大成糖業控股有限公司

GLOBAL Sweeteners Holdings Limited

(incorporated in the Cayman Islands with limited liability)

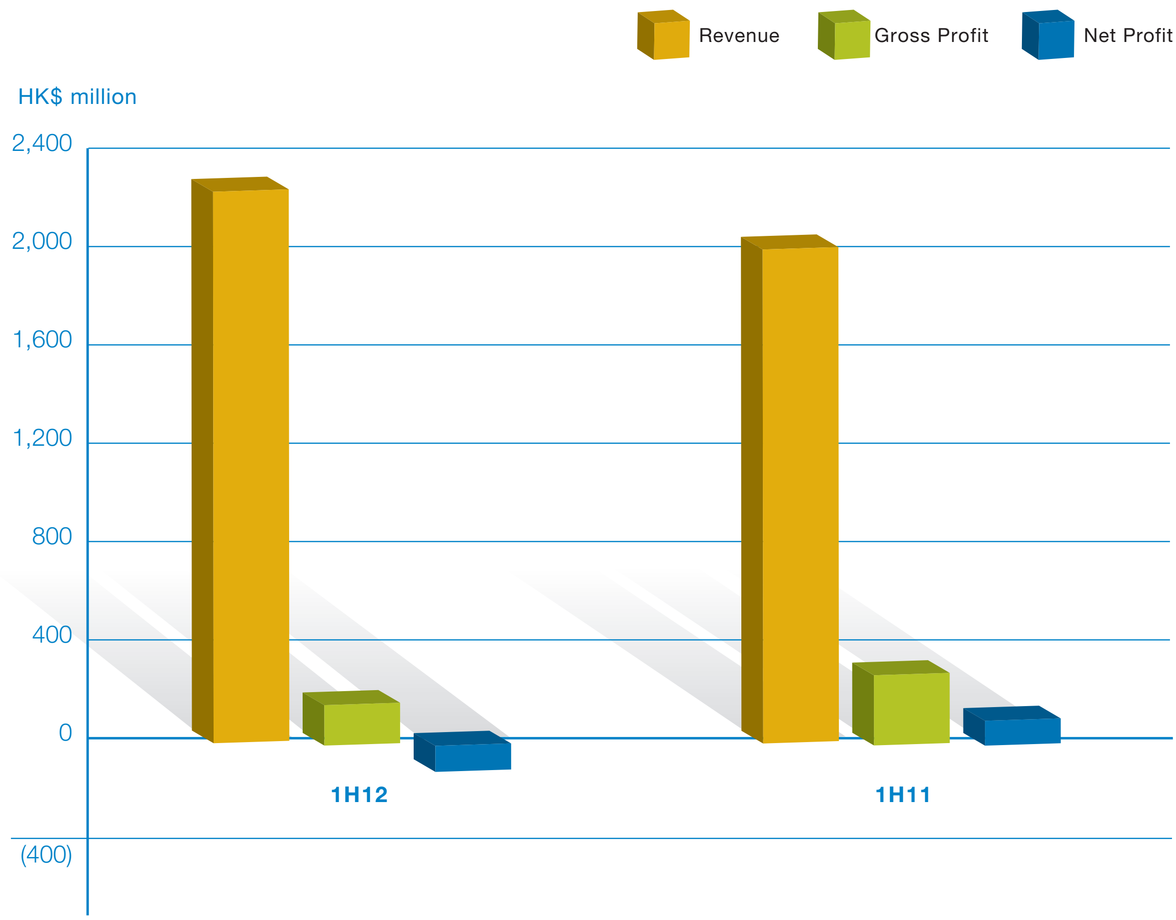
Stock Code: 03889 HK
913889 TW

INTERIM REPORT 2012

CONTENTS

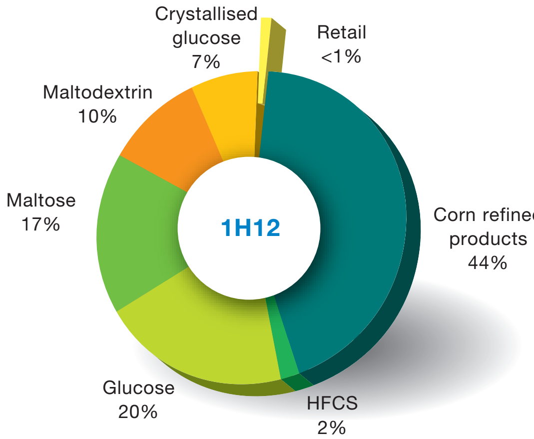
FINANCIAL HIGHLIGHTS

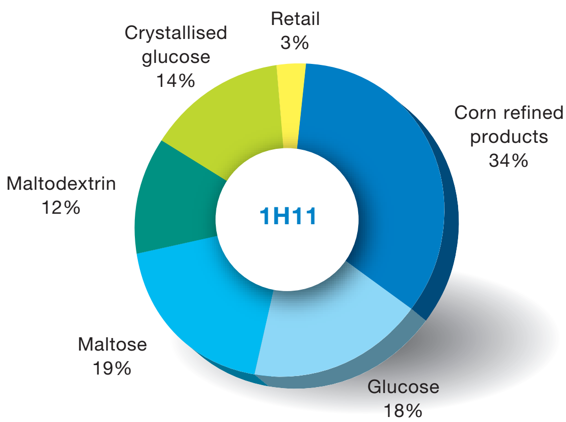
(HK$ million)	Unaudited six months ended 30 June 2012	2011	Change %
Revenue	**2,264**	2,028	11.6
Gross profit	**166**	288	(42.4)
Profit/(loss) before tax	**(100)**	130	N/A
Net profit/(loss) attributable to owners of the parent	**(107)**	102	N/A
Basic earnings/(loss) per share (HK cents)	**(7.01)**	8.90	N/A
Interim dividend per share (HK cents)	**Nil**	Nil	N/A



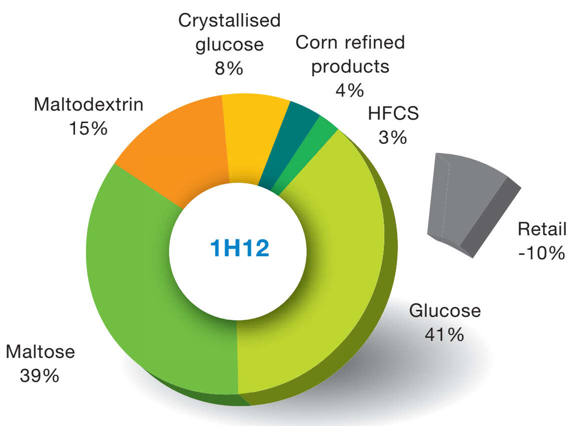
REVENUE AND SALES ANALYSIS

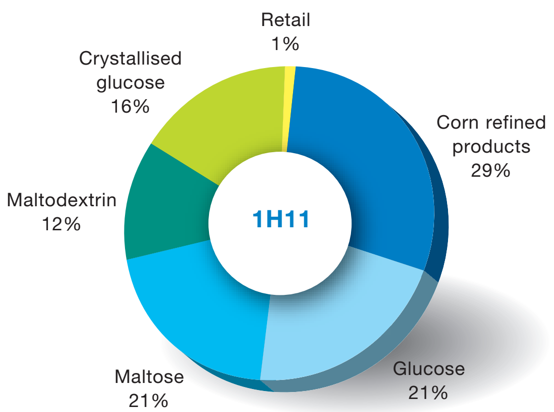
REVENUE



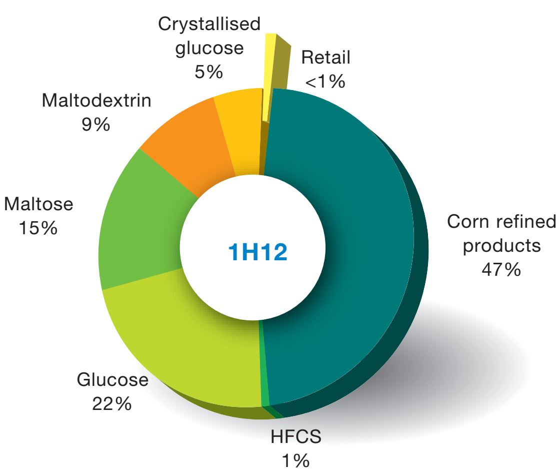


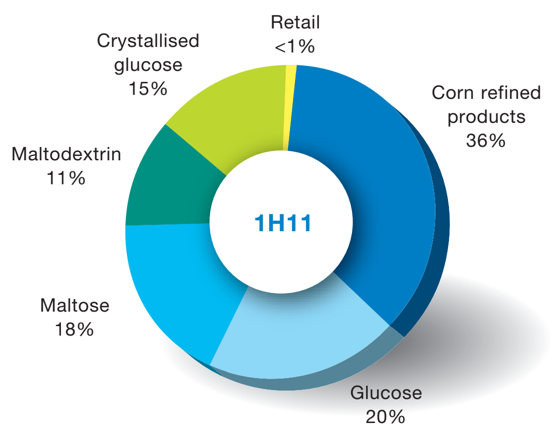
GROSS PROFIT





SALES VOLUME





CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kong Zhanpeng *(Chairman)*
Zhang Fazheng *(Chief Executive Officer)*
Xu Zhouwen *(passed away on 20 August 2012)*
Lee Chi Yung

Independent non-executive Directors

Chan Yuk Tong
Gao Yunchun
Ho Lic Ki

COMPANY SECRETARY

Lee Chi Yung, ACCA, HKICPA

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

AUDITORS

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Certified Public Accountants
22nd Floor
CITIC TOWER
1 Tim Mei Avenue
Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

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

PRINCIPAL BANKER

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.global-sweeteners.com

STOCK CODE

03889 HK
913889 TW

To the Shareholders:

I hereby present the results of Global Sweeteners Holdings Limited for the six months ended 30 June 2012 to the Shareholders.

Continued volatility in the global economy, stagnant economic growth worldwide, the European debt crisis since 2011, together with the fluctuating commodity prices under climatic and environmental changes, have led to the surge in raw material prices in the PRC. Nevertheless, the expansion of production capacity to cater for the demands of the rapidly growing consumer market in the PRC under the monetary easing measures implemented since 2009 has resulted in excess capacity in the subsequent slowdown of economic growth. However, given a weak export market, increments in product prices fell behind the increases in raw material costs, further compressing the gross profit margin of the Group for the period under review. Driven by the increase in production volume through capacity expansion and acquisition of production facilities, the revenues of Global Sweeteners increased by 12% to HK$2,264 million for the six months ended 30 June 2012. However, due to highflying production costs and weak market selling prices, the gross profit decreased by 42% to HK$166 million.

In view of the dull operating environment, provisions have been made on the long outstanding trade receivables and obsolete inventories in relation to the retail beef business. Coupled with the increases in finance costs and selling expenses, the Group recorded a loss for the period for the first time.

BUSINESS REVIEW

During the period under review, with the fluctuations in international commodity prices, together with the continued domestic demand for corn and farmers' reluctance to sell, the price of corn kernels in the PRC remained high. On the other hand, the increased production in the crushing season last year and buyers' willingness to purchase turning conservative has pushed cane sugar price down to RMB6,100 from its record high. Notwithstanding the challenging operating environment during the period, the price of cane sugar maintained at similar level as the corresponding period last year.

In November last year, the Company completed the acquisition of Changchun Jincheng, a corn refinery in Changchun, from GBT. Apart from securing the supply of corn starch for the Group's sweetener production lines in Changchun and minimising the connected transactions with its parent, the acquisition can also enhance more effective control on quality and production processes to crystallise the benefits of integration. However, under the economic instability stemming from the second half of 2011, the consumer market in the PRC was sluggish, intensifying the market competition of corn starch during the period under review. In addition, excess production capacity in the market resulted in excess supply, pushing the selling price of corn starch once down to approximately RMB2,900 per metric tonne. At the same time, the price of corn kernels, a raw material of the Group, increased by approximately 11% to RMB2,043 per metric tonne as compared to the corresponding period last year. In light of the severe test faced by the Group's upstream business and the increase in other production costs due to inflationary pressure, the gross profit margin of upstream business narrowed to 0.7%.

During the period under review, the development of the Group's downstream sweetener business was relatively stable, with overall revenue remained at similar level as the corresponding period last year. The stable performance was attributable to the relatively desirable sales volumes and selling prices for the liquid products of the Group, including glucose syrup and maltose syrup. However, crystallised glucose recorded a decline in both selling price and sales volume during the first half of the year. Together with the increases in production costs, the gross profit margin of downstream products fell to 14%.

The Group's new high fructose corn syrup 55 ("HFCS 55") facility with an annual production capacity of 100,000 metric tonnes in Shanghai has commenced operation during the period under review. In the first half of the year, approximately 9,000 metric tonnes of HFCS 55 products were sold, supplying mainly to large overseas and domestic beverage manufacturers.

On the other hand, the Company announced the acquisition of the shareholding interests in the joint venture project from Cargill, Incorporated on 30 March 2012. Subsequent to the completion of the acquisition, the Company would become the owner of the entire interests in the high fructose corn syrup 42 ("HFCS 42") business. The acquisition enables the Group to fully capitalise on the synergies of its production facilities in response to changes in market demands. Apart from producing HFCS 42 to cater for the demand of certain beverage manufacturers in the PRC, during the period, part of the facility was switched to producing maltose syrup to meet market demand. This production facility can also act as a feedstock to the Group's new HFCS 55 facility, which can further enhance efficient control in both quality assurance and production processes.

To further control the procurement costs and to ensure an abundant supply of corn kernels (the Group's major raw material), apart from the past practice of stocking up corn kernels in the harvest season every year when supply is ample and price is relatively low, the Group has extended its corn procurement to rural areas and set up silos at corn originations last year to purchase corn directly from farmers at lower costs. In the year 2011/2012, the Group purchased approximately 100,000 metric tonnes of corn directly from farmers, accounting for approximately 10% of its total corn procurement, which has contributed to lowering its overall corn costs.

In respect of the retail beef business, as more cases of food safety and food contamination scandals have been reported in the PRC, the risk of quality assurance has been brought to the attention of the Board. The Board is of the view that risks should be minimised in the operation of the retail beef business as a non-core business of the Company. The Company decided to slow down the development of this business by utilising its existing resources for beef business operations and avoiding sourcing cattle externally to better ensure food safety. The Group has also been channeling resources to its core corn based business. In light of the dim operating environment, provisions have been made on the long outstanding trade receivables and obsolete inventories. As a result, the retail beef business recorded a loss for the period.

OUTLOOK

In face of the external economic instability and the slowdown of domestic consumption in the second half of the year, it is expected that the Group's business will continue to face challenges. To address market uncertainties, the Group will continue to adopt a prudent approach and focus on maintaining stable operation by lowering debt, minimising capital expenditure to retain liquidity and efficiently utilising its existing production facilities for the production of more high value-added products.

Corn price is expected to stay buoyant in the second half of 2012. The Group will take appropriate measures to control the costs of corn kernels by all effective means and resources, and strive to lower costs by increasing purchase of corn from local farmers through the Group's silos located at other corn originations such as Heilongjiang and Liaoning.

As to capital expenditure, the Group will adjust the pace of its expansion plans in response to changes in market demands. The Group has postponed the initial expansion plans, but would continue to finish up the existing project in progress. The Jinzhou corn refinery expansion for an additional annual capacity of 300,000 MT will be completed in the second half of the year. In the absence of large-scale acquisition project and material investment plan, the Group anticipates that the capital expenditure of 2012 would not exceed HK$50,000,000.

Since HFCS 55 offers similar sweetness level as sugar which is traditionally used by beverage producers, it is popular amongst beverage and food processors considering the cost advantage and wide applications HFCS 55 offers to users. The commencement of full operation of the HFCS 55 plant in Shanghai is expected to augment the Group's profitability. In addition, flexibility of the production line is expected to spur improvement in the Group's sweetener business during the industry's peak season in the second half of the year.

Under the dual pressure of weak sugar price and high corn costs, the Group will further strengthen its financial position by optimising the debt structure and reducing the capital expenditure. Also, the Group will continue to capitalise on the advantage of its flexible facilities to respond to market changes and develop high value-added products. We will strive to solidify our foothold to ready ourselves for opportunities when the market environment improves, in order to further enhance the market share of GSH.

Mr. Xu Zhouwen, an executive director of the Group and a co-chairman of GBT, the parent company of the Group, passed away in late August this year. Mr. Xu had been the executive director of the Group since 28 October 2010, and had made valuable contributions to the development strategy and operation direction of the Group. All our directors and staff were deeply grieved by the passing away of Mr. Xu.

Kong Zhanpeng
Chairman

30 August 2012

Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the production and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group's upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, and the corn kernels of which are purchased directly from corn origination silos for further cost savings.

BUSINESS ENVIRONMENT

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

With commodities prices in the People's Republic of China (the "PRC") remained at high level during the period under review (the "Period"), the average purchasing price of corn kernels increased by approximately 10.9% as compared to the corresponding period last year.

Nevertheless, the slow growing economy has kept the corn refined products prices at the trough. The PRC economy recorded its slowest growth rate since 2009 in the first half of 2012 as a result of the rise in production costs, the tightened property policy and the weak export. On the other hand, the pace of the global economic recovery remained slow and the European Union debt crisis has yet to be resolved, sentiment among buyers and manufacturers stayed conservative since the fourth quarter of 2011. In addition, the market is flooded with abundant supply of corn starch as a consequence of drastic expansions of corn refineries since 2009 with the PRC Government easing its monetary policy. The average selling price of corn starch remained low at approximately RMB3,320 per metric tonne ("MT") by the end of the Period.

Notwithstanding the challenging operating environment, the price of cane sugar, a substitute of the Group's corn sweetener products, maintained at approximately RMB6,400 per MT by the end of the Period.

As more cases of food contamination and food safety scandals in China have been reported, the risk of quality assurance has been brought to the attention of the Board. Since the beef business is not a core business of the Group, the Board is of the view that risks should be minimised in the operations of the beef business. As a result, the Group decided to slow down the development of the retail beef business by utilising its existing resources for beef business operations and avoiding sourcing cattle from outside market to better ensure food safety. Instead, the Group has been channeling resources to its core corn based business. On the other hand, in view of the dull operating environment, provisions have been made on long outstanding trade receivables and obsolete inventories, and the loss attributable to the retail beef business during the Period amounted to approximately HK$75 million. Despite the provision in relation to the retail beef business, the Group will endeavour to recover these trade receivables.

With more than a decade's development, the Group has laid a solid foundation with a strong management team and a well-established sales and marketing network, backed up by an outstanding R&D and production team. In face of current poor market sentiment, the Group has proven itself the ability to withstand all the challenges.

With the expectation that the market will digest the excess capacity as global economy gradually revives, together with the Chinese government's effort in stimulating the economy, the Board is of the view that the operating environment in 2013 will improve. Leveraging on the Group's leading position in production capacity and market share, the Board believes that the Group will have a solid foundation to achieve better performance in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group's consolidated revenue increased by approximately 11.6% to approximately HK$2,264 million (2011: HK$2,028 million) while gross profit decreased by approximately 42.4% to HK$166 million (2011: HK$288 million) when compared to the corresponding period last year. The revenue increase was mainly attributable to the increase in average selling prices and sales volume. However, as a result of high production costs, weak market selling prices in contrast to the highflying raw material cost and the provisions made in relation to the retail beef business, the Group's net loss attributable to shareholders for the Period amounted to approximately HK$107 million (2011: net profit HK$102 million).

Upstream products

(Sales amount: HK$996 million (2011: HK$685 million))
(Gross profit: HK$7 million (2011: HK$82 million))

With respect to raw material prices fluctuations, it has always been one of the Group's main objectives to secure our corn kernel supply at the lowest cost. Subject to market movements, the Group will explore possibilities to better utilise our current corn storage facilities, further reduce corn costs and to secure our corn supply with a more comprehensive corn procurement policy and network. To achieve this, in the fourth quarter of year 2011, the Group established two silos at corn originations to procure corn directly from local farmers. It is expected that such arrangements will further secure the quality and abundant supply of corn kernel at the lowest cost.

During the Period, the revenue and gross profit of corn procurement business amounted to approximately HK$84 million and HK$1 million (2011: nil and nil) respectively. Internal consumption of corn kernels for upstream production during the Period amounted to approximately 62,000 MT.

On 17 November 2011, the Group completed the acquisition of Changchun Jincheng Corn Development Co., Ltd. ("Changchun Jincheng"), a corn refinery principally engaged in the manufacture and sale of corn starch and other corn refined products in Changchun, from a subsidiary of Global Bio-chem Technology Group Company Limited ("GBT" and, together with its subsidiaries other than the members comprising the Group and the Company's jointly-controlled entities, the "GBT Group").

After the completion of the acquisition of Changchun Jincheng, the Group secured the supply of corn starch for its corn sweeteners production facilities in Changchun and reduced reliance on the supply of corn starch from the GBT Group. With the vertical integration, the Group is now in a better position to apply effective quality control procedures and to monitor and control the production flows of both corn starch and corn sweeteners, thereby minimising the chances of bottlenecks or inventory pile-up, and related administrative costs.

During the Period, the sales volume of corn starch and other corn refined products were approximately 156,000 MT (2011: 136,000 MT) and 147,000 MT (2011: 89,000 MT) respectively. Internal consumption of corn starch was approximately 64,000 MT (2011: 58,000 MT), which was used as raw material for production in the Group's Changchun, Jinzhou and Shanghai production sites.

The average selling prices of corn starch remained flat at HK$3,320 per MT (2011: HK$3,340 per MT) while other corn refined products increased by approximately 3.7% to HK$2,674 per MT (2011: HK$2,579 per MT) as compared to the corresponding period last year. However, cost of sales increased by approximately 11.5% which was mainly attributable to the increase in raw material costs and other manufacturing costs as a result of inflationary pressure in the PRC. In addition, the average selling price of corn starch remained flat during the Period due to the stagnant corn starch market. Consequently, the corn starch segment recorded a gross profit margin of approximately 7.6% (2011: 21.9%) while other corn refined products segment recorded a gross loss margin of approximately 8.5% (2011: 7.8%) during the Period.

The lingering economic uncertainty since the fourth quarter of 2011 continued to affect the operating environment during the Period. As a result, the Group's upstream business has been in the mire in the first half of 2012. The Group anticipates that such situation will continue in the second half of 2012.

Nevertheless, with the Chinese government's attempt to stimulate growth with a moderate monetary and fiscal policy by cutting interest rates twice since June 2012, the management believes the operating environment will gradually improve starting from 2013.

Corn syrup

(Sales amount: HK$875 million (2011: HK$759 million))
(Gross profit: HK$138 million (2011: HK$120 million))

The Group successfully launched a new product – high fructose corn syrup 55 ("HFCS 55"), which is widely used by beverage manufacturers in substitution for cane sugar last year. The construction of a HFCS 55 production facility of 100,000 MT per annum ("mtpa") in Shanghai completed in October 2011 and trial production commenced in December 2011.

On 30 March 2012, the Group entered into the agreement for acquisition of the remaining shareholding interest in the jointly controlled entities from Cargill, Incorporated. The acquired entities are principally engaged in the manufacture and sale of high fructose corn syrup 42 ("HFCS 42") with an annual production capacity of 120,000 MT in Shanghai. The acquisition would enhance the Group's operational efficiency and management flexibility over production planning and human resources deployment.

Since Shanghai Hao Cheng Food Development Co., Ltd. ("Haocheng"), one of the Group's subsidiaries, has established a well-marketed brandname "Haocheng", the Group decided to sell all sweeteners products produced in Shanghai under this brandname. As such, Haocheng sold 3,000 MT of HFCS 42 during the Period and the revenue of HFCS 42 amounted to approximately HK$10 million with a gross profit and gross profit margin of approximately HK$1 million and 14.1% (2011: nil and nil) respectively. For the new product HFCS 55, it recorded a sales volume and revenue of approximately 9,000 MT and HK$34 million respectively during the Period with a gross profit and gross profit margin of approximately HK$5 million and 14.0% (2011: nil and nil) respectively.

During the Period, the average selling price of glucose syrup decreased by approximately 4.6% while the sales volume increased to approximately 158,000 MT (2011: 125,000 MT) as compared to the corresponding period last year. Consequently, the revenue of glucose syrup grew by approximately 19.9% to approximately HK$448 million (2011: HK$373 million).

The average selling price of maltose syrup during the Period increased by approximately 2.5% while the sales volume remained at approximately 110,000 MT (2011:113,000 MT) as compared to the corresponding period last year. As a result, the revenue of maltose syrup remained at approximately HK$384 million (2011: HK$386 million).

Internal consumption of glucose syrup for downstream production during the Period decreased to approximately 98,000 MT (2011: 165,000 MT) which was mainly attributable to the decrease in production volume of crystallised glucose.

Despite the significant increase in raw material price as compared to the corresponding period last year, glucose syrup and maltose syrup segments recorded gross profit margins of approximately 15.1% (2011: 16.3%) and 16.8% (2011: 15.2%) respectively.

During the Period, the Group sold approximately 54,000 MT (2011: 79,000 MT) of glucose syrup to the GBT Group.

Corn syrup solid

(Sales amount: HK$389 million (2011: HK$517 million))
(Gross profit: HK$37 million (2011: HK$81 million))

The revenue of corn syrup solid decreased by approximately 24.7% during the Period which was mainly attributable to the decrease in sales volume. The average selling price of crystallised glucose increased by approximately 38.1% while sales volume decreased by approximately 59.5% to 39,000 MT (2011: 96,000 MT). Consequently, the revenue of crystallised glucose decreased by approximately 44.1% to approximately HK$155 million (2011: HK$277 million).

During the Period, the average selling price of maltodextrin remained and the sales volume decreased by 2.9% to approximately 65,000 MT (2011: 67,000 MT). As a result, the revenue of maltodextrin decreased by approximately 2.4% to approximately HK$234 million (2011: HK$240 million).

As a result of the drop in sales volumes and the rise in raw material cost during the Period, cyrstallised glucose segment recorded a gross profit of approximately HK$13 million (2011: HK$46 million) with a gross profit margin of 8.1% (2011: 16.6%); while maltodextrin segment recorded a gross profit of approximately HK$24 million (2011: HK$35 million) with a gross profit margin of 10.3% (2011: 14.8%).

During the Period, the Group sold approximately 3,000 MT (2011: 65,000 MT) of crystallised glucose to the GBT Group.

Retail business

(Sales amount: HK$3 million (2011: HK$67 million)
(Gross loss: HK$15 million (2011: Gross profit HK$5 million)

As the Company has decided to slow down its retail beef business, this segment has recorded a revenue and gross loss of approximately HK$3 million (2011: HK$67 million) and HK$15 million (2011: gross profit HK$5 million) respectively.

Export sales

During the Period, the Group exported approximately 36,000 MT (2011: 21,000 MT) of upstream corn refined products and approximately 7,000 MT (2011: 19,000 MT) of corn sweeteners; their export sales amounted to approximately HK$66 million (2011: HK$53 million) and HK$30 million (2011: HK$74 million) respectively, representing approximately 4.3% (2011: 6.3%) of total revenue of the Group.

Other income, operating expenses, finance costs and income tax

Other income

During the Period, other income of the Group increased by approximately 148.6% to HK$36 million (2011: HK$14 million) which was mainly attributable to the gain on bargain purchase arising from the acquisition of the jointly-controlled entities of approximately HK$13 million and exchange differences reclassified from reserves when the jointly controlled entities became subsidiaries of approximately HK$13 million.

Selling and distribution costs

During the Period, the selling and distribution costs representing 5.2% (2011: 5.1%) of the Group's revenue increased by 14.8% to approximately HK$117 million (2011: HK$102 million) which is mainly attributable to the rise in transportation costs and packaging costs due to the highflying petroleum price and the increase in export sales volume.

Administrative expenses

Subsequent to the acquisition of Changchun Jincheng in November 2011 and the remaining shareholding interest in the jointly controlled entities in March 2012, the sales volume and number of headcounts of the Group increased. As a result, the administrative expenses representing 2.4% (2011: 1.9%) of the Group's revenue increased by 40.8% to approximately HK$54 million (2011: HK$39 million).

Other operating expenses

Other operating expenses including the provisions on trade receivable of the retail beef business amounted to approximately HK$56 million.

Finance costs

During the Period, finance costs of the Group increased to approximately HK$71 million (2011: HK$29 million) due to the increase in interest rate in the PRC and the increase in bank borrowings of approximately HK$749 million as a result of the acquisition of Changchun Jincheng in November 2011.

Income tax

Although the Group recorded a net loss during the Period, certain subsidiaries in PRC incurred net profit and were subject to PRC enterprise income tax. As a result, income tax expenses amounted to approximately HK$11 million was provided (2011: HK$27 million).

Net loss attributable to shareholders

As a result of the high production costs, weaker than expected market selling prices and provisions made in relation to the retail beef business, the Group recorded a net loss of approximately HK$107 million (2011: net profit HK$102 million) during the Period.

IMPORTANT TRANSACTION

Acquisition of jointly-controlled entities

On 30 March 2012, Global Sweeteners Investments Limited ("GSIL"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "SP Agreement") with Cargill, Incorporated ("Cargill") to acquire the entire shareholding ("SPV-HK Sale Interest") owned by Cargill in Global Bio-chem-Cargill (Holdings) Limited (now known as Global Sweeteners HFCS (Holdings) Limited) ("SPV-HK"), the entire equity interest ("SPV-PRC Sale Interest") held by Cargill Investments (China) Ltd. ("Cargill China") in GBT-Cargill High Fructose (Shanghai) Co., Ltd. (now known as Shanghai Da Yi Food Co., Ltd.) ("SPV-PRC") and the rights, interest and benefits of Cargill in respect of a promissory note in favour of Cargill in the principal amount to HK$40 million due on 25 September 2101 ("Note Assignment Interest", together with the SPV-HK Sale Interest and the SPV-PRC Sale Interest, the "Sale Interest").

Under the SP Agreement, Cargill shall sell to GSIL the SPV-HK Sale Interest and procure Cargill China to sell to Datex Investments Limited (a wholly owned subsidiary of the Company) the SPV-PRC Sale Interest and assign to GSIL the Note Assignment Interest. The aggregate consideration for the Sale Interest amounted to approximately HK$32,977,000.

Completion of the acquisition of the SPV-HK Sale Interest and the Note Assignment Interest have taken place immediately upon signing of the SP Agreement, and the acquisition of the SPV-PRC Sale Interest is still in progress and is expected to be completed in the second half of the year. After completion, SPV-HK and SPV-PRC will become wholly owned subsidiaries of the Company.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The Group's net borrowings decreased slightly to approximately HK$1,292 million (31 December 2011: HK$1,335 million) as at 30 June 2012 as a result of the cash inflow from operating activities of approximately HK$56 million.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. As at 30 June 2012, out of the amounts due from fellow subsidiaries, approximately HK$350 million representing the trade nature portion (31 December 2011: HK$470 million) was taken into consideration in the calculation of trade receivables turnover days. During the Period, the trade receivables turnover days decreased to approximately 75 days (31 December 2011: 104 days) which was mainly attributable to the stringent control on credit terms that has been applied. Subsequent to the end of the reporting period, approximately HK$378 million of trade and bills receivables was settled.

Meanwhile, the outstanding trade related balances of approximately HK$495 million (31 December 2011: HK$452 million) as at 30 June 2012 arising from the purchase transactions with the GBT Group were classified as amounts due to fellow subsidiaries. Such balances were considered as trade payables for the calculation of trade payables turnover days. During the Period, trade payables turnover days increased to approximately 55 days (31 December 2011: 49 days) as part of the cash flow management.

Due to the increase in the inventory level of corn kernels in Jinzhou Yuancheng Bio-Chem Technology Co., Ltd., Changchun Jincheng and the two corn origination silos to approximately 479,000 MT (31 December 2011: 372,000 MT), the inventory turnover days had increased to approximately 127 days for the Year (31 December 2011: 110 days).

The current ratio as at 30 June 2012 increased to approximately 1.35 (31 December 2011: 1.22) and quick ratio decreased to approximately 0.75 (31 December 2011: 0.77) due to the decrease in short term bank borrowings as a result of refinancing HK$300 million of short term borrowings to long term ones. Gearing ratios in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 52.8% (31 December 2011: 52.1%). Gearing ratio remained at similar level due to the stringent control over operating cash flows during the Period. Interest coverage (i.e. EBITDA over finance costs) decreased to approximately 0.6 times (2011: 7.2 times) as a result of decrease in EBITDA to approximately HK$44 million (2011: HK$210 million) for the Period and increase in finance costs by 140.3% to approximately HK$71 million (2011: HK$29 million).

Structure of interest bearing borrowings

As at 30 June 2012, the Group's bank borrowings amounted to approximately HK$1,846 million (31 December 2011: HK$1,832 million), of which approximately 3.8% (31 December 2011: 4.4%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Period increased to approximately 7.2% (2011: 6.7%) per annum as a result of the increase in the PRC interest rate.

The percentage of interest bearing borrowings wholly repayable within one year or on demand and in the second to the fifth years were approximately 79.5% (31 December 2011: 95.7%) and 20.5% (31 December 2011: 4.3%) respectively. The change in repayment pattern was mainly due to reallocation of short term bank borrowings to long term bank borrowings during the Period.

As the Group's usual cost control measures, the Group generally procures corn kernels, being the raw material for corn starch, during the period from October to April each year to meet the production requirement during the period from May to September each year. Since it is in line with the PRC government's policy to support agricultural companies, local banks had offered short term bank borrowings to Changchun Jincheng for financing the purchase of corn kernels. The short term bank borrowings of Changchun Jincheng as at 30 June 2012 amounted to approximately HK$876 million. In light of the market demand of the Group's products and given that the Group's inventory of corn kernels are generally consumed during the period from May to September each year, it is expected that the Group will be able to generate income from the sales of the end products and repay these short term bank borrowings. Besides, the Group has been able to maintain a healthy level of working capital and current assets, with net cash inflows from operating activities amounted to approximately HK$56 million during the Period (2011: HK$140 million), and the current ratio of approximately 1.35 as at 30 June 2012 (31 December 2011: 1.22). In the long run, the Group targets to lower the gearing ratio to 40% in five years.

FOREIGN EXCHANGE EXPOSURE

Since most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of business segments and overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

FUTURE PLANS AND PROSPECTS

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and a major player in the global market. To achieve this objective, the Group will strive to enlarge its market share, diversify its product mix, and enhance its capability in developing high value-added products and new applications through in-house research and development and strategic business alliance with prominent international market leaders.

As one of the largest corn sweetener producers in the PRC in terms of production capacity and production output, the Board believes that it is of utmost importance for the Group to maintain its leading position in the market in terms of production capacity and market share.

EXPANSION OF PRODUCTION CAPACITY

In terms of capacity expansion for the Group's long term strategy, the Board intends to establish new production facilities in the proximities of the Group's current production facilities and in other PRC locations. It is expected that the construction of these new production facilities will be undertaken by new subsidiaries of the Company or joint ventures with third parties.

To secure raw material supplies and match with the Group's expansion in downstream corn sweeteners production in future, the Group commenced construction in building an additional 300,000 mtpa corn processing capacity in current Jinzhou corn refinery in August 2011 which is expected to complete by the fourth quarter of 2012.

The Board estimates that substantial portion of the above expected capital expenditures will be incurred prior to the commencement of commercial production of the production facilities while the remaining amounts are expected to be settled within one year from the relevant dates of commencement of commercial production. The Board is of the view that the existing technology know-how of the Group is sufficient for such expansion. The expansion plans of the Group will be principally financed by the Group's internal resources and bank borrowings.

In light of a slowdown of the global economy, the Directors are of a prudent view that the Company should continue to observe market movements and assess from time to time the need and feasibility of capacity expansion.

USE OF PROCEEDS FROM THE COMPANY'S TDR ISSUE

As announced by the Company on 18 March 2010, it was the Board's then intention to use the net proceeds from the issue of the Taiwan depositary receipts ("TDR Issue") for the working capital of the Group's high end beef products business. The net proceeds received by the Company from the TDR Issue were about HK$184 million, of which about HK$90 million had been used for the working capital for the Group's high end beef products business.

In view of the increasing food safety awareness in the PRC, the Board has decided to slow down the retail beef business after evaluating the potential risk and the current market sentiment. The Board is more inclined to directing more resources to the Group's core corn based businesses. As such, in order to better utilise the cash resources of the Group, the Board has resolved on 20 March 2012 to change the proposed use of the unused net proceeds of about HK$94 million received from the TDR Issue to the use as general working capital of the Group. As of the date of this report, all of the amount of about HK$94 million has been utilised as general working capital of the Group.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2012, the Group has approximately 1,550 full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, hence has placed great emphasis on the recruitment of qualified and experienced personnel to enhance Group's production capability and products innovation. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industrial practice. Staff benefits provided by the Group include mandatory fund, insurance schemes and performance related commissions.

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong ("SFO")) of the directors and chief executive of the Company as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") are as follows:

Name of director	The company/ name of associated corporation	Capacity/nature of interest	Number and class of securities held (Note 1)	Percentage of the relevant class of issued share capital of the Company/ associated corporation
Kong Zhanpeng	Global Bio-chem Technology Group Company Limited ("GBT")	Beneficial owner	18,256,000 ordinary shares of HK$0.10 each (L)	0.56
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK$0.10 each (L) (Note 2)	7.41
	The Company	Beneficial owner	1,984,000 shares (L) (Note 3)	0.13
	The Company	Beneficial owner	6,000,000 shares (L) (Note 4)	0.39
Xu Zhouwen*	GBT	Beneficial owner	24,155,600 ordinary shares of HK$0.10 each (L)	0.74
	GBT	Interest of a controlled corporation	295,456,000 ordinary shares of HK$0.10 each (L) (Note 5)	9.05
	The Company	Beneficial owner	6,000,000 shares (L) (Note 6)	0.39

Name of director	The company/ name of associated corporation	Capacity/nature of interest	Number and class of securities held (Note 1)	Percentage of the relevant class of issued share capital of the Company/ associated corporation
Zhang Fazheng	The Company	Beneficial owner	2,000,000 shares (L) (Note 7)	0.13
Lee Chi Yung	The Company	Beneficial owner	4,000,000 shares (L) (Note 8)	0.26
Chan Yuk Tong	The Company	Beneficial owner	2,000,000 shares (L) (Note 9)	0.13
Ho Lic Ki	The Company	Beneficial owner	2,000,000 shares (L) (Note 10)	0.13

* passed away on 20 August 2012

Notes:

1. The letter "L" represents the director's interests in the shares and underlying shares of the Company or its associated corporation.

2. These 241,920,000 shares are held by Hartington Profits Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Kong Zhanpeng.

3. These shares are held by Hartington Profits Limited.

4. These shares are underlying shares comprised in the options granted to Mr. Kong Zhanpeng pursuant to the share option scheme of the Company.

5. These 295,456,000 shares are held by Crown Asia Profits Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Xu Zhouwen.

6. These shares are underlying shares comprised in the options granted to Mr. Xu Zhouwen pursuant to the share option scheme of the Company.

7. These shares are underlying shares comprised in the options granted to Mr. Zhang Fazheng pursuant to the share option scheme of the Company.

8. These shares are underlying shares comprised in the options granted to Mr. Lee Chi Yung pursuant to the share option scheme of the Company.

9. These shares are underlying shares comprised in the options granted to Mr. Chan Yuk Tong pursuant to the share option scheme of the Company.

10. These shares are underlying shares comprised in the options granted to Mr. Ho Lic Ki pursuant to the share option scheme of the Company.

Saved as disclosed above, as at 30 June 2012, none of the directors and the chief executive of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under 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 acquired benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or 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' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, so far as is known to the directors, the following persons (other than the directors or chief executive) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares held (Note 1)	Percentage of Company's issued share capital
Global Corn Bio-chem Technology Company Limited ("Global Corn Bio-chem")	Beneficial owner	977,778,000 shares of HK$0.10 each (L)	64.01
GBT	Interest of a controlled corporation (Note 2)	977,778,000 shares of HK$0.10 each (L)	64.01
	Beneficial owner	500,000 shares of HK$0.10 each (L)	0.03

Notes:

1. The letter "L" denotes the person's interest in the share capital of the Company.

2. These shares are registered in the name of Global Corn Bio-chem, which is a wholly-owned subsidiary of GBT. Therefore, GBT is deemed to be interested in all the shares in which Global Corn Bio-chem is interested according to the SFO. Mr. Xu Zhouwen was an executive director of GBT during the reporting period and he passed away on 20 August 2012.

Saved as disclosed above, no person, other than the directors and chief executive of the Company had, as of 30 June 2012, an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept under Section 336 of the SFO.

PURCHASES, 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.

DISCLOSURE OF ADDITIONAL INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

The Company is committed to ensuring high standard of corporate governance for the interests of shareholders and devotes considerable effort in identifying and formalising best practices.

In the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2012 (including CG Code provisions with effect from 1 April 2012).

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Based on specific enquiry of the Directors, all Directors have confirmed to the Company that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls with written terms of reference in compliance with the CG Code provisions. The Audit Committee comprises three independent non-executive Directors. The chairman of the Audit Committee is Mr. Chan Yuk Tong. The other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Gao Yunchun.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to review the Company's financial reporting process, the effectiveness of internal controls, 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 auditors, Ernst & Young, and the Audit Committee.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its nomination committee ("Nomination Committee") on 1 April 2012 with a majority of the members thereof being independent non-executive Directors. The Nomination Committee comprises an executive Director, Mr. Kong Zhanpeng, and two independent non-executive Directors, Mr. Chan Yuk Tong and Mr. Ho Lic Ki. Mr. Kong Zhanpeng is the chairman of the Nomination Committee. The duties of the Nomination Committee are, among others, to review the structure, size and composition of the Board and to make recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships.

REMUNERATION COMMITTEE

The members of the remuneration committee include an executive Director, Mr. Kong Zhanpeng and two independent non-executive Directors, Mr. Ho Lic Ki and Mr. Gao Yunchun. In compliance with the CG Code, Mr. Kong Zhanpeng ceased to be the chairman of the remuneration committee and Mr. Ho Lic Ki has been appointed as the chairman of the remuneration committee with effect from 1 April 2012. The duties of the remuneration committee are, among others, to make recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management and to review and approve performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (the "Corporate Governance Committee") was established in accordance with the requirements of the CG Code for the purposes of reviewing the Company's policies and practices on corporate governance and providing supervision over the Group's compliance with relevant requirements under the CG Code, or other laws, regulations, rules and codes as may be applicable to the Group. The Corporate Governance Committee comprises one executive Director and two independent non-executive Directors. The chairman of the Corporate Governance Committee is Mr. Chan Yuk Tong. The other members of the Corporate Governance Committee are Mr. Ho Lic Ki and Mr. Lee Chi Yung.

The Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, and considered that the Company has complied with all code provisions in the CG Code (including CG Code provisions with effect from 1 April 2012) during the six months ended 30 June 2012.

CONTINUING CONNECTED TRANSACTIONS EXECUTIVE COMMITTEE

As at the date of this report, the continuing connected transactions executive committee ("CCT Executive Committee") comprises two executive Directors, namely Mr. Lee Chi Yung and Mr. Zhang Fazheng, responsible for monitoring, review and management of the continuing connected transactions (the "CCT") between the Group on one part and the GBT Group on the other part. The main duties of the CCT Executive Committee are to prepare continuing connected transactions report and submitting the same to CCT Supervisory Committee (as defined below) on regular basis.

During the Period, the CCT Executive Committee held six meetings.

CCT SUPERVISORY COMMITTEE

The CCT supervisory committee ("CCT Supervisory Committee") that comprises all independent non-executive Directors was established by the Board to supervise the CCT Executive Committee. The main responsibilities of the CCT Supervisory Committee, among others, are:

(1) to devise and revise detailed rules and guidelines ("Prescribed Guidelines") from time to time for the CCT Executive Committee to follow in order to ensure that the CCT with GBT Group will be entered into in accordance with the respective agreements ("Master Agreement") entered into between the Group and the GBT Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the shareholders as a whole;

(2) to review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to purchase of corn starch from the GBT Group by the Group and the sale of corn sweeteners by the Group to the GBT Group ("Proposed Sale and Purchase") as to whether they have been proceeded with in accordance with the Prescribed Guidelines (the "CCT Quarterly Report");

(3) in respect of the provision of utility services (the "Utility Services") by the GBT Group to the Group, to review the CCT Quarterly Report from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the previous quarter, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group, and to recommend the Board to take action in recovering any excessive fees charged by the GBT Group;

(4) in respect of the sales agency service (the "Sales Agency Services") by the GBT Group to the Group, to review the CCT Quarterly Report from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the half-year period ended 30 June or 31 December, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group; and

(5) to report its findings on review of the CCT Quarterly Report to the Board and give recommendations to the Board to ensure the transactions will be entered into in the interests of the Group and the shareholders as a whole.

The principal terms of the prevailing Prescribed Guidelines are set out below:

(1) the Group shall not purchase corn starch from the GBT Group, or sell corn sweeteners to the GBT Group, or obtain the relevant utility services or sales agency services from the GBT Group, unless the GBT Group shall agree that the purchase/selling prices and fees payable and other commercial terms for these transactions shall be determined in the manner as prescribed under the Prescribed Guidelines.

(2) in respect of the purchase of corn starch from the GBT Group in slurry form:

(i) for the Group's purchase of corn starch in slurry form from the GBT Group for any particular calendar month (the "Relevant Month"), the CCT Executive Committee shall obtain the then quotations and other major commercial terms (including credit terms offered) for supply of corn starch of comparable specifications and quantities in slurry form from at least one (or such number as may be required by the CCT Supervisory Committee from time to time) independent supplier by the end of the month immediately prior to the Relevant Month. The CCT Executive Committee shall, prior to the end of the Relevant Month and in any event on or before the price determination date as referred to in paragraph (iv) below, obtain the then quotations and major commercial terms from independent supplier(s) for supply of corn starch;

(ii) if the quotations for supply of corn starch in slurry form obtained from the independent supplier(s) are exclusive of any of transportation, storage and/or insurance cost, the CCT Executive Committee shall estimate the additional unit cost to be incurred by the Group (whether by itself or through independent service provider(s)) in order for the Group to purchase the corn starch from such independent supplier (s) with supporting evidence ("Estimated Cost");

(iii) the CCT Executive Committee shall obtain from the GBT Group the average unit selling price and other major commercial terms (including credit terms offered) for supply of corn starch of comparable quantities and specifications by the GBT Group to its independent customers during the Relevant Month up to the price determination date as referred to in paragraph (iv) below; and

(iv) the total purchase price and the commercial terms in respect of corn starch supplied by the GBT Group in slurry form to the Group during the Relevant Month shall be calculated within five business days prior to the end of the Relevant Month, which shall be determined by the CCT Executive Committee by using the lower of (aa) the average unit selling price as referred to in paragraph (iii) above, less the unit transportation, storage, insurance, dehydration and/or packaging costs saved by reason of the supply of corn starch in slurry form which would otherwise be payable to the GBT Group by its independent customers; and (bb) the quotations from independent supplier(s) as referred to in paragraph (i) above plus the Estimated Cost (where applicable) for the Relevant Month, as the unit purchase price, and the most favourable terms to the Group among the commercial terms as referred to in paragraphs (i) and (iii) above as the terms of the purchase of corn starch from the GBT Group in slurry form for the Relevant Month.

(3) in respect of sales of corn sweeteners to the GBT Group for the Relevant Month, the unit selling price and other commercial terms in respect of corn sweeteners supplied by the Group to the GBT Group during the Relevant Month shall be determined by the CCT Executive Committee within five business days prior to the end of the Relevant Month in the following manner:

(i) the CCT Executive Committee shall obtain market information regarding the market unit price of corn sweeteners of comparable specification and quantities for the Relevant Month;

(ii) if there is insufficient information on market unit price available, the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by the Group to independent customers for sales of corn sweeteners of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (3) above;

(iii) where the above market unit pricing information or the unit selling price offered to independent customers relate to corn sweeteners of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined with reference to the above market unit pricing information or the unit selling price offered by the Group to independent customers to ensure that the proposed selling price of corn sweeteners with such particular specifications is fair and reasonable and on normal commercial terms.

(4) the CCT Executive Committee shall submit to the CCT Supervisory Committee a quarterly report within 15 days from the end of each quarter in relation to the purchase of corn starch from, and the sales of corn sweeteners to, the GBT Group during the quarter.

(5) in the event that there is any deviation from the terms of the relevant Master Agreements and/or any non-compliance of the Prescribed Guidelines in respect of any continuing connected transactions entered into by any member of the Group during the period covered by the quarterly or, in respect of the sales agency services from the GBT Group only, half-yearly report (including but not limited to non-compliance of the pricing basis), the CCT Supervisory Committee may request the Group to take such procedures (including price adjustments) as the CCT Supervisory Committee may consider appropriate to rectify such deviation or non-compliance.

(6) the auditors of the Group will be engaged to review the CCT (other than the sales agency services from the GBT Group) on a quarterly basis, and the sales agency services from the GBT Group on a semi-annual basis, and shall report to the CCT Supervisory Committee the result of their review. Such report shall be in compliance with the requirements under Rule 14A.38 of the Listing Rules.

Two meetings were held by the CCT Supervisory Committee to review the CCT Quarterly Reports submitted by the CCT Executive Committee in respect of the Proposed Sale and Purchase, the Utility Services and the Sales Agency Services entered into by the Group with the GBT Group during the Period. Details of findings have been published on 21 May 2012 and 23 August 2012. As reported by the CCT Supervisory Committee, (i) the Proposed Sale and Purchase conducted during the Period were in line with the Prescribed Guidelines; (ii) the fees charged by the GBT Group in respect of the Utility Services and the Sales Agency Services rendered during the Period had been charged in accordance with the relevant Master Agreements; and (iii) there was no other matter that needs to be brought to the attention of the shareholders of the Company.

DISCLOSURE OF ADDITIONAL INFORMATION

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The 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 Scheme of the Company during the Period:

Participants	Number of share options at 1 January 2012 and 30 June 2012	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 immediately before the grant date HK$ per share
Kong Zhanpeng	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Zhang Fazheng	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Xu Zhouwen*	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Lee Chi Yung	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Chan Yuk Tong	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Ho Lic Ki	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Employees	3,400,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Other participant	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Total	31,400,000					

* passed away on 20 August 2012

At 30 June 2012, the options granted to subscribe for 31,400,000 Shares remained outstanding, representing approximately 2.06% of the issued share capital of the Company at that date. No options to subscribe for Shares have been granted or cancelled during the Period.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Since the publication of the latest annual report of the Company, Mr. Chan Yuk Tong retired from his office as an independent non-executive Director of Anhui Conch Cement Company Limited (Stock Code: 00914) on 31 May 2012, whose shares are listed on the Hong Kong Stock Exchange.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

ERNST & YOUNG
安永

To the board of directors
Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 42 which comprises the condensed consolidated statement of financial position as at 30 June 2012 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
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

30 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
	Notes	**2012 (Unaudited) HK$'000**	2011 (Unaudited) HK$'000
REVENUE	4	**2,263,853**	2,027,741
Cost of sales		**(2,097,860)**	(1,739,395)
GROSS PROFIT		**165,993**	288,346
Other income and gains	4	**35,767**	14,387
Selling and distribution costs		**(117,585)**	(102,444)
Administrative expenses		**(54,264)**	(38,547)
Other expenses		**(58,042)**	(2,676)
Finance costs	5	**(70,558)**	(29,367)
Share of profits/(losses) of jointly controlled entities		**(1,324)**	399
PROFIT/(LOSS) BEFORE TAX	6	**(100,013)**	130,098
Income tax expense	7	**(11,093)**	(26,523)
PROFIT/(LOSS) FOR THE PERIOD		**(111,106)**	103,575
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of financial statements of operations outside Hong Kong		**—**	52,202
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(111,106)**	155,777
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		**(107,055)**	102,325
Non-controlling interests		**(4,051)**	1,250
		(111,106)	103,575
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		**(107,055)**	154,261
Non-controlling interests		**(4,051)**	1,516
		(111,106)	155,777
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic	8	**HK(7.01) cents**	HK8.90 cents
— Diluted	8	**HK(7.01) cents**	HK8.90 cents
DIVIDEND PER SHARE	9	**—**	—

Details of the dividends proposed for the period ended 30 June 2012 are disclosed in note 9 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,613,786	1,611,046
Prepaid land lease payments		225,277	209,405
Deposits paid for acquisition of property, plant and equipment		25,213	39,716
Goodwill		183,538	183,538
Other intangible assets		9,164	9,316
Prepayments, deposits and other receivables		7,825	8,435
Deferred tax assets		1,894	1,383
Breeding biological assets	11	9,463	9,007
Investments in jointly controlled entities	16	—	99,087
Total non-current assets		2,076,160	2,170,933
CURRENT ASSETS			
Inventories		1,459,193	1,165,611
Trade and bills receivables	12	584,792	782,681
Prepayments, deposits and other receivables		120,798	53,194
Trading biological assets	11	1,412	1,573
Due from jointly controlled entities	19(c)	—	731
Due from the immediate holding company	19(c)	21,086	21,086
Due from fellow subsidiaries	19(c)	525,463	645,696
Cash and cash equivalents		554,380	496,816
Total current assets		3,267,124	3,167,388
CURRENT LIABILITIES			
Trade payables	13	134,120	60,752
Other payables and accruals		191,507	207,441
Interest-bearing bank borrowings	14	1,468,715	1,753,545
Due to fellow subsidiaries	19(c)	557,468	522,725
Due to the ultimate holding company	19(c)	29,506	24,896
Tax payable		32,505	28,480
Total current liabilities		2,413,821	2,597,839
NET CURRENT ASSETS		853,303	569,549
TOTAL ASSETS LESS CURRENT LIABILITIES		2,929,463	2,740,482
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	377,623	78,358
Deferred tax liabilities		103,721	98,063
Deferred income		1,128	1,128
Total non-current liabilities		482,472	177,549
Net assets		2,446,991	2,562,933
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	152,759	152,759
Reserves		2,290,447	2,410,084
		2,443,206	2,562,843
Non-controlling interests		3,785	90
Total equity		2,446,991	2,562,933

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the parent									
	Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2011 and 1 January 2012	152,759	1,074,879	63,444	119,192	264,166	18,526	869,877	2,562,843	90	2,562,933
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(107,055)	(107,055)	(4,051)	(111,106)
Reclassification (note 16)	–	–	(419)	–	(12,582)	–	419	(12,582)	–	(12,582)
Non-controlling interest arising on business combination (note 16)	–	–	–	–	–	–	–	–	7,746	7,746
At 30 June 2012 (Unaudited)	152,759	1,074,879*	63,025*	119,192*	251,584*	18,526*	763,241*	2,443,206	3,785	2,446,991

* These reserve accounts comprise the consolidated reserves of the Group of HK$2,290,447,000 (unaudited) (31 December 2011: HK$2,410,084,000) on the condensed consolidated statement of financial position.

	Attributable to owners of the parent									
	Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2010 and 1 January 2011	114,948	753,121	24,534	100,838	177,906	1,570	746,619	1,919,536	7,376	1,926,912
Profit for the period	–	–	–	–	–	–	102,325	102,325	1,250	103,575
Other comprehensive income for the period:										
Exchange realignment	–	–	–	–	49,409	–	–	49,409	266	49,675
Share of other comprehensive income of jointly controlled entities	–	–	–	–	2,527	–	–	2,527	–	2,527
Total comprehensive income for the period	–	–	–	–	51,936	–	102,325	154,261	1,516	155,777
Equity-settled share option arrangement	33	647	–	–	–	(154)	–	526	–	526
At 30 June 2011 (Unaudited)	114,981	753,768*	24,534*	100,838*	229,842*	1,416*	848,944*	2,074,323	8,892	2,083,215

* These reserve accounts comprise the consolidated reserves of the Group of HK$1,959,342,000 (unaudited) (31 December 2010: HK$1,804,588,000) on the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash flows from operating activities	**56,075**	140,286
Net cash flows from/(used in) investing activities	**34,891**	(28,005)
Net cash flows used in financing activities	**(33,402)**	(61,056)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**57,564**	51,225
Cash and cash equivalents at beginning of period	**496,816**	377,559
Effect of foreign exchange rate changes, net	**—**	34,398
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**554,380**	463,182
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**502,080**	412,966
Non-pledged time deposits with original maturity of less than three months when acquired	**52,300**	50,216
	554,380	463,182

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") for the six months ended 30 June 2012 are authorised for issue in accordance with a resolution of the Directors passed on 30 August 2012.

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit 2403, Admiralty Centre, Tower II, No.18 Harcourt Road, Hong Kong. The Group was involved in the manufacture and sale of corn refined products, corn-based sweetener products, and cattle breeding and beef selling. There were no changes in the nature of the Group's principal activities during the period.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the "immediate holding company" or "Global Corn Bio-chem"), a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited (the "ultimate holding company"), a company incorporated in the Cayman Islands whose shares are also listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 of Securities on the Stock Exchange and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

Significant accounting policies

Except as described below, 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 2011. The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

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

2. BASIS OF PREPARATION AND 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:

HKAS 1 Amendments	Amendments to HKAS1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements Project	*Annual Improvements 2009-2011 Cycle*[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The management is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

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

(ii) the corn based sweetener products segment engages in the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose and maltodextrin; and

(iii) the biological products segment engages in the breeding of cattle and sales of beef.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and finance costs as well as corporate gains and expenses are excluded from such measurement.

3. SEGMENT INFORMATION *(continued)*

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then 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 units information

	Corn refined products		Corn based sweetener products		Biological products		Total	
	Six months ended 30 June							
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Segment revenue:								
Sales to external customers	996,282	685,184	1,264,464	1,276,368	3,107	66,189	2,263,853	2,027,741
Intersegment sales	192,225	206,085	–	–	–	–	192,225	206,085
	1,188,507	891,269	1,264,464	1,276,368	3,107	66,189	2,456,078	2,233,826
Reconciliation:								
Elimination of intersegment sales							(192,225)	(206,085)
Revenue							2,263,853	2,027,741
Segment results	(39,052)	47,289	53,200	104,489	(75,286)	3,626	(61,138)	155,404
Reconciliation:								
Bank interest income							1,100	572
Unallocated gains							34,667	13,815
Corporate and other unallocated expenses							(4,084)	(10,326)
Finance costs							(70,558)	(29,367)
Profit/(loss) before tax							(100,013)	130,098

(b) Geographical information

	Mainland China		Regions other than Mainland China		Consolidated	
	Six months ended 30 June					
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	2,167,638	1,900,330	96,215	127,411	2,263,853	2,027,741

4. REVENUE, OTHER INCOME AND GAINS

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 and gains is as follows:

	Notes	Six months ended 30 June 2012 (Unaudited) HK$'000	Six months ended 30 June 2011 (Unaudited) HK$'000
Other income			
Bank interest income		1,100	572
Sales of scrap and raw materials		7,368	7,708
Exchange gains		1,181	3,194
Government grants*		728	2,462
Others		1,039	451
		11,416	14,387
Gains			
Gain on bargain purchase	16	13,479	–
Exchange differences reclassified from reserves when the jointly controlled entities became subsidiaries	16	12,582	–
Fair value loss of investments in jointly controlled entities	16	(1,710)	–
		35,767	14,387

* Government grants during the period represented government rewards awarded to a subsidiary located in the Mainland China.

5. FINANCE COSTS

	Six months ended 30 June 2012 (Unaudited) HK$'000	Six months ended 30 June 2011 (Unaudited) HK$'000
Interest on bank loans:		
Wholly repayable within five years	66,048	23,265
Finance costs for discounted bills receivable	4,510	6,102
	70,558	29,367

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Six months ended 30 June 2012 (Unaudited) HK$'000	Six months ended 30 June 2011 (Unaudited) HK$'000
Raw materials and consumables used		1,753,402	1,429,818
Depreciation	10	69,928	48,334
Amortisation of prepaid land lease payments		3,672	2,731
Employee benefits expense		35,395	30,578
Foreign exchange differences, net		(1,181)	(3,193)
Impairment of trade and bills receivables	13	56,814	2,463
Write-down of inventories to net realisable value		15,700	1,552
Fair value loss of investments in jointly controlled entities	16	1,710	—

7. INCOME TAX EXPENSE

	Six months ended 30 June 2012 (Unaudited) HK$'000	Six months ended 30 June 2011 (Unaudited) HK$'000
Provisions for the period:		
Hong Kong profits tax	—	—
PRC corporate income tax	11,093	26,523
Tax charge for the period	11,093	26,523

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.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2012 (2011: 25%).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic loss per share for the period ended 30 June 2012 is calculated based on the consolidated loss for the period attributable to owners of the parent of approximately HK$107,055,000 (2011 profit: HK$102,325,000) and the weighted average number of ordinary shares in issue during the period of 1,527,586,000 (2011: 1,149,562,000).

As the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the period ended 30 June 2012, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the period. Therefore, the diluted loss per share amount was equal to the basic loss per share amount for the period ended 30 June 2012.

The calculation of the diluted earnings per share amount for the period ended 30 June 2011 was based on the profit attributable to owners of the parent of approximately HK$102,325,000 and on the number of ordinary shares of 1,149,650,000, being the weighted average number of ordinary shares of 1,149,562,000 in issue during the period, as used in the basic earnings per share calculation, plus the weighted average of 88,000 ordinary shares assumed to be issued at no consideration on the deemed exercise of the share options during the period.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
At 1 January 2012/1 January 2011		1,611,046	1,157,692
Additions		44,148	489,491
Acquisition of subsidiaries	16	28,520	—
Disposals		—	(369)
Depreciation		(69,928)	(104,488)
Exchange realignment		—	68,720
At 30 June 2012/31 December 2011		1,613,786	1,611,046

11. BIOLOGICAL ASSETS

At the end of the reporting period, the Group's total amounts of biological assets are as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Breeding biological assets	9,463	9,007
Trading biological assets	1,412	1,573
	10,875	10,580

The Group's biological assets comprise breeding cattle and trading cattle.

The Group's biological assets were revalued at the end of each year on a fair value basis. As at 31 December 2011, the Group's biological assets were independently valued by American Appraisal China Limited. The fair value less estimated point-of-sale costs of the biological assets was determined using the market approach, which was determined based on the most recent market transaction prices.

12. TRADE AND BILLS RECEIVABLES

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Trade receivables	555,212	535,421
Bills receivables	99,097	259,963
Impairment	(69,517)	(12,703)
Total	584,792	782,681

The Group normally allows credit terms of 90 days to established customers and credit terms of 180 days was allowed to three major customers with long term business relationship and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. Significant concentrations of risk exists where the Group has material exposures to trade receivables from one customer located in Mainland China which accounted for 15% of the total trade and bills receivables as at 30 June 2012 (2011: 7%).

12. TRADE AND BILLS RECEIVABLES *(continued)*

An aged analysis of the trade and bills receivables as at the reporting period, based on the invoice date, is as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within 1 month	218,353	322,207
1 – 2 months	172,385	190,508
2 – 3 months	90,212	40,431
Over 3 months	103,842	229,535
Total	584,792	782,681

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

	Notes	2012 (Unaudited) HK$'000	2011 (Audited) HK$'000
At 1 January 2012/1 January 2011		12,703	2,795
Impairment losses recognised	6	56,827	12,454
Impairment losses reversed	6	(13)	(278)
Amount written off as uncollectible		–	(2,439)
Exchange realignment		–	171
At 30 June 2012/31 December 2011		69,517	12,703

The aged analysis of the trade and bills receivables that are not individually or collectively considered to be impaired is as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Neither past due nor impaired	537,327	596,151
Less than 1 month past due	7,220	83,813
1 to 3 months past due	13,843	30,002
Over 3 months past due	26,402	72,715
Total	584,792	782,681

12. TRADE AND BILLS RECEIVABLES *(continued)*

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 any significant change in credit quality and the balances are still considered fully recoverable.

One subsidiary has pledged trade receivables of approximately HK$27,687,000 (31 December 2011: trade receivables of HK$28,067,000 and bills receivables of HK$88,565,000 respectively) to secure bank loans.

13. TRADE PAYABLES

The Group normally obtains credit terms ranging 30 to 90 days from its suppliers, 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 end of the reporting period, based on the invoice date, is as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within 1 month	**96,647**	45,130
1 – 2 months	**21,275**	6,210
2 – 3 months	**2,418**	7,145
Over 3 months	**13,780**	2,267
Total	**134,120**	60,752

14. INTEREST-BEARING BANK BORROWINGS

Group	30 June 2012 Effective interest rate %	30 June 2012 Maturity	30 June 2012 HK$'000	31 December 2011 Effective interest rate %	31 December 2011 Maturity	31 December 2011 HK$'000
Current						
Bank loans						
— unsecure	3.34-7.87/ HIBOR+2.6	2012/2013	1,384,325	2.4-7.26/ HIBOR	On demand/ 2012	1,626,951
Bank loans						
— secured	6.63-6.89	2013	24,390	6.56	2012	104,098
Long term bank loans repayable on demand						
— unsecured	HIBOR+3.3	On demand	60,000	7.87	On demand	22,496
Non-current						
Bank loans						
— unsecured	6.4-7.22	2013-2015	377,623	6.65-6.98	2013/2014	78,358
			1,846,338			1,831,903

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	1,468,715	1,753,545
In the second year	302,439	58,537
In the third to fifth years	75,184	19,821
	1,846,338	1,831,903

The carrying amounts of bank borrowings approximated to their fair values.

At 30 June 2012, the Group's bank borrowings were secured by certain trade receivables of the Group amounting to HK$27,687,000 (31 December 2011: trade receivables of HK$28,067,000 and bills receivables of HK$88,565,000 respectively) .

At 30 June 2012, the Group's bank borrowings were guaranteed by the Company, the Company's ultimate holding company and certain subsidiaries of the Group with the amounts of approximately HK$765,972,000 (31 December 2011: HK$503,293,000), HK$668,902,000 (31 December 2011: HK$668,902,000) and HK$243,902,000 (31 December 2011: HK$555,610,000) respectively.

15. SHARE CAPITAL

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

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Authorised:		
100,000,000,000 (31 December 2011: 100,000,000,000) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,527,586,000 (31 December 2011: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

16. BUSINESS COMBINATION

On 30 March 2012, Global Sweeteners Investment Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement with Cargill, Incorporated ("Cargill Inc.") to acquire (i) the remaining 50% equity interests in Global Bio-chem-Cargill (Holdings) Limited ("Cargill HK"), who held 80% equity interest of GBT-Cargill High Fructose (Shanghai) Co., Ltd ("Cargill SH"); (ii) the remaining 10% equity interest in Cargill SH held by Cargill Investments (China) Ltd. ("Cargill China"); and (iii) the rights, interest and benefits of a promissory note in favor of Cargill Inc. in the principal amount of HK$40 million due on 25 September 2101. The consideration for (i) and (iii) is HK$26,661,858 while consideration for (ii) is HK$6,314,714, which were all satisfied by cash. The consideration for (i) and (iii) was paid on 30 March 2012 while the consideration for (ii) shall be paid upon completion of the acquisition of the 10% equity interest in Cargill SH. Cargill HK and its subsidiary Cargill SH are engaged in manufacture and sale of high fructose corn syrup.

After the completion of (i) and (iii) on 30 March 2012, Cargill HK and Cargill SH, the former jointly controlled entities of the Company, became the subsidiaries of the Company.

This is regarded as a business combination achieved in stages. The Group accordingly remeasured its previously held equity interest in Cargill HK and Cargill SH at the acquisition-date at fair value and recognise the resulting loss of HK$1,710,000 in the condensed consolidated statement of comprehensive income. The exchange differences of HK$12,582,000 and revaluation surplus of HK$419,000 recognised in the prior years' other comprehensive income have also been reclassified to the Group's profit and loss and the Group's retained profits, respectively, as would be required if the Group had disposed directly of the previously held equity interest.

16. BUSINESS COMBINATION *(continued)*

The fair values of the identifiable assets and liabilities of Cargill HK and Cargill SH as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	10	28,520
Prepaid land lease payments		19,829
Inventories		862
Prepayments and other receivables		1,794
Due from fellow subsidiaries		319
Cash and bank balances		90,903
Dividend payable		(20,000)
Trade payable		(117)
Due to fellow subsidiaries		(957)
Other payables		(688)
Tax payable		(202)
Deferred tax liability		(3,959)
Due to shareholders		(1,456)
Total identifiable net assets at fair value		114,848
Gain on bargain purchase recognised in other income and gains in the condensed consolidated statement of comprehensive income	4	(13,479)
Fair value of non-controlling interest		(7,746)
Assignment of promissory note		1,456
		95,079
Satisfied by:		
Cash		26,662
Fair value of investments in jointly controlled entities held before the acquisition		28,417
Loan to a jointly controlled entity*		40,000
		95,079

* Loan to a jointly controlled entity represented a quasi-equity loan lent by the Group since the incorporation of the jointly controlled entity.

The fair values of other receivables as at the date of acquisition amounted to HK$1,794,000. The gross contractual amounts of other receivables were HK$1,794,000.

16. BUSINESS COMBINATION *(continued)*

An analysis of the cash flows in respect of the acquisition of the remaining interests in the jointly controlled entities is as follows:

	HK$'000
Cash consideration	(26,662)
Cash and bank balances acquired	90,903
Net inflow of cash and cash equivalents included in cash flows from investing activities	64,241
Transaction costs of the acquisition included in cash flows from operating activities	(1,282)
	62,959

Since the acquisition, Cargill HK and its subsidiary Cargill SH contributed nil to the Group's turnover and loss of HK$1,250,000 to the consolidated loss for the period ended 30 June 2012.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the loss of the Group for the period would have been HK$2,263,853,000 and HK$112,430,000 respectively.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the reporting period.

The Company provided guarantees for banking facilities granted to certain subsidiaries. These subsidiaries utilised the banking facilities to the extent of about HK$765,972,000 as at 30 June 2012 (31 December 2011: HK$527,684,000).

18. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Contracted, but not provided for:		
Leasehold buildings	**19,290**	19,287
Plant and machinery	**35,755**	25,241
	55,045	44,528

19. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	Notes	Six months ended 30 June 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Purchases from fellow subsidiaries			
— corn starch	(i)	**109,310**	545,432
Purchases from a jointly controlled entity			
— corn sweeteners	(i)	**–**	127
Sales to fellow subsidiaries			
— corn sweeteners	(ii)	**347,825**	360,575
Sales to a jointly controlled entity			
— corn starch	(ii)	**–**	28,507
Sales to a related company			
— biological products		**–**	36,773
Utility costs charged to a jointly controlled entity	(iii)	**–**	4,961
Utility costs charged by a fellow subsidiary	(iii)	**103,922**	50,225
Agency fee charged by a fellow subsidiary	(iv)	**5,375**	2,355

(i) The Group sourced corn starch and corn sweetener products from fellow subsidiaries and a jointly controlled entity. These purchases were made at prices based on the mutual agreements between the parties.

(ii) The Group sold corn sweetener and corn starch products to fellow subsidiaries and a jointly controlled entity. These sales were made at prices mutually agreed between the parties.

(iii) The Group used the utility facilities provided by a fellow subsidiary and a jointly controlled entity used the utility facilities provided by the Group. The utility costs were charged based on actual costs incurred.

(iv) The agency fee was paid to a fellow subsidiary who acted as a sales agent on behalf of the Group. The fee was charged at prices based on mutual agreement between the parties.

19. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Short term employee benefits	**2,790**	1,992
Post-employment benefits	**12**	12
Total compensation paid to key management personnel	**2,802**	2,004

(c) Balances with the related parties

Balances with the ultimate holding company, the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances approximate to their fair values.