,264)
Net cash inflow from financing activities	**58,535**	299,774
INCREASE/(DECREASE)IN CASH AND CASH EQUIVALENTS	**(133,355)**	416,584
Cash and cash equivalents at beginning of period	**1,476,700**	2,005,340
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,343,345**	2,421,924
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,236,987**	2,388,147
Non-pledged time deposits with original maturity of less than three months when acquired	**106,358**	33,777
	1,343,345	2,421,924

Notes to Interim Condensed Consolidated Financial Statements

30 June 2009

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 2009 were authorised for issue in accordance with a resolution of the directors ("Directors") on 17 September 2009.

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 ("HKICPA").

Included in the Group's interest-bearing bank borrowings (see note 15) under current liabilities as at 30 June 2009 were loans of US$75 million (equivalent to HK$581 million) (31 December 2008: HK$194 million under current liabilities and HK$581 million under non-current liabilities), which are due for repayment on 31 January 2010. These loans were made pursuant to a facilities agreement (the "Facilities Agreement") dated 29 December 2008 in respect of loan facilities (the "Facilities") totalling up to US$100 million (equivalent to HK$775 million). During the period, a total of US$25 million (equivalent to HK$194 million) has been repaid in accordance with the repayment schedule as set out in the Facilities Agreement. At the balance sheet date, it was noted that the Group was unable to comply with one of the financial covenants as required by the Facilities Agreement. The Directors consider that the Group's inability to comply with such financial covenant of these loans will not have any negative impact on the Group's ability to settle its liabilities as and when they fall due. Accordingly, these interim condensed consolidated financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2008, except for the change of accounting policy used to account for the Group's interests in the jointly controlled entities as detailed in note 3 below and the adoption of the following Hong Kong Financial Reporting Standards ("HKFRSs"), which are mandatory for annual periods beginning on or after 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosure about Financial Instruments
HKFRS 8	Operating Segments
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HK(IFRIC)-Int 9 & HKAS39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operations

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are recognised as part of profit or loss for the period, or otherwise in the other comprehensive income. Entities may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Group has elected to present the components of profit or loss in a single consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 did not result in significant changes in the Group's segment information to be presented, as segment information are previously presented in a manner consistent with the basis used for internal reporting purpose.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvement to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[2]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standard[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[2]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[2]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[4]

1 The amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

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

3 Effective for annual periods beginning on or after 1 January 2010

4 Effective for transfer on or after 1 July 2009

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. CHANGES OF ACCOUNTING POLICY

During the period, the Directors elected to change the accounting policy used to account for the Group's jointly controlled entities from proportionate consolidation to equity method since the Directors considered that it would save cost for the preparation of these financial statements but would still provide useful financial information about the economic activity of the Group to the readers. The effect of this change did not result in any impact on the profit and the equity attributable to equity holders of the Company in the periods prior to the change.

3. CHANGES OF ACCOUNTING POLICY (continued)

The financial position as at 31 December 2008, the results of operation and the cash flows for the six months ended 30 June 2008 previously reported by the Group have been restated to apply the equity method for the interests in jointly controlled entities, as set out below:

	The Group, as previously reported HK$'000	**Effect of accounting for interests in jointly controlled entities under equity method** HK$'000	**The Group, as restated** HK$'000
Items of condensed consolidated statement of comprehensive income for the six months ended 30 June 2008			
Turnover	4,851,952	(62,693)	4,789,259
Gross profit	1,265,632	(10,303)	1,255,329
Share of profits of jointly controlled entities	—	5,057	5,057
Profit before taxation	688,665	(714)	687,951
Profit for the period	648,593	—	648,593
Profit attributable to equity holders of the Company	602,009	—	602,009
Items of condensed consolidated statement of financial position as at 31 December 2008			
Non-current assets	10,137,762	30,842	10,168,604
Interests in jointly controlled entities	—	91,634	91,634
Current assets	5,304,223	(57,487)	5,246,736
Current liabilities	5,296,982	(6,234)	5,290,748
Net current assets/(liabilities)	7,241	(51,253)	(44,012)
Non-current liabilities	2,244,528	(20,411)	2,224,117
Net assets	7,900,475	—	7,900,475
Total equity attributable to equity holders of the Company	7,387,721	—	7,387,721
Total equity	7,900,475	—	7,900,475
Items of condensed consolidated statement of cash flows for the six months ended 30 June 2008			
Net cash inflow from operating activities	898,922	(848)	898,074
Net cash outflow from investing activities	(781,574)	310	(781,264)
Net cash inflow from financing activities	299,774	—	299,774
Increase in cash and cash equivalents	417,122	(538)	416,584
Cash and cash equivalents at beginning of period	2,021,812	(16,472)	2,005,340
Cash and cash equivalents at end of period	2,438,934	(17,010)	2,421,924

4. SEGMENT INFORMATION

For management purposes, the reportable operating segments represent a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments as follows:

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

(b) the corn based biochemical products segment engages in the manufacture and sale of corn based biochemical products, including corn sweeteners, polyol chemicals and amino acids.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. These reportable segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable operating segments. Intersegment revenue are eliminated on consolidation. Intersegment sales and transactions are charged at prevailing market prices.

The Group's revenue is derived from customers based in the mainland of the People's Republic of China ("Mainland China") and in regions other than Mainland China. The geographical information is another basis on which the Group reports its segment information.

(a) Business unit information

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	Six months ended 30 June							
	2009	2008	**2009**	2008 (Restated)	**2009**	2008 (Restated)	**2009**	2008 (Restated)
	(Unaudited) HK$'000	(Unaudited) HK$'000	**(Unaudited) HK$'000**	(Unaudited) HK$'000	**(Unaudited) HK$'000**	(Unaudited) HK$'000	**(Unaudited) HK$'000**	(Unaudited) HK$'000
Segment revenue:								
Sales to external customers	**1,058,569**	1,517,704	**2,337,741**	3,271,555	**–**	–	**3,396,310**	4,789,259
Intersegment sales	**1,141,225**	1,302,612	**–**	–	**(1,141,225)**	(1,302,612)	**–**	–
Total revenue	**2,199,794**	2,820,316	**2,337,741**	3,271,555	**(1,141,225)**	(1,302,612)	**3,396,310**	4,789,259
Segment results	**73,520**	323,989	**(17,695)**	555,005	**–**	–	**55,825**	878,994
Unallocated revenue							**30,042**	58,462
Unallocated expenses							**(11,521)**	(55,414)
Finance costs							**(156,007)**	(194,091)
Profit/(loss) before tax							**(81,661)**	687,951
Tax							**(7,539)**	(39,358)
Profit/(loss) for the period							**(89,200)**	648,593

4. SEGMENT INFORMATION (continued)

(b) Geographical information

	Mainland China		Regions other than Mainland China		Consolidated	
	Six months ended 30 June					
	2009	2008	**2009**	2008	**2009**	2008
		(Restated)		(Restated)		(Restated)
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**2,870,435**	3,661,649	**525,875**	1,127,610	**3,396,310**	4,789,259

5. 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	
	2009	2008
		(Restated)
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Bank interest income	**1,318**	11,503
Sales of scraps and raw materials	**16,275**	3,645
Exchange gains, net	**252**	42,424
Government subsidy	**9,914**	—
Others	**2,283**	890
	30,042	58,462

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
		(Restated)
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans:		
Wholly repayable within five years	**181,853**	194,091
Less: Interest capitalised	**(25,846)**	—
	156,007	194,091

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) from operating activities is arrived at after charging:

		Six months ended 30 June	
		2009	2008
			(Restated)
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Raw materials and consumables used		**2,374,049**	2,764,607
Provision for legal expenses		**9,349**	51,807
Depreciation	11	**239,079**	220,083
Amortisation of prepaid land premiums		**11,085**	7,875
Negative goodwill		**—**	24,036
Impairment of trade receivables	13	**1,963**	14,351
Write-down of inventories to net realisable value#		**61,485**	—

Included in "cost of sales" in the condensed consolidated statement of comprehensive income.

8. TAX

	Six months ended 30 June	
	2009	2008
		(Restated)
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Provisions for the current period:		
Hong Kong profits tax	**—**	1,000
PRC corporate income tax	**7,539**	38,358
Tax charge for the period	**7,539**	39,358

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. Hong Kong profits tax was provided in the prior period at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during that period.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2009. During the prior period, the statutory tax rate was 25%, 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 transitioned 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.

All of the Group's subsidiaries 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 five (2008: three) PRC subsidiaries had been calculated at 50% of the applicable prevailing tax rate in the PRC.

No provision for income tax has been made for three of the Group's PRC subsidiaries (2008: five) 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.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the consolidated net loss from ordinary activities attributable to equity holders of the Company for the period of approximately HK$90,532,000 (2008 net profit: HK$602,009,000) and 2,318,849,403 (2008: 2,318,849,403) ordinary shares in issue during the period.

Since there were no dilutive potential ordinary shares in existence for the six months ended 30 June 2009 and 2008, no diluted earnings/(loss) per share amounts were presented for both periods.

10. DIVIDEND

	Six months ended 30 June	
	2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Interim — Nil (2008: HK1.5 cents) per ordinary share	**—**	34,783

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: HK1.5 cents).

11. PROPERTY, PLANT AND EQUIPMENT

	2009 (Unaudited) HK$'000	2008 (Restated) (Audited) HK$'000
At 1 January 2009/1 January 2008	**8,960,535**	7,617,617
Additions	**124,901**	1,174,607
Business combination	**—**	43,785
Disposals	**(56)**	(7,449)
Depreciation	**(239,079)**	(455,673)
Exchange realignment	**—**	587,648
At 30 June 2009/31 December 2008	**8,846,301**	8,960,535

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Share of net assets	**54,480**	51,634
Loans to a jointly controlled entity	**40,000**	40,000
	94,480	91,634

The long term loan of HK$40 million to a jointly controlled entity represents a quasi-equity loan which is stated at cost less impairment. The long term loan of HK$40 million 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 Group's trade receivable balances due from the jointly controlled entities are disclosed in note 19(b) to the financial statements.

Particulars of the jointly controlled entities are as follows:

Name	Nominal value of paid-up share/ registered capital	Place of incorporation/ establishment and operations	Percentage of Ownership interest	Percentage of Voting power and profit sharing	Principal activities
Global Bio-chem-Cargill (Holdings) Limited	HK$1,000	Hong Kong	50	50	Investment holding
GBT-Cargill High Fructose (Shanghai) Co., Ltd.* ("Cargill Shanghai")	US$3,000,000	Mainland China	50	50	Manufacture and sale of high fructose corn syrup

* Wholly-foreign-owned enterprise

All of the above investments in jointly controlled entities are indirectly held by the Company.

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

The following table illustrates the summarised financial information of the Group's jointly controlled entities:

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Share of the jointly controlled entities' assets and liabilities:		
Current assets	**61,520**	57,487
Non-current assets	**19,993**	20,792
Current liabilities	**(5,970)**	(6,234)
Non-current liabilities	**(21,063)**	(20,411)
Net assets	**54,480**	51,634

Share of the jointly controlled entities' results:

	Six months ended 30 June	
	2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Revenue	**34,991**	69,259
Other income	**289**	1,014
	35,280	70,273
Total expenses	**(31,936)**	(64,502)
Tax	**(505)**	(714)
Profit after tax	**2,839**	5,057

13. TRADE RECEIVABLES

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Trade receivables	**1,276,158**	1,127,279
Impairment	**(17,510)**	(15,547)
Total	**1,258,648**	1,111,732

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 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Within 1 month	**818,990**	277,780
1 to 2 months	**120,340**	172,331
2 to 3 months	**78,167**	99,983
Over 3 months	**241,151**	561,638
Total	**1,258,648**	1,111,732

13. TRADE RECEIVABLES (continued)

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

	2009 (Unaudited) HK$'000	2008 (Restated) (Audited) HK$'000
At 1 January 2009/1 January 2008	15,547	10,697
Impairment losses recognised	1,963	4,022
Exchange realignment	—	828
At 30 June 2009/31 December 2008	17,510	15,547

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

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Neither past due nor impaired	1,017,497	550,094
Less than 1 month past due	64,344	410,667
1 to 3 months past due	176,807	150,971
Total	1,258,648	1,111,732

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.

14. 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 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Within 1 month	**192,529**	786,347
1 to 2 months	**170,293**	110,484
2 to 3 months	**313,309**	46,343
Over 3 months	**314,110**	114,822
Total	**990,241**	1,057,996

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2009			31 December 2008		
	Effective annual interest rate %	**Maturity**	**(Unaudited) HK$'000**	Effective annual interest rate %	Maturity	(Audited) HK$'000
Current						
Bank loans — secured	**5.38**	**2009–2010**	**1,895**	5.38	2009	1,834
Bank loans — unsecured	**5.31–8.1/HIBOR/ LIBOR+5.1**	**2009–2010**	**3,244,514**	6.03–8.1/HIBOR	2009	3,414,728
			3,246,409			3,416,562
Non-current						
Bank loans — secured	**5.38**	**2010–2011**	**2,284**	5.38	2010–2011	3,281
Bank loans — unsecured	**5.4–7.56/HIBOR**	**2010–2012**	**2,516,945**	6.30–7.56/ LIBOR+5.1	2010	2,105,407
Other loans — unsecured	**—**	**2025**	**14,753**	—	2025	14,753
			2,533,982			2,123,441
			5,780,391			5,540,003

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**3,246,409**	3,416,562
In the second year	**1,507,993**	2,108,688
In the third to fifth years, inclusive	**1,011,236**	—
	5,765,638	5,525,250
Other borrowings repayable:		
Within one year or on demand	**—**	—
Beyond five years	**14,753**	14,753
	14,753	14,753
	5,780,391	5,540,003

At 30 June 2009, the Group's mortgage loan facility was secured by certain leasehold buildings and prepaid land premiums amounting to approximately HK$20,300,000 (31 December 2008: HK$20,990,000).

At 30 June 2009, the Group's bank borrowings were guaranteed by the Company and certain subsidiaries of the Group with the amounts of approximately HK$4,641,764,000 (31 December 2008: HK$6,092,888,000) and approximately HK$444,944,000 (31 December 2008: HK$814,607,000), respectively.

On 29 December 2008, the Group entered into a facilities agreement (the "Facilities Agreement") in respect of loan facilities totalling up to US$100 million (equivalent to HK$775 million) to be made available to the Group. These loans bear interest at 6 months London Interbank Offered Rate ("LIBOR") plus 5.1% per annum. In accordance with the Facilities Agreement, US$25 million was due for repayment on 31 March 2009 and US$75 million is due for repayment on 31 January 2010. During the period, US$25 million has been repaid. As at 30 June 2009, the Group was unable to comply with one of the financial covenants as required by the Facilities Agreement.

16. SHARE CAPITAL

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

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Authorised:		
10,000,000,000 (31 December 2008: 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 2008: 2,318,849,403) ordinary shares of HK$0.10 each	**231,885**	231,885

17. CONTINGENT LIABILITIES

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

At 30 June 2009, 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$ 4,641,764,000 (31 December 2008: HK$4,109,180,000).

18. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Contracted, but not provided for:		
Land premiums and leasehold buildings	**226,759**	217,601
Plant and machinery	**280,627**	305,253
Capital contributions	**741,237**	44,436
	1,248,623	567,290

19. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	Notes	Six months ended 2009 HK$'000 (Unaudited)	2008 HK$'000 (Restated) (Unaudited)
Sales of corn starch to a jointly controlled entity	(i)	**7,076**	13,130
Sales of corn sweeteners to a jointly controlled entity		**—**	10,073
Purchases of sorbitol from a jointly controlled entity		**—**	11,290
Purchases of sweeteners from a jointly controlled entity		**—**	3,047
Utility costs charged to a jointly controlled entity	(ii)	**5,184**	7,584
Sales of goods to Mitsui & Co., Ltd. and its subsidiaries		**—**	9,988

(i) The transactions with Cargill Shanghai, a jointly controlled entity in which the Group effectively holds a 50% equity interest, were made at prices which are comparable to the prices offered to other customers of the Group.

(ii) The utility costs were charged to Cargill Shanghai, a jointly controlled entity of the Group, based on the actual costs incurred.

(b) Balances with the related parties

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Restated) (Audited) HK$'000
Due from jointly controlled entities	**3,264**	2,685
Due to a director	**67,580**	—

The short term balances with jointly controlled entities and a director are unsecured, interest-free and have no fixed terms of repayment. The balances approximate to their fair value.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Short term employee benefits	**8,054**	8,918
Post-employment benefits	**18**	169
Total compensation paid to key management personnel	**8,072**	9,087