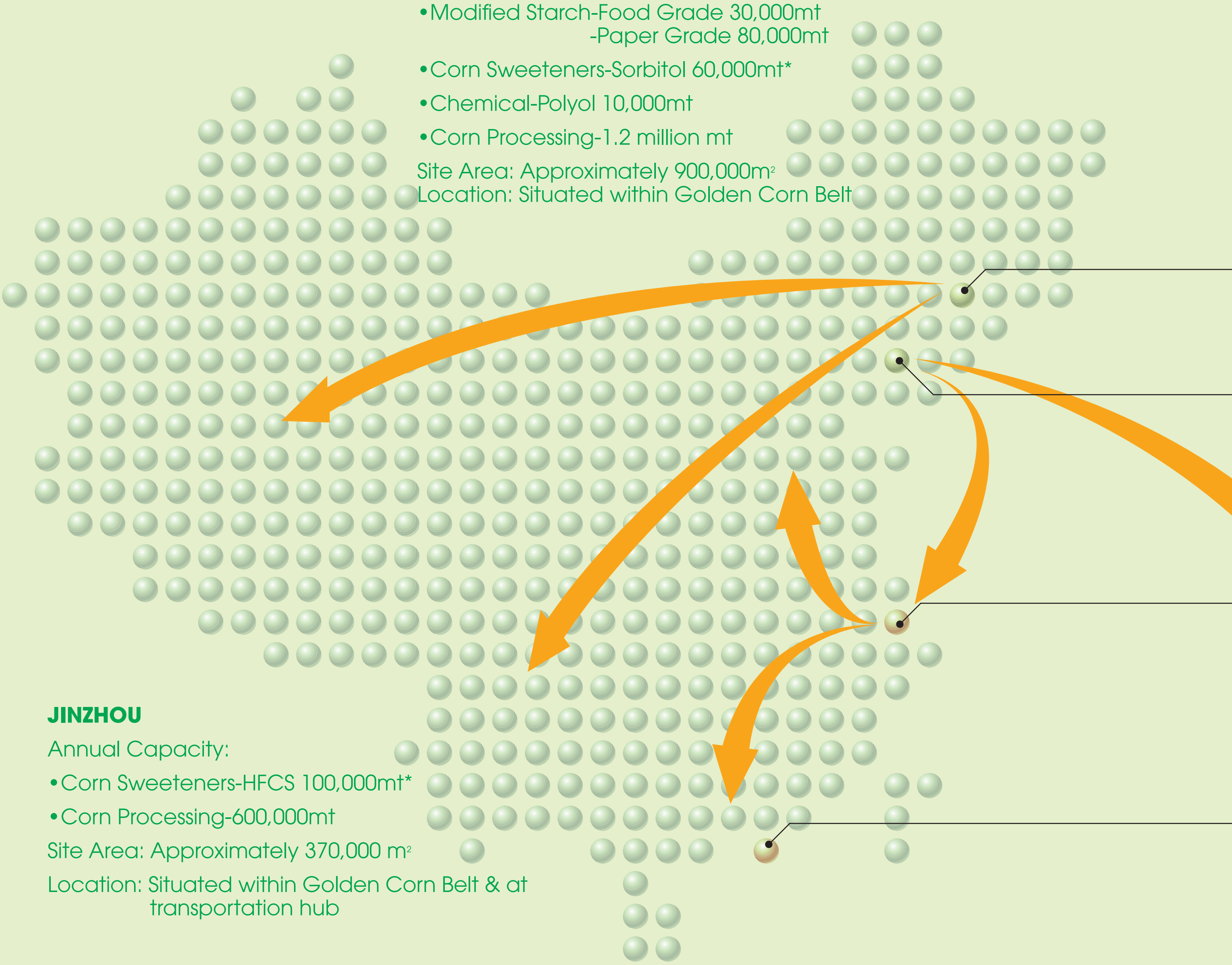
CHANGCHUN

Annual Capacity:

- Amino Acids -Lysine 40,000mt
  -Protein Lysine 80,000mt
  -Lysine Series 60,000mt*
  -Glutamic Acid 100,000mt*
- Modified Starch-Food Grade 30,000mt
  -Paper Grade 80,000mt
- Corn Sweeteners-Sorbitol 60,000mt*
- Chemical-Polyol 10,000mt
- Corn Processing-1.2 million mt

Site Area: Approximately 900,000m^2
Location: Situated within Golden Corn Belt



JINZHOU

Annual Capacity:

- Corn Sweeteners-HFCS 100,000mt*
- Corn Processing-600,000mt

Site Area: Approximately 370,000 m^2

Location: Situated within Golden Corn Belt & at transportation hub

SHANGHAI

Annual Capacity:

- Corn Sweeteners-HFCS 100,000mt
  -Glucose, Maltose 60,000mt

Site Area: Approximately 30,000 m^2

Location: Situated in close proximity to food & beverage manufacturer

HONG KONG

Headquarters

Note:
* In progress

CHANGCHUN

JINZHOU

SHANGHAI

HONG KONG

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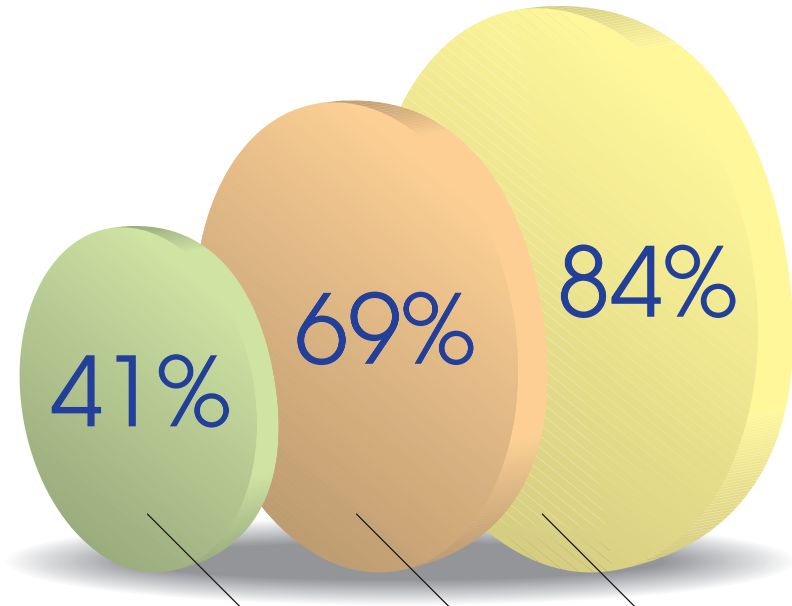
Financial Highlights



Turnover bloomed

Gross Profit upsurged

Net Profit outperformed

	2004	2003	%
	HK$'Mn	HK$'Mn	Change
Turnover	**1,454**	1,034	41
Profit before tax	**513**	288	78
Net profit from ordinary activities attributable to shareholders	**421**	229	84
Earnings per share	**HK20.6 cents**	HK11.8 cents	75
Interim dividend per share	**HK2.5 cents**	HK2.0 cents	25
Return on equity	**14%**	11%	3

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

* Audit Committee Members

Company Secretary
Cheung Chak Fung ACCA

Registered Office
Century Yard, Cricket Square
Hutchins Drive
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of Business in Hong Kong
Unit 1104
Admiralty Centre
Tower 1
18 Harcourt Road
Hong Kong

Auditors
Ernst & Young
Certified Public Accountants
15th Floor, Hutchison House
10 Harcourt Road
Central
Hong Kong

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

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

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

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

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

Hong Kong Branch Share Registrar and Transfer Office
Tengis Limited
G/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Website
www.globalbiochem.com

Stock Code: 0809

Dear Fellow Shareholders,

PROVEN CORPORATE STRATEGY WITH EXCELLENT PERFORMANCE

During the first half of 2004, Global Bio-chem adhered to its corporate strategy to expand and diversify the production capacity of high value-added corn based biochemical products. The Group has also augmented its corn processing capacity so as to secure raw materials supply for downstream products.

During the period, the Group's business model in concentrating on high-value added downstream products has been established, accounting for 70% of the Group's gross profit. The Group further expanded the product range of lysine and successfully launched protein lysine to the China market, resulting in favourable growth in the turnover and profit.

Even though the austerity measures implemented by the PRC Government, the Group recorded promising growth during the Period. Resulting from the downstream product expansion, the Group's turnover and net profit improved significantly by 41% and 84% respectively compared to the same period last year as well as gross margins upsurges from 36% to 44%.

ADHERENCE TO CORPORATE STRATEGY WELL-ESTABLISHED POSITION AS A MARKET LEADER

The Group is the largest lysine manufacturer in Asia. Sales of the Group's lysine products accounted for approximately 50% of the total market share in the PRC. With over 20% of the global market share, the Group is also one of the major lysine manufacturers.

After the trial production of protein lysine by the end of 2003, this new product has successfully penetrated into the domestic market within a short period. In the first half of 2004, 40,000 metric tonnes of protein lysine were sold to domestic customers and captured a 25 percent market share in the PRC swiftly.

To meet overwhelming domestic and overseas demands, the Group expanded the annual capacity of protein lysine from 60,000 metric tonnes in January 2004 to 80,000 metric tonnes. In the meantime, the Group is actively strengthening its marketing effort to make protein lysine becomes a mainstream product in the global market. On the other hand, the Group continued to expand overseas market share as well as to achieve well-balanced market coverage.

During the first half of 2004, the Group sustained its largest corn processing capacity in the PRC and capable to secure raw material supply for its downstream product expansion. In addition, modified starch expansion project has been completed and introduced into the market.

EXPLOITED RESEARCH AND DEVELOPMENT AND ENHANCED GROWTH MOMENTUM

In collaboration with experts from various countries, the world's first polyol project, applied with biotechnology and using corn starch as raw material, has commenced its trial production in July this year. Through this project, the Group has extended its products' applications from feeds, food, beverages, paper-making and pharmaceutical industries to the chemical industry. To keep abreast with the global trend in utilising environmental friendly materials, the Group's polyol project refines agricultural raw materials substituting petroleum by-products. It relieves the shortage of oil resources and reduces polyol's production costs substantially. Such project will not only broaden the Group's business scope and earnings base, but also enhance the growth momentum.

Furthermore, the sorbitol plant with an annual capacity of 60,000 tonnes for the joint venture project between the Group and Mitsui Group is under construction and commercial operation is expected to commence by mid 2005.

CONSUMMATE CORPORATE GOVERNANCE AND COMMUNICATION

The Group is dedicated to interact with global investors to maintain the Group's high transparency and to ensure all investors are well informed of the Company's latest corporate development. Global Bio-chem was selected as one of the enterprises with the "Best Governance" and "Best Investors Relationship" by regional well-known capital market magazines and financial institutions.

PROSPECTS OF THE SECOND HALF YEAR

The Group anticipates the demands for lysine products will remain strong with stable pricing in the second half year. Since the austerity measures in the PRC have already shown obvious results, the Chinese economy is expected to sustain stable development which impose a positive impact on the demand for the Group's products. In spite of increased price in corn, the principal raw material for the Group's production, the Group has kept sufficient reserves so that the raw material costs are effectively stabilised and secure adequate supply to downstream product production.

The Group will continue to expand its high value-added products via the construction of a new amino acid production base in Dehui, Jilin Province. In utilising the Group's advanced technology and local resources, new products like arginine, threonine and valine will be developed, as well as to accelerate glutamic acid projects in the production base. Meanwhile, to become the largest lysine manufacturer in the world, a lysine series production facility with an annual capacity of 120,000 metric tonnes will be developed in two phases to satisfy huge market demands. The first phase operation with annual capacity of 60,000 metric tonnes is expected to commence in the first quarter of 2005 while the second phase production will begin in third quarter of 2005.

To cope with the development of downstream products, a corn processing plant in Jinzhou with an annual capacity of 600,000 metric tonnes also commenced its operation in the second half, thereby expanding the Group's annual processing capacity to 1,800,000 metric tonnes.

The management will continue to strive, together with its wealth of experiences and advantages, in enhancing operating efficiency, maximising returns on assets, returns for shareholders and shareholder's value. Finally, we would like to extend our most heartfelt thanks to our customers, business partners, investors, shareholders and staff who have rendered continuous support over the years.

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

1 September 2004

Global Bio-chem Technology Group Company Limited (the ``Company'') and its subsidiaries (collectively, the ``Group'') are engaged in the manufacture and sale of corn based refined products, categorised into upstream and downstream products. Upstream products include corn starch, gluten meal and other corn refined products. Corn starch is then further refined into a variety of high value-added downstream products including amino acids, corn sweeteners and modified starch.

BUSINESS ENVIRONMENT

During the period under review (the ``Period''), the momentum for economic growth in the PRC remained strong but subsequently there was overheating appeared in some industries such as automotive, steel, power etc. Consequently, the PRC Government introduced austerity measures against the situation including tightened bank lending and borrowing policies and land use. Some of the enterprises were facing difficult financing environment and tight land supply. Apparently, the impact on the Group's operations was insignificantly 80% of the Group's power consumption was supported by its own power plants. Furthermore, the Group has strong financial resources for capital injection into new projects.

In the Period, the market price of corn kernels rose by around 20% as compared to the same period last year. To have a better cost control on the Group's production, the Group maintained a high corn kernels storage level upon the harvest season in the late 2003, which in fact minimised the impact on the rises in raw material cost. With the growth in upstream product prices, the increased cost of production had been successfully shifted to our customers so the gross profit margin was kept stable. In addition, as a vertically integrated manufacturer, the rise in the price of corn starch imposed insignificant effect on our downstream product production.

Our product diversification strategy had successfully built a wide product portfolio. Currently, there is no comparable domestic competitor of lysine, one of the amino acids, in the PRC. On the other hand, modified starch faced downward price adjustment owing to domestic competition and low-priced substitutes, the utilisation of the corresponding products were then adjusted.

With the PRC remained the Group's principal market, the Group further extended its sales to other regions to achieve a strategic diversification of client base and in view of keen demand from overseas markets. During the Period, sales to regions other than the PRC accounted for approximately 19% (2003: 9%) of the Group's turnover.

FINANCIAL PERFORMANCE

The Group's consolidated turnover of approximately HK$1.5 billion, gross profit of approximately HK$633 million and net profit of approximately HK$421 million for the Period increased by approximately 41%, 69% and 84% respectively, as compared to the same period in 2003.

This outstanding performance was mainly derived not only from the Group's success in the expansion of downstream products but also the substantial increase in lysine price since the fourth quarter of the last year.

Downstream Products Segment

(Sales amount: HK$820 million (2003: HK$420 million))
(Gross profit: HK$476 million (2003: HK$223 million))

During the Period, the sales of amino acids amounted to approximately HK$726 million (2003: HK$276 million) which mainly resulted from (i) the commencement of operation of protein lysine (with expected annual capacity of 80,000 m.t.) in the early 2004 and (ii) the substantial increase in average selling price of lysine by approximately 38% as compared to same period 2003. With such excellent performance of amino acids series, the sales achieved by downstream products segment increased by approximately 95%.

During the Period, the paper-grade modified starch had commenced operation. However, the market condition of modified starch was undesirable due to competition from small local suppliers. Meanwhile the performance of corn sweeteners remained stable during the Period.

Upstream Products Segment

(Sales amount: HK$634 million (2003: HK$615 million))
(Gross profit: HK$157 million (2003: HK$152 million))

Although the selling price of upstream products increased due to the low production yield of corn kernels in the PRC 2003. However, the sales amount of upstream products increased slightly by approximately 3%, which is resulted from the reduction of starch available for external customers because of expanded internal consumption for downstream products.

It is expected that the sales of upstream products will be improved in the second half 2004 with the commencement of the Jinzhou corn processing plant (''Jinzhou Plant'') with annual capacity of 600,000 m.t. in the second half 2004.

Being a mature industry, the gross profit percentage achieved by upstream products segment remained stable during the Period.

Overall Gross Profit %

In view of the expansion of downstream products segment and increase in lysine price during the Period, sales amount from downstream products segment accounted for approximately 56% (2003: 41%) of the Group's turnover. Accordingly, the overall gross profit percentage improved to approximately 44% (2003: 36%).

Operating expenses, loss of jointly-controlled entities, tax and profit shared by minority shareholder

Due to the increase in both overseas sales and transportation cost, the percentage of selling and distribution expenses over turnover increased to approximately 4.0% (2003: 2.8%). In spite of the increase in transportation cost, the percentage of operating expenses over turnover of approximately 6.9% (2003: 7.6%) had improved compared to the same period 2003. Such achievement mainly resulted from the continuous and stringent control over other operating expenses, enhancement in operating efficiency arising from expansion.

To cope with the rapid expansion of the Group's capacity, syndicated loan facilities of US$100 million were raised in September 2003, of which 80% had been utilised at the end of the Period. Therefore, excluding those capitalised as construction in progress of approximately HK$7 million, the finance costs increased to approximately HK$17 million (2003: HK$8 million) which represented approximately 1.1% (2002: 0.8%) to turnover.

During the Period, the high fructose corn syrup (''HFCS'') joint venture (''HFCS JV'') still operated at a loss due to high raw material cost and high transportation charges. Operating loss shared by the Group of approximately HK$3 million had been reflected in the accounts.

With the prevailing income tax laws and regulations, most of the subsidiaries established in the PRC still enjoy income tax relief. As the profit growth rate of subsidiaries, with lower income tax rate, was relatively faster, the overall effective tax rate of the Group reduced to approximately 6.6% (2003: 8.7%).

During the Period, the profit shared by minority shareholder accounted for approximately 12% (2003: 12%) of the profit after tax.

Increase in net profit attributable to shareholders

Combining with the effect of capacity expansion, increase in lysine price and stringent control over operating expenses and finance costs, the net profit attributable to shareholders substantially increased approximately by 84% to HK$421 million.

FINANCIAL RESOURCES AND LIQUIDITY

Net cash position

As at 30 June 2004, cash and cash equivalents of the Group amounted to approximately HK$681 million (31 December 2003: HK$736 million) while the net borrowing increased by approximately HK$168 million. Despite the remarkable profit generated from operation of approximately HK$421 million and proceeds from exercise of share options of approximately HK$121 million, the change in net borrowing position resulted mainly from (i) the huge capital expenditure for the investing activities incurred during the Period of approximately HK$568 million and (ii) additional working capital tied up as a result of the expansion of the Group.

Capital expenditure

In view of the strong operating results and the support from external financing resources, the Group accelerated its expansion plan. During the Period, capital expenditure on non-current assets amounted to HK$568 million, which were mainly used for (i) lysine series in Dehui, (ii) corn processing plant in Jinzhou, (iii) lysine series in Changchun, (iv) sorbitol project in Changchun and (v) polyol project in Changchun. The expenditure for these projects amounted to approximately HK$276 million, HK$148 million, HK$60 million, HK$59 million and HK$25 million respectively. Trial run of polyol had been in progress.

Turnover days, liquidity ratios and gearing ratios

In order to avoid the anticipated upward movement of price in the second half of 2004 and to cope with the demand from Jinzhou corn processing plant which commenced its operation in the second half 2004, the Group intended to keep a high level of corn kernels. As a result, inventory turnover days increased to approximately 119 days (31 December 2003: 91 days). Meanwhile, the trade creditors turnover days increased to approximately 34 days (31 December 2003: 23 days). With the continuous stringent control over trade receivables, trade receivables turnover days remained at approximately 72 days (31 December 2003: 72 days).

In view of the stable operating environment and condition, the current ratio and the quick ratio as at 30 June 2004 remained at similar level as compared to last year and were approximately 2.0 (31 December 2003: 2.1) and 1.5 (31 December 2003: 1.7) respectively.

In view of the stable borrowings structure, gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to equity and (iii) net debts (i.e. net balance between bank borrowings and cash and cash equivalent) to equity remained at approximately 25% (2003: 27%), 42% (2003: 45%) and 19% (2003: 16%), respectively. High interest coverage (i.e. profit from operating activities over finance costs) of approximately 32 times (2003: 35 times) reflected that the leverage level remained healthy.

Structure of interest bearing borrowings

As at 30 June 2004, the Group's bank borrowings amounted to approximately HK$1.25 billion (31 December 2003: HK$1.13 billion), of which approximately 54% (31 December 2003: 40%) were denominated in Hong Kong dollars or US dollars while the remainder was denominated in RMB. The average interest rate paid during the Period was approximately 3.8% (2003: 5.2%).

Except for a mortgage loan of approximately HK$12 million repayable in 7 years, the bank borrowings will be wholly repayable in 3 years and approximately 30% (31 December 2003: 45%) of bank borrowings was repayable in one year. As at 30 June 2004, certain borrowings were secured by the Group's fixed assets with a carrying value/ aggregate net book value of approximately HK$260 million (31 December 2003: 280 million).

Foreign Exchange Exposure

Although most of the operations were carried out in the PRC in which transactions were denominated in RMB, the board of directors of the Company (the "Board" or "Directors") opined that there is no unfavourable exposure to foreign exchange fluctuation and that there will be sufficient cash resources denominated in Hong Kong

Dollars for the repayment of borrowings and future dividends. During the Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 June 2004.

PROSPECTS

The Group is ambitious to become one of the leading vertically integrated corn based biochemical product manufacturers in the Asian Pacific Region and then a major player around the world. To achieve this objective, the Group will strive to enlarge its market share and diversify its product mix, as well as to enhance its capability in developing high value-added downstream products through extensive research and development and to strategic business alliances with prominent international market leaders.

Amino Acids Series

The Group strives to become the largest lysine manufacturer in the world in two to three years' time.

In view of the strong growth in global demand for lysine in recent years while over 40% of demand in the PRC is currently being met by imports, the Group, as the greatest domestic lysine supplier, intends to expand our lysine phase production capacity.

Based on the performance achieved during the Period, (i.e. the first half year full scale operation of protein lysine), it is expected that the annual production volume of protein lysine will reach 80,000 m.t. As a result, the Group has an overall amino acid production capacity of 40,000 m.t. lysine and 80,000 m.t. protein lysine.

New Amino Acids Production Base

In order to capture the fast-growing global market and to enlarge its market share ahead of others players, the Group has accelerated its development of lysine production capacity and decided to establish a centralised amino acids production base in Dehui, Jilin Province, the PRC. The Group had commenced the construction work of a lysine plant in this new production base with a total annual production capacity 120,000 m.t. It is expected that trial run of the first phase of this new facility with annual capacity of 60,000 m.t. will fall in early 2005. Then, the total annual lysine production capacity of the Group will reach 240,000 m.t.

With an aim to capture additional share in the international lysine market as well as to achieve well-balanced market coverage and attaining a better gross profit of its products, the Group also increased its export of lysine to overseas markets like US, Europe and Africa. During the Period, lysine with approximately 9,000 m.t. (2003: 2,600 m.t.) was sold to regions other than the PRC, which accounted for over 40% of the Group's lysine production capacity.

Glutamic Acid

In 2003, the Group decided to construct a glutamic acid plant, with annual capacity of 100,000 m.t., adjacent to Jinzhou plant. However, in line with centralisation of amino acids production in Dehui, glutamic acid plant will move to Dehui and the construction will commence in the second half 2004.

On 18 November 2003, the Group entered into a provisional agreement in relation to the acquisition of land use rights for the glutamic acid project in Jinzhou. Due to the change of construction site and pursuant to the terms of the provisional agreement, the agreement had been terminated without any penalties nor claims against the Group.

Polyol Project

In 2003, a joint venture company with overseas partners was established in Changchun engaged principally in the commercialisation of polyol chemicals. A 10,000 m.t. pilot plant was constructed during the Period and trial run had already started.

Polyol chemicals include ethylene glycol, propylene glycol, glycerin, butanediols, etc and can be used in textile, plastic, construction materials, medical, chemical and cosmetic industries. The end products from polyol include polyester fiber, polymer resin and anti-freezer, chemicals applied in production of coatings, PVC stablisers, detergents, paint driers, etc. Traditionally, polyols are refined from petroleum.

In view of insufficient and expensive supply of petroleum in the foreseeable future, the use of agricultural products as raw material of polyol production becomes a feasible solution to cope with the issue. The Group was the pioneer to produce polyol chemicals by using corn starch as principal raw material commercially.

According to the preliminary schedule and subject to results from the pilot plant, annual capacity of 200,000 m.t. commercial production plants will be developed in two phases. The Group is confident that the success in polyol project will generate strong contribution to the Group in the coming future.

Sorbitol Project

Sorbitol is a type of sweeteners applied to food, pharmaceutical and chemical industries and can be used as raw material for polyol production.

During the Period, the Group entered into a joint venture agreement with Mitsui Group to carry out a sorbitol project in the PRC. The project is engaged in the manufacture of sorbitol products in Changchun and sale of these products in the PRC and other regions. Mitsui Group will act as distributor for overseas markets. The Group holds 51% equity interest of the project and the total investment amounting to US$15 million, which had been injected by joint venture partners according to their respective equity holding percentage. The construction work of the refinery, with initial annual production capacity of 60,000 m.t., had commenced and commercial operation is expected to commence in the first half of 2005.

HFCS Project

Under the master agreement with Cargill Inc. (''Cargill''), another HFCS refinery, adjacent to Jinzhou Plant is under consideration. The new refinery will not only relieve the heavy transportation cost as it will mainly serve the nearby customers, but also save production cost through vertical integration. Starch slurry will be supplied by Jinzhou Plant, instead of starch powder adopted by HFCS JV in Shanghai.

Jinzhou Plant

To satisfy the growing demand for corn starch from downstream expansion in terms of volume and variety, the Jinzhou Plant with annual corn processing capacity of 600,000 m.t. acquired in 2003 has commenced its commercial production in the second half of 2004. The Group's total corn processing capacity raised to 1.8 million m.t. per annum. The Jinzhou plant will contribute additional profit in the second half in 2004.

EXERCISE OF SHARE OPTIONS

During the Period, 36.8 million ordinary shares of the Company (''Shares'') were subscribed by a wholly owned subsidiary of Cargill, from which approximately HK$67 million were received by the Group pursuant to the exercise of the share option granted to thereto. At as 30 June 2004, options granted to that wholly owned subsidiary of Cargill for subscription of approximately 47 million Shares remained outstanding, with exercise periods up to April 2005. If these options are fully exercised, an aggregate amount of approximately HK$105 million would be raised, which enhance the Group's financial position and provide additional resources to the Group for its future development.

In addition, 41 million shares options were exercised at a subscription price of HK$1.316 by full time employees of the Company during the Period, from which approximately HK$54 million were received by the Group.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2004, the Group has approximately 2,100 full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited to strengthen the production capability and development of new biochemical products. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

During the Period, no share options were granted to any staff. As at 30 June 2004, a total of approximately 33 million shares options are outstanding with exercisable period up to August 2011 with exercise prices at HK$1.316 per share.

INTERIM DIVIDENDS

The Board has proposed an interim dividend of HK2.5 cents per ordinary share (2003: HK2.0 cents) in respect of the Period. The Board expects that the proposed interim dividend will be paid on or around 5 November 2004.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2004, the interests and short positions of the Directors in the share capital of the Company or its associated corporations (within the meaning at Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

		Number of Shares held, capacity and nature of interest			
Name of Director	Notes	Directly beneficially owned	Through controlled corporation	Total	Percentage of the Company's issued shares capital
Liu Xiaoming	1	18,890,400	345,600,000	364,490,400	17.45%
Xu Zhouwen	2	10,000,000	211,040,000	221,040,000	10.59%
Kong Zhanpeng	3	18,294,400	172,800,000	191,094,400	9.15%
Wang Tieguang	4	14,147,200	172,800,000	186,947,200	8.95%
		61,332,000	902,240,000	963,572,000	46.14%

Notes:

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

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

3. 172,800,000 shares are owned by Hartington Profits Limited, a company incorporated in the BVI. The entire issued share capital of Hartington Profits Limited is beneficially owned by Kong Zhanpeng.

4. 172,800,000 shares are owned by Rich Mark Profits Limited, a company incorporated in the BVI. The entire issued share capital of Rich Mark Profits Limited is beneficially owned by Wang Tieguang.

None of the directors of the Company had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Share Options

During the Period, the following share options were outstanding under the share option scheme, became effective on 12 March 2001 and will remain in force for 10 years from that date:

	Number of share options*			Price of the company's
Category or name of participant	At 1 January 2004	Exercised during the Period	At 30 June 2004	share At exercise date of options** HK$
Directors				
Liu Xiaoming	14,745,600	(10,000,000)	4,745,600	7.0
Xu Zhouwen	23,040,000	(10,000,000)	13,040,000	7.0
Kong Zhanpeng	14,745,600	(10,000,000)	4,745,600	7.0
Wang Tieguang	14,745,600	(10,000,000)	4,745,600	7.0
	67,276,800	(40,000,000)	33,428,800	
Other employees				
In aggregate	7,152,000	(1,000,000)	6,152,000	5.3
	74,428,800	(41,000,000)	33,428,800	

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

The options were granted on 21 August 2001 and are exercisable from 21 August 2001 to 20 August 2011. The aggregate number of shares to be subscribed for was adjusted for the bonus issue made by the Company on 23 April 2002 and the exercise price of the share options was adjusted from HK$1.58 to HK$1.316 accordingly.

** The price of the Company's share disclosed at the date of exercise of the share options is closing price at the Stock Exchange on the date of exercise.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

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

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

So far as is known to the Directors, at 30 June 2004, the following persons (other than the Directors) had an interest or short position in the shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Number of Shares held	Percentage of the Company's issued shares captial
LXM Limited	1	345,600,000	16.55%
Crown Asia Profits Limited	2	211,040,000	10.11%
Hartington Profits Limited	3	172,800,000	8.28%
Rich Mark Profits Limited	4	172,800,000	8.28%
FMR Corp.		161,472,100	7.73%
J.P. Morgan Chase & Co.		149,016,611	7.14%
J.P. Morgan Fleming Asset Management Holdings Inc.		115,264,800	5.52%
J.P. Morgan Fleming Asset Management (Asia) Inc.		115,264,800	5.52%

Notes:

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

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

3. The entire issued capital of Hartington Profits Limited is beneficially owned by Kong Zhanpeng, an executive Director.

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

Save as disclosed above, no person, other than the Directors, had registered an interest or short position in the shares or underlying shares of the Company that was required to be disclosed pursuant to Section 336 of the SFO.

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

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

CODE OF BEST PRACTICE

In the opinion of the Director, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises two independent non-executive Directors. The Chairman of the Audit Committee is Lee Yuen Kwong, who is a Certified Public Accountant and has been practising since 1990. The other member of the Audit Committee is Chan Man Hon, Eric, who is a solicitor and has been practising in Hong Kong for over 20 years.

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

Disclosure of Additional Information

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 September 2004 to 4 October 2004, both days inclusive, during which period no transfer of shares of the Company will be registered and no shares of the Company will be issued upon exercise of any subscription rights attaching to the outstanding warrants issued by the Company. In order to qualify for entitlement to the proposed interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 28 September 2004.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraph 46(1) to 46(2) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board of

Liu Xiaoming **Xu Zhouwen**

Co-Chairman *Co-Chairman*

Hong Kong, 1 September 2004

Condensed Consolidated Profit and Loss Account

The Board is pleased to announce the unaudited consolidated results of the Group for the Period. The unaudited consolidated results have been reviewed by both the Company's external auditors and the Audit committee.

		Six months ended 30 June	
	Notes	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000
TURNOVER	2	**1,453,656**	1,034,272
Cost of sales		**(820,475)**	(659,388)
Gross profit		**633,181**	374,884
Other revenue		**7,478**	4,499
Selling and distribution expenses		**(58,351)**	(29,408)
Administrative expenses		**(37,218)**	(38,307)
Other operating expenses		**(12,165)**	(15,101)
PROFIT FROM OPERATING ACTIVITIES	4	**532,925**	296,567
Finance costs	5	**(16,651)**	(8,459)
Share of losses of jointly-controlled entities		**(3,000)**	(144)
PROFIT BEFORE TAX		**513,274**	287,964
Tax	6	**(33,649)**	(25,010)
PROFIT BEFORE MINORITY INTERESTS		**479,625**	262,954
Minority interests		**(58,634)**	(33,832)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**420,991**	229,122
DIVIDEND	7	**52,200**	39,110
EARNINGS PER SHARE	8		
— Basic		**HK20.6 cents**	HK11.8 cents
— Diluted		**HK19.8 cents**	HK11.5 cents

Condensed Consolidated Balance Sheet

	Notes	**30 June 2004 (Unaudited) HK$'000**	31 December 2003 (Audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets		**2,765,642**	2,401,267
Deposits for acquisition of fixed assets		**192,522**	101,861
Goodwill		**12,862**	13,200
Interests in jointly-controlled entities		**105,326**	46,312
Long term prepayments		**7,837**	9,645
		3,084,189	2,572,285
CURRENT ASSETS			
Inventories		**539,181**	366,881
Trade receivables	9	**576,985**	461,086
Prepayments, deposits and other receivables		**129,348**	86,274
Tax recoverable		**4,853**	5,846
Cash and cash equivalents		**681,269**	736,071
		1,931,636	1,656,158
CURRENT LIABILITIES			
Interest-bearing bank loans, secured		**515,428**	514,549
Trade payables	10	**154,363**	92,394
Other payables and accruals		**217,900**	157,313
Due to minority shareholders		**8,929**	8,395
Tax payable		**9,853**	7,658
Dividend payable		**52,200**	—
		958,673	780,309

	Notes	30 June 2004 (Unaudited) HK$'000	31 December 2003 (Audited) HK$'000
NET CURRENT ASSETS		**972,963**	875,849
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,057,152**	3,448,134
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, secured		**730,765**	618,297
Deferred tax		**16,348**	16,348
		747,113	634,645
MINORITY INTERESTS		**375,463**	316,829
		2,934,576	2,496,660
CAPITAL AND RESERVES			
Issued capital	11	**208,799**	201,019
Reserves		**2,725,777**	2,245,386
Proposed final dividend		**—**	50,255
		2,934,576	2,496,660

Condensed Consolidated Statement of Changes in Equity

	Issued share capital HK$'000	Share premium HK$'000	Fixed assets revaluation reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Proposed final dividends HK$'000	Total equity HK$'000
At 1 January 2004 (Audited)	**201,019**	**750,716**	**86,427**	**2,369**	**1,405,874**	**50,255**	**2,496,660**
Issue of shares	**7,780**	**113,520**	**—**	**—**	**—**	**—**	**121,300**
Net profit for the period	**—**	**—**	**—**	**—**	**420,991**	**—**	**420,991**
Additional allocation of final dividend (Note)	**—**	**—**	**—**	**—**	**(1,920)**	**1,920**	**—**
Final dividend paid	**—**	**—**	**—**	**—**	**—**	**(52,175)**	**(52,175)**
Transfer from retained profits	**—**	**—**	**—**	**591**	**(591)**	**—**	**—**
Proposed interim dividend	**—**	**—**	**—**	**—**	**(52,200)**	**—**	**(52,200)**
At 30 June 2004 (Unaudited)	**208,799**	**864,236**	**86,427**	**2,960**	**1,772,154**	**—**	**2,934,576**

	Issued share capital HK$'000	Share premium HK$'000	Fixed assets revaluation reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Proposed final dividends HK$'000	Total equity HK$'000
At 1 January 2003 (Audited)	193,171	636,839	7,204	—	978,236	38,634	1,854,084
Issue of shares	2,380	35,462	—	—	—	—	37,842
Net profit for the period	—	—	—	—	229,122	—	229,122
Final dividend paid	—	—	—	—	—	(38,634)	(38,634)
Proposed interim dividend	—	—	—	—	(39,110)	—	(39,110)
At 30 June 2003 (Unaudited)	195,551	672,301	7,204	—	1,168,248	—	2,043,304

Note: During the period, an additional final dividend was paid to the shareholders who exercised their respective share options subsequent to the prior year balance sheet date and whose names appeared on the register of members as at 4 May 2004. The dividend was not allocated as a proposed final dividend in the prior year.

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash inflow from operating activities	**344,978**	24,880
Net cash outflow from investing activities	**(567,943)**	(142,260)
Net cash inflow from financing activities	**168,163**	30,274
DECREASE IN CASH AND CASH EQUIVALENTS	**(54,802)**	(87,106)
Cash and cash equivalents at beginning of period	**736,071**	432,967
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**681,269**	345,861
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**642,319**	167,753
Non-pledged time deposits with original maturity of less than three months when acquired	**38,950**	178,108
	681,269	345,861

1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the Period of the Group have been prepared in accordance with Statement of Standard Accounting Practice (''SSAP'') 2.125 ''Interim financial reporting'' issued by the Hong Kong Society of Accountants.

The accounting policies and bases of preparation adopted in these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2003.

2. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Period. All significant transactions among the companies comprising the Group have been eliminated on consolidation.

3. SEGMENT INFORMATION

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

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

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

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

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

3. SEGMENT INFORMATION (Continued)

(a) Business segments

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	Six months ended 30 June							
	2004 (Unaudited) HK$'000	2003 (Unaudited) HK$'000	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000
Segment revenue:								
Sales to external customers	**633,853**	614,702	**819,803**	419,570	**—**	—	**1,453,656**	1,034,272
Intersegment sales	**301,708**	209,678	**—**	—	**(301,708)**	(209,678)	**—**	—
Total revenue	**935,561**	824,380	**819,803**	419,570	**(301,708)**	(209,678)	**1,453,656**	1,034,272
Segment results	**199,314**	159,400	**332,927**	142,711	**—**	—	**532,241**	302,111
Unallocated revenue							**7,478**	4,499
Unallocated expenses							**(6,794)**	(10,043)
Profit from operating activities							**532,925**	296,567
Finance costs							**(16,651)**	(8,459)
Share of losses of jointly-controlled entities							**(3,000)**	(144)
Profit before tax							**513,274**	287,964
Tax							**(33,649)**	(25,010)
Profit before minority interests							**479,625**	262,954
Minority interests							**(58,634)**	(33,832)
Net profit from ordinary activities attributable to shareholders							**420,991**	229,122

3. SEGMENT INFORMATION (Continued)

(b) Geographical segments

	Mainland China		Countries other than Mainland China		Consolidated	
	Six months ended 30 June					
	2004 (Unaudited) HK$'000	2003 (Unaudited) HK$'000	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000	**2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	**1,173,497**	944,830	**280,159**	89,442	**1,453,656**	1,034,272

4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 30 June	
	2004 (Unaudited) HK$'000	2003 (Unaudited) HK$'000
Depreciation	**49,804**	42,108
Impairment of leasehold land and buildings	**—**	5,000
Loss on disposal of fixed assets	**1,089**	—
Provision for bad and doubtful debts	**3,882**	—
Amortisation of fees incurred for the granting of banking facilities	**1,808**	—
Amortisation of goodwill	**338**	—
Interest income	**(895)**	(2,005)

5. FINANCE COSTS

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans:		
Wholly repayable within five years	**21,745**	13,199
Repayable beyond five years	**98**	260
	21,843	13,459
Amortisation of fees incurred for the granting of banking facilities	**1,808**	—
	23,651	13,459
Less: Interest capitalised	**(7,000)**	(5,000)
	16,651	8,459

6. TAX

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Provisions for the current period:		
Hong Kong	**—**	—
Elsewhere	**33,649**	25,010
Tax charge for the Period	**33,649**	25,010

6. TAX (Continued)

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. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DIVIDEND

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim — HK2.5 cents (2003: HK2.0 cents) per ordinary share	**52,200**	39,110

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit from ordinary activities attributable to shareholders for the Period of approximately HK$420,991,000 (2003: HK$229,122,000) and the weighted average number of 2,043,408,404 (2003: 1,940,778,529) ordinary shares in issue during the Period.

The calculation of diluted earnings per share is based on the consolidated net profit from ordinary activities attributable to shareholders for the Period of approximately HK$420,991,000 (2003: HK$229,122,000) and on 2,128,487,474 (2003: 1,996,196,565) ordinary shares, being the weighted average number of 2,043,408,404 (2003: 1,940,778,529) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, plus the weighted average of 85,079,070 (2003: 55,418,036) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the Period.

At the balance sheet date, the Company had bonus warrants. Since the exercise price of these bonus warrants was higher than the average market price of the Company's ordinary shares during the Period, for the purpose of calculating the diluted earnings per share, no shares were assumed to have been issued of such warrants outstanding during the Period.

9. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	30 June 2004 (Unaudited) HK$'000	31 December 2003 (Audited) HK$'000
1 – 30 days	**245,872**	246,978
31 – 60 days	**105,094**	62,701
61 – 90 days	**75,437**	45,072
Over 90 days	**150,582**	106,335
	576,985	461,086

10. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers, other than purchases of corn kernels from farmers, which are normally settled on a cash basis.

10. TRADE PAYABLES (Continued)

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

	30 June 2004 (Unaudited) HK$'000	31 December 2003 (Audited) HK$'000
1 – 30 days	**79,718**	67,862
31 – 60 days	**19,935**	4,284
61 – 90 days	**7,053**	2,574
Over 90 days	**47,657**	17,674
	154,363	92,394

11. SHARE CAPITAL

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

	30 June 2004 (Unaudited) HK$'000	31 December 2003 (Audited) HK$'000
Authorised:		
10,000,000,000 (31 December 2003: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,087,985,200 (31 December 2003: 2,010,185,200) ordinary shares of HK$0.10 each	**208,799**	201,019

11. SHARE CAPITAL (Continued)

	Issue share capital '000	Par value HK$'000
Issued share capital as at 1 January 2004 (Audited)	2,010,185	201,019
Exercise of share options (Note)	77,800	7,780
Share capital as at 30 June 2004 (Unaudited)	2,087,985	208,799

Note: During the Period, 77,800,000 share options were exercised which resulted in the issue of 77,800,000 ordinary shares of the Company amounting to HK$7,780,000 and share premium of HK$113,520,000. No significant issue expenses have been noted.

12. CONTINGENT LIABILITIES

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

At 30 June 2004, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$371,535,000 (31 December 2003: HK$343,800,000).

13. LITIGATION

A subsidiary of the Group is currently a defendant in a lawsuit brought against them by an existing customer for an alleged breach of certain sales contracts. The directors of the Company, based on the advice from the Group's legal counsel, consider that adequate provisions have been made in the financial statements for such potential liabilities including the related legal and other costs arising from the litigation. As at the balance sheet date and as of the date of this report, the litigation has not been released.

14. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2004 (Unaudited) HK$'000	31 December 2003 (Audited) HK$'000
Contracted, but not provided for:		
Leasehold buildings	**194,619**	354,673
Plant and machinery	**11,295**	23,121
	205,914	377,794
Authorised but not contracted for:		
Capital contributions payable to subsidiaries	**93,000**	162,429
	298,914	540,223

15. RELATED PARTY TRANSACTIONS

(i) During the Period, the Group sold goods and charged utility costs to a jointly-controlled entity amounting to approximately HK$22,104,000 (Period ended 30 June 2003: Nil) and HK$2,890,000 (Period ended 30 June 2003: Nil), respectively. These sales were made at prices which are comparable to the prices offered to other customers of the Group. The utility costs were charged based on the actual costs incurred.

(ii) At 30 June 2004, the Company, together with the joint venture partner, has issued guarantees to secure certain of the jointly-controlled entity's bank loans aggregating HK$30,225,000 (31 December 2003: HK$30,225,000). As at the balance sheet date, no bank loans had been utilised by this jointly-controlled entity (31 December 2003: Nil).

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 1 September 2004.

Independent Auditors' Review Report

ERNST & YOUNG
安 永 會 計 師 事 務 所

To the board of directors
Global Bio-chem Technology Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been engaged to review the condensed consolidated financial statements of the Company for the six months ended 30 June 2004 as set out on pages 21 to 35.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with Statement of Standard Accounting Practice No. 2.125 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. It is our responsibility to form an independent conclusion, based on our review, on these interim financial statements and to report our conclusion 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.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review principally consists of making enquiries of management and applying analytical procedures to the interim financial statements and based thereon, assessing whether the accounting policies and presentation have been consistently applied and adequately disclosed (or unless otherwise disclosed). A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.

Ernst & Young
Certified Public Accountants

Hong Kong, 1 September 2004