GLOBAL Bio-Chem Technology Group Company Limited

大成生化科技集團有限公司

Stock Code : 00809

INTERIM REPORT 2010

*For indentification purpose only

JILIN

Annual Production Capacity:

- Amino Acids — 460,000 mt
- Corn Sweeteners — 820,000 mt
- Modified Starch — 80,000 mt
- Polyol Chemicals — 210,000 mt
- Corn Refinery — 2.8 million mt

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

LIAONING

Annual Production Capacity:

- Corn Refinery — 600,000 mt
- Corn Sweeteners — 200,000 mt

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

SHANGHAI

Annual Production Capacity:

- Corn Sweeteners — 240,000 mt

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

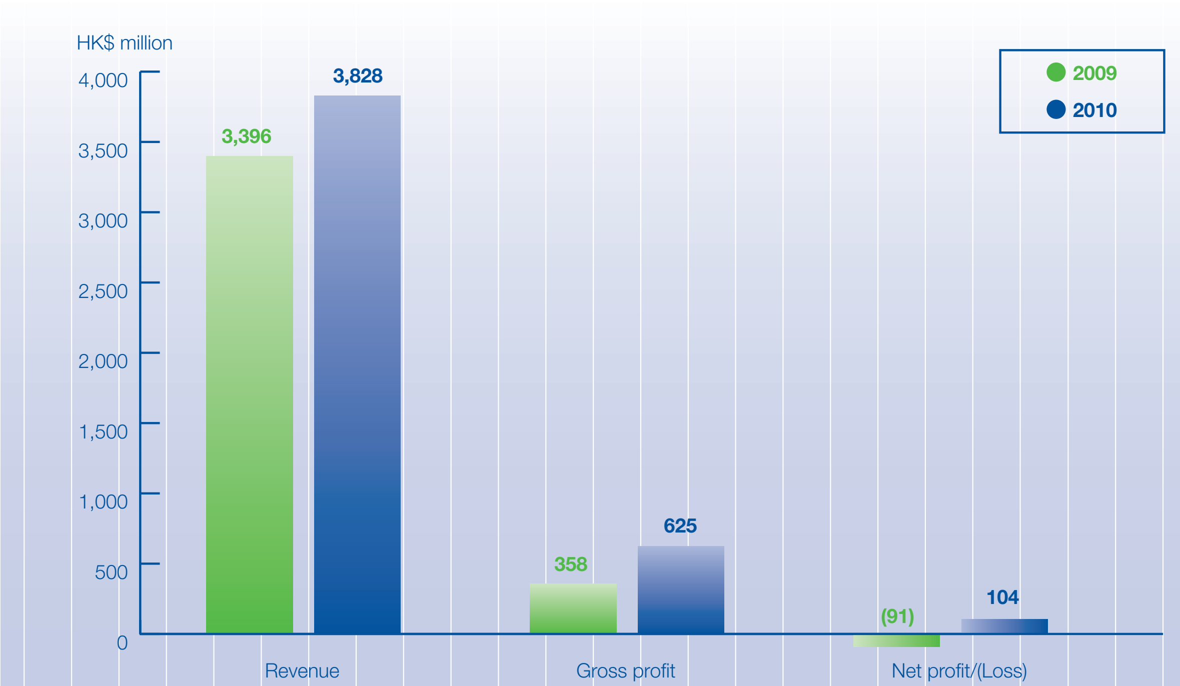
HONG KONG

Headquarter

mt: metric tonnes
m^2: metres square

Contents

Financial Highlights



	Unaudited six months ended 30 June		
	2010	2009	Change
Operating results (HK$ million)			
Revenue	**3,828**	3,396	13%
Gross profit	**625**	358	75%
Net profit/(loss) attributable to owners of the Company	**104**	(91)	N/A
Basic earnings/(loss) per Share (HK cents)	**4.5**	(3.9)	N/A

BOARD OF DIRECTORS

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

* Audit Committee Members

COMPANY SECRETARY

Cheung Kin Po, *CPA Australia, HKICPA*

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1104
Admiralty Centre
Tower 1
18 Harcourt Road
Hong Kong

AUDITORS

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

LEGAL ADVISERS

Chiu & Partners
40th 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

China Construction Bank
No. 810 Xian Road
Changchun
Jilin Province
The People's Republic of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.globalbiochem.com

STOCK CODE

00809

Message to Shareholders

Dear Shareholders

The Group experienced a continuing recovery resulting from gradual improvement in economic environment and market sentiment since the last quarter of the previous year. Capitalising on the rebound in selling prices and market demand of various products, the Group's performance was back on track for the six months ended 30 June 2010.

The economy of the Mainland China sustained a healthy development, supported by the massive economic revitalisation scheme. Return of market confidence had given rise to stronger demand from food and beverages, feed and industrial sectors, and contributed to a substantial year-on-year surge in the Group's sales.

The Group's consolidated revenue and gross profit in the first half of 2010 amounted to HK$3.8 billion and HK$625 million respectively, representing significant increases of 13 per cent and 75 per cent respectively from those of the corresponding period last year. Enhanced performance was mainly attributable to the rise in the average selling prices of almost all of the products. The Group's gross profit margin improved to 16 per cent from 11 per cent of the first half of 2009.

The Group had a marked improvement in operating performance. With improved market environment and strengthened operation efficiency, the Group reported a net profit attributable to owners of the Company of HK$104 million, as opposed to a net loss of HK$91 million in the corresponding period last year.

During the period under review, sales of the Group's upstream products, such as corn starch, gluten meal and other corn refinery products were satisfactory. Despite the relatively high corn price during the period, the improved selling price of the Group's upstream products was able to offset the impact and allowed the upstream business to maintain a stable gross margin of 8 per cent. However, the revenue of the upstream business in the first half of 2010 decreased slightly, mainly due to internal consumption of corn starch.

In addition to the continued improvement in the upstream business, the Group's major business – amino acids had resumed its healthy condition. With the rise in market price, the gross profit of the amino acids segment had gradually reached a satisfactory level, despite the increasing cost of raw materials. Gross profit of amino acids surged significantly by 53 per cent and accounted for 64 per cent of the Group's gross profit during the period under review.

The Group has established a leading position in the global lysine market through years of efforts in developing proprietary fermentation technology. As such, this segment remains the largest profit contributor to the Group. The recovery of overseas markets and continuous growth in demand helped lift the export volume and market prices of lysine products. Export of the Group's lysine product series during the period reached 81,000 metric tonnes, while export sales accounted for 26 per cent of the Group's total revenue, which represented a substantial growth from 15 per cent achieved under the challenging conditions during the first half of 2009.

Polyol chemicals developed by the Group with renewable resources experienced a revival in demand and selling prices. Sales of ethylene glycol ("EG") and propylene glycol ("PG") under this product category had been maintained at a satisfactory level. With surge in sales orders for this product line, the Group's polyol chemicals facilities are currently operating at an utilisation rate of 60 per cent. Furthermore, the Group will continue to explore new application for its polyol chemicals to broaden their sales. The Group has begun research on the development of polyol chemicals for the plastic industry.

The Group's sweeteners segment, which has been operated by a separate listed subsidiary, also generated favourable results from improved product prices and business diversification.

PROSPECTS

The continued stabilisation of the global economy and the encouraging development of the domestic market have laid a solid platform for the Group to enhance its operation efficiency. However, the worldwide business environment is still relatively fragile and vulnerable to periodical turbulence. The domestic economy on the other hand continues to subject to adjustment under the State's austerity measures. The Group's management will maintain its prudent operations strategy.

Although corn prices are expected to remain at high levels throughout the year, the Group will adopt prudent measures to respond to corn price movement. Moreover, the Group currently has sufficient stock of raw materials to meet its production needs until the next harvest season.

During the period under review, the Group's corn refinery facilities with an annual production capacity of 1 million metric tonnes in Xinglongshan commenced operation. The inauguration of the facilities will enable the Group to further secure the source of raw materials for the downstream products expansion.

In view of growing lysine demand, it is expected that the average selling prices of lysine will remain at a healthy level throughout the year, which will offer room for further price improvement in the second half of the year. Although the favourable market price may drive additional output of lysine from other suppliers, the Group is able to secure its dominant presence in both the domestic and overseas markets through its advanced technology.

To cater to the demand for protein lysine products in overseas markets, particularly in various European and Asian countries, the Group will lift its lysine export for the full year. Driven by massive market demand, the Group expects to achieve optimum utilisation of its lysine capacity in 2010. Moreover, the Group will continue to expand its amino acids business and offer new products to the market.

Demand for the Group's polyol chemicals in the third quarter of the year remains stable. The Group is considering various measures to enhance the profitability and operation efficiency of such environmental friendly products to ensure sustainable development.

Apart from the organic growth strategy, the Group makes effort to identify appropriate strategic business partners, so as to capture business opportunities and create an integrated value chain. The Group is collaborating with leading institutions and universities in the PRC and Europe to explore the application of other biomass as alternative raw materials. Research is under way to study the use of corn stalk, which has a low economic value, as raw material for the production of polyol chemicals.

Message to Shareholders

In July 2010, the Group completed successfully a rights issue to raise net proceeds of HK$676 million for reducing bank borrowings and improving working capital. The measures served to strengthen the Group's financial position and its risk management ability.

Although there are strong signs of recovery in market sentiment, the Group's management is well aware of the fact that the world economy is still undergoing a process of consolidation, which requires both close attention and swift reaction from a prudent corporation. The Group will strive to strengthen and extend its leading position in mainstream product markets, to achieve steady growth in operating performance, and to concentrate its resources in capitalising on its innovative production technology and massive operation scale. We believe these strategies will provide a solid foundation for maximising value for shareholders.

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

30 August 2010

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

BUSINESS ENVIRONMENT

With the recovery momentum carried from second half of 2009, the operating environment improves gradually. Demand and selling prices on various industries have been improving, and therefore, the Group's performance has turned around as compared with that of the first half of 2009, when the global market was in a tough condition. In addition, global market has stabilised and demand from overseas markets recovered along the Period.

During the Period, export of lysine to European countries has resumed normal. Export sales, thus increased, accounted for approximately 26% (2009: 15%) of the Group's total revenue. Meanwhile, the operating environment remained favorable in our principal market, the mainland (the "Mainland China") of the People's Republic of China (the "PRC"). Economic recovery in the PRC was drastic because of the success of governmental economy stimulation policies. Resulted from those policies on agriculture in recent years, farmers in the Mainland China were motivated to breed and feed more, boosting the strong domestic demand of our key products, amino acid products.

Similar to all other agricultural products, price of corn increased rapidly during the Period due to increasing demand for further processing and as major raw material for feed manufacturing serving the increasing demand on food industries. Although the weather has been unstable during the Period, the foreseeable harvest is expected to be fine and would provide a stable supply of corn for the forthcoming period. Additionally, the PRC government has been imposing various strategies to stabilise the prices of agricultural products, such as the recent corn kernel auctions from the country's corn reserves in the second quarter of 2010, which is a price peak season. Nevertheless, the management expects the corn kernels price remains at a relatively high level. As usual, the strategy of maintaining reasonable stock level of corn kernels would be adopted to avoid fluctuation and possible future pressure on raw material cost.

The chemical industry as a whole has been recovered during the Period, consumption of various chemicals for downstream business resumed and together digested the build-up inventory from import in domestic market. In addition, the crude oil price was relatively stable during the Period which strengthened the operating environment of our polyol business. Therefore, it is expected that the improvement in the polyol segment will continue for the rest of the year 2010.

Nevertheless, the global economy might see further uncertainties or fluctuations arising from the adoption of contraction policies by European countries to reduce debts, and possible slowdown in recovery within the United States ("US"). The management expects further challenges for the rest of the year 2010 and is cautious on any changing environment.

FINANCIAL PERFORMANCE

(Revenue: HK$3.8 billion (2009: HK$3.4 billion))
(Gross profit: HK$625 million (2009: HK$358 million))
(Net profit: HK$132 million (2009: net loss of HK$89 million))

The enhanced financial performance was mainly due to the improvement of selling price of almost all products, which increased by in average, approximately 21% in comparing with the same period last year.

Upstream products segment

(Revenue: HK$1.0 billion (2009: HK$1.1 billion))
(Gross profit: HK$83 million (2009: HK$88 million))

During the Period, the average cost of corn kernels increased by approximately 15% to approximately HK$1,666 (2009: HK$1,444) per metric tonne while the average selling price of corn starch increased by approximately 35% to approximately HK$2,644 (2009: HK$1,964) per metric tonne, as compared to the same period last year. The revenue and gross profit decreased slightly mainly attributable to the reducing sales volume of upstream products due to the strong internal consumption demand from downstream business. The business model of upstream business is typically stable despite the fluctuation of cost of corn kernels and serves as a feedstock to the further downstream high value-added business.

Downstream products segment

(Revenue: HK$2.7 billion (2009: HK$2.3 billion))
(Gross profit: HK$539 million (2009: HK$270 million))

The revenue and gross profit of downstream products increased substantially by approximately 15% and 99% respectively during the first half of 2010, which was mainly attributable to the rise of selling prices of almost all of the downstream products. The changes in sales volume, average selling price, average cost of goods sold, revenue and gross profit for the Period as compared to the same period last year are summarised as follows:

Changes of downstream product series for the Period

Product series	Sales Volume	Average Selling price	Average cost of good sold	Revenue	Gross profit
Amino acids	(19%)	20%	7%	(3%)	53%
Polyol chemicals	55%	35%	(3%)	109%	167%
Modified Starch	4%	18%	10%	23%	155%
Corn sweeteners	23%	23%	18%	52%	97%
Overall	1%	14%	3%	15%	99%

Among those downstream products series, the revenue and gross profit of amino acids for the Period amounted to approximately HK$1.7 billion (2009: HK$1.7 billion) and approximately HK$401 million (2009: HK$262 million) respectively, which accounted for approximately 44% (2009: 51%) and approximately 64% (2009: 73%) of the Group's total revenue and total gross profit respectively. Due to the restoration of stock level after the financial tsunami in late 2008, the sales volume of amino acids was exceptionally high in the first half of 2009. Although it dropped by approximately 19%, the sales volume during the Period of approximately 228,000 metric tonnes (2009: 280,000 metric tonnes) was in fact normal and close to our full capacity. In view of the sharp increase in the average selling price by approximately 20% in compared with the same period last year, the gross profit increased by approximately 53%.

The polyol chemicals division generated revenue of approximately HK$347 million (2009: HK$166 million) and contributed gross profit amounting to approximately HK$30 million (2009: gross loss of HK$45 million). Such improvement was mainly benefited from the rebound of market prices of chemical products and crude oil price since the last quarter of 2009, which drove the sharp increase in selling price of those related refined chemical products. However, an additional provision of closing inventories of polyol chemical by-products at 30 June 2010 amounting to approximately HK$9 million (2009: HK$61 million) was made for the sake of prudence. Nevertheless, provision for those by-products of polyol chemicals charging to the cost of good sold was substantially reduced due to the improvement in selling prices of polyol chemicals recently. As a result, the average cost of good sold for polyol chemicals dropped by approximately 3%. In view of the stability of crude oil price and the image of green products, the directors of the Company (the "Directors") believe that our polyol chemicals division would operate profitably in foreseeable future.

The modified starch division has been resuming gradually since the second half of 2009. This division contributed a gross profit of HK$10.7 million (2009: HK$4.2 million) to the Group during the Period.

Due to the market recovery, the operating environment of sweeteners was rebounded dramatically in the first half of 2010. The demand and selling price of glucose and maltose picked up rapidly since the second half of 2009. The sales volume and revenue of sweeteners division increased by approximately 23% and approximately 52% respectively compared with the same period last year. As a result, the gross profit from this division rose to approximately HK$97 million (2009: HK$49 million) during the Period.

Biological products segment

Since 2009, Global Sweeteners Holdings Limited ("GSH") (stock code: 03889), a Hong Kong listed company and an indirect non-wholly owned subsidiary of the Company, has started launching food related products for the strategy of product diversification through a joint venture of which GSH holds 62% equity interest indirectly. During the Period, the new business recorded a revenue and gross profit of approximately HK$102 million (2009: Nil) and HK$2.6 million (2009: Nil) respectively.

Product segment

The revenue and gross profit of upstream products accounted for approximately 27% (2009: 31%) and approximately 13% (2009: 24%) of the Group's total revenue and total gross profit respectively. Although there was no significant change in revenue on product segments, the percentage of gross profit contributed by the upstream products dropped because of the limited improvement in selling price of upstream products other than corn starch.

Operating expenses, finance costs and income tax expense

The selling and distribution costs of approximately HK$225 million (2009: HK$180 million) increased by approximately HK$45 million or 25% over the same period last year and represented approximately 5.9% (2009: 5.3%) over the Group's revenue for the Period. The increase was mainly due to the enlarged export sales and the increased transportation costs as the petroleum price rose.

The administrative expenses of approximately HK$110 million (2009: HK$122 million) decreased by approximately HK$12 million or approximately 10% over the same period last year and represented approximately 2.9% (2009: 3.6%) of the Group's revenue for the Period. The administrative expenses decreased as the Group continued to impose stringent control over the costs.

Owing to the enlarged borrowing portfolio, the finance costs of approximately HK$181 million (2009: HK$156 million) increased by approximately 16% as compared to the same period last year. Interest capitalised as fixed assets amounting to approximately HK$29 million was recorded (2009: HK$26 million) for the Period. It is anticipated that the pressure from finance costs remains heavy for the rest of 2010.

With the prevailing income tax laws and regulations, certain subsidiaries established in the PRC can still enjoy income tax relief. In view of the improvement in operation, income tax amounting to approximately HK$28 million (2009: HK$8 million) was charged for the Period. The overall effective tax rate of the Group drastically increased to approximately 17% (2009: 9%).

Profit shared by minority shareholders

During the Period, profit shared by the minority shareholders of GSH amounted to approximately HK$28 million (2009: HK$1 million). The sharp increase was mainly due to the rebound of performance of sweeteners division and dilution of the Company's equity interest in GSH from approximately 67% to approximately 52% as a result of the issue of new shares by GSH, and the sale of existing shares in GSH by a wholly owned subsidiary of the Company pursuant to the offering of Taiwan Depositary Receipts ("TDR") in Taiwan in March 2010.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

To support the strategy of maintaining higher stock level of corn kernels and working capital requirement for additional upstream capacity in Xinglongshan of Changchun which commenced operation during the Period, the net borrowings as at 30 June 2010 increased to approximately HK$6.4 billion (31 December 2009: HK$5.1 billion).

Structure of interest bearing borrowings

As at 30 June 2010, the Group's bank and other borrowings amounted to approximately HK$8.2 billion (31 December 2009: HK$6.7 billion), of which approximately 8% (31 December 2009: 11%) were denominated in Hong Kong dollars or US dollars while the remainder were denominated in Renminbi ("RMB"). The average interest rate during the Period was approximately 6% (2009: 6%).

The percentage of interest bearing borrowings wholly repayable within one year, in the second to the fifth years and beyond five years were approximately 57% (31 December 2009: 66%) and approximately 31% (31 December 2009: 34%) and approximately 12% (31 December 2009: less than 1%) respectively. The change is mainly due to the renewal of certain bank loans of which 2-year or longer repayment terms were granted. In view of the continual support from existing bankers, no material pressure in obtaining continuous financing resource is expected. As at 30 June 2010, certain borrowings were secured by the Group's fixed assets with a carrying value/aggregate net book value of approximately HK$20 million (31 December 2009: HK$20 million).

Non-compliance of financial covenants

As at 30 June 2010, certain bank loans originally repayable during 2010 to 2012 with an aggregate amount of US$75 million (equivalent to approximately HK$581 million) were classified as current liabilities due to the Group's failure to comply with one of the financial covenants under the relevant loan facility agreement therefor. According to the renewed loan agreements and revised covenants concluded subsequent to 30 June 2010, the Directors believe that the Group is able to comply with those financial covenants thereafter.

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to establish customers ranging from 30 to 90 days. Due to the global financial tsunami in 2009, more favourable credit terms were granted to customers for inducing addition sales as one of the strategies. Therefore, the strategy continues in first half of 2010 and considering the new capacity output from Xinglongshan project, the turnover days of trade receivables remained at a relatively high level increased to approximately 82 days (31 December 2009: 74 days) for the Period. Meanwhile, the turnover days of trade payables increased to approximately 51 days (31 December 2009: 44 days) which is in line with the seasonal pattern of raw material acquisition. On the other hand, due to the additional purchases of corn kernels to prevent the anticipated upwards costs trend of corn kernels in 2010, the stock level of raw material as at 30 June 2010 became relatively high in which the inventory turnover days increased to approximately 198 days (31 December 2009: 140 days).

Due to the renewal of certain bank loans of which 2-year or longer repayment terms were granted, aggregate amount of bank loans classified as current liabilities reduced. The current ratio thus improved slightly to approximately 1.3 (31 December 2009: 1.0). However, the quick ratio did not improve in line with current ratio because of the increase in stock level. At 30 June 2010, the quick ratio slightly improved to 0.7 (31 December 2009: 0.6). The gearing ratio in term of net debts (i.e. net balance between bank and other borrowings and cash and cash equivalent) to total equity (aggregate total of shareholders equity and minority interest) deteriorated to 74% (31 December 2009: 64%) mainly due to the increase of bank and other borrowings during the Period. Moreover, gearing ratios in terms of (i) bank and other borrowings to total assets and (ii) bank and other borrowings to total equity and increased to approximately 44% (31 December 2009: 40%) and 95% (31 December 2009: 84%), respectively. In view of the continual support from existing bankers, the Group can obtain continuous financing resource for its operation.

Foreign exchange exposure

Although most of the operations were carried out in the PRC in which transactions were denominated in RMB, the Directors consider that there is no unfavorable exposure to foreign exchange fluctuation and there will be sufficient cash resources denominated in Hong Kong dollars for the repayment of borrowings and 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 2010.

TAIWAN DEPOSITARY RECEIPTS OF GSH

On 25 March 2010, 100 million units of TDR, which represented 100 million new shares of GSH allotted and issued by GSH and 100 million existing shares of GSH transferred by a wholly owned subsidiary of the Company were offered by them for subscription and purchase in Taiwan and were listed on the Taiwan Stock Exchange (the "TDR Issue"). The net proceeds raised by the Group, including GSH, in respect of the TDR Issue amounted to approximately HK$367 million. Upon completion of the TDR Issue, the Company's indirect interest in GSH reduced from approximately 67% to approximately 52%. The TDR Issue constituted a disposal and deemed disposal of interest in GSH for the Company under Chapter 14 of the Rules, Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

RIGHTS ISSUE

In July 2010, the Company raised approximately HK$676 million, net of expenses, by way of rights issue (the "Rights Issue") of 927,539,761 rights shares at HK$0.75 per rights share on the basis of two rights shares for every five existing shares. The net proceeds will be used for the repayment of existing bank borrowings and as general working capital of the Group.

PROSPECT

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

The Group will continue to take advantage from the market recovery in the coming year. Export sales are expected to remain strong and will persist in seeking potential opportunities in the overseas market. In view of the domestic market, the revitalisation of the Mainland China market contributed to the sales of the year and is expected to continue to grow stable in the rest of the year.

Polyol project

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

The Group is the pioneer to make use of renewable resources as the raw material for the commercial production of the polyol chemicals, the board of the Directors (the "Board") believes that the polyol business segment will continue to act as the one of the growth drivers in the company business. Early this year, the Group developed potential markets for Resin. Resin is unique product in the series of the polyol chemical. Our research findings proved that Resin can be applied in products such as rubbers in pipes and tires. In addition, other products such as ethylene glycol and propylene glycol sales volume restored back to the normal level this year. The utilisation rate of polyol production will continue to improve according to the market recovery and efforts in exploring new markets. Going forward, the Board will take prudent strategy in the market condition before taking any expansion plan in the development of the polyol chemicals.

Amino Acids

The annual planned production capacity of the Group of amino acids is approximately 460,000 metric tonnes and these facilities can produce different kinds of amino acids or fermentation products such as lysine, protein lysine and threonine. Driven by the enormous demand from the market, the Group expects to fully utilise its facilities. The Board is also further extending its amino acids product series through fermentation of new high value-added amino acids products such as arginine and methionine.

It is anticipated that the demand of the lysine will continue to grow in coming years. To maintain its dominant position in the market, the Group will increase production volume in long run by extending production yields and efficiency and furthermore expand its production capacity accordingly.

STATUS OF INFRINGEMENT LITIGATIONS

The Company and certain of its subsidiaries are currently proposed respondents in certain litigations in Europe in relation to the alleged infringement of registered patents applicable in the production of lysine. Among these litigations, The Hague District Court, on 22 August 2007, handed down its judgment that the Group's L-lysine products had infringed two patents of third parties and issued orders (i) prohibiting the Group from further infringement and the offer for sale, import and/or trade of any infringing products, L-lysine products in the Netherlands with immediate effect and (ii) compensate the damages of the plaintiffs to be assessed by the court. The Directors believe the judgment to be incorrect and an appeal against the court's judgment had been lodged.

For other litigations, the Directors have been advised by the Group's legal counsel that the Group has sufficient grounds to defend against the claims. Therefore, no provision for any infringement compensation is considered necessary.

Save as disclosed above, there was no material contingent liability of the Group as at 30 June 2010.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2010, the Group had approximately 6,000 full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited in the production capability and development of new biochemical products. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

INTERIM DIVIDEND

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

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules, were as follows:

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

		Number of Shares held, capacity and nature of interest			
Name of Director	*Notes*	**Directly beneficially owned**	**Through controlled corporation**	**Total number of shares interested**	**Percentage of interest in Shares**
Mr. Liu Xiaoming	*1*	19,090,400	489,048,000	508,138,400	15.65
Mr. Xu Zhouwen	*2*	24,155,600	295,456,000	319,611,600	9.85
Mr. Wang Tieguang	*3*	12,449,920	241,920,000	254,369,920	7.84

Notes:

1. The controlled corporation is LXM Limited, a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of LXM Limited is beneficially owned by Mr. Liu Xiaoming. Among the 19,090,400 Shares and 489,048,000 Shares which were interested by Mr. Liu Xiaoming as beneficial owner and interest of controlled corporation, 5,454,400 Shares and 139,728,000 Shares of which were the assured entitlements of the rights shares available to Mr. Liu Xiaoming and LXM Limited under the Rights Issue, respectively.

2. The controlled corporation is Crown Asia Profits Limited, a company incorporated in the BVI. The entire issued share capital of Crown Asia Profits Limited is beneficially owned by Mr. Xu Zhouwen. Among the 24,155,600 Shares and 295,456,000 Shares which were interested by Mr. Xu Zhouwen as beneficial owner and interest of controlled corporation, 6,901,600 Shares and 84,416,000 Shares of which were the assured entitlements of the rights shares available to Mr. Xu Zhouwen and Crown Asia Profits Limited under the Rights Issue, respectively.

3. The controlled corporation is Rich Mark Profits Limited, a company incorporated in the BVI. The entire issued share capital of Rich Mark Profits Limited is beneficially owned by Mr. Wang Tieguang. Among the 12,449,920 Shares and 241,920,000 Shares which were interested by Mr. Wang Tieguang as beneficial owner and interest of controlled corporation, 3,557,120 Shares and 69,120,000 Shares of which were the assured entitlements of the rights shares available to Mr. Wang Tieguang and Rich Mark Profits Limited under the Rights Issue, respectively.

Save as disclosed above, as at 30 June 2010, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

So far as is known to the Directors, at 30 June 2010, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO are as follows:

Name	*Notes*	Number of Shares interested (L = long position P = lending pool)	Percentage of interest in Shares
LXM Limited	*1*	489,048,000 (L)	15.06
Crown Asia Profits Limited	*2*	295,456,000 (L)	9.10
Mr. Kong Zhanpeng	*3*	260,176,000 (L)	8.01
Hartington Profits Limited	*3*	241,920,000 (L)	7.45
Rich Mark Profits Limited	*4*	241,920,000 (L)	7.45
FMR LLC	*5*	137,698,600 (L)	5.94
The Bank of New York Mellon Corporation	*6*	195,966,956 (L)	6.04
		90,782,636 (P)	2.80
HSBC Holdings plc	*7*	544,026,641 (L)	16.75

Notes:

1. The entire issued share capital of LXM Limited is beneficially owned by Mr. Liu Xiaoming, an executive Director. Mr. Liu Xiaoming is the sole director of LXM Limited.
2. The entire issued share capital of Crown Asia Profits Limited is beneficially owned by Mr. Xu Zhouwen, an executive Director. Mr. Xu Zhouwen is the sole director of Crown Asia Profits Limited.
3. These shares are interested as to 18,256,000 shares by Mr. Kong Zhanpeng, a former executive Director and one of the executive directors of GSH, and 241,920,000 shares by Hartington Profits Limited, a company incorporated in the BVI. The entire issued share capital of Hartington Profits Limited is beneficially owned by Mr. Kong Zhanpeng. Mr. Kong Zhanpeng is the sole director of Hartington Profits Limited. Among the Shares which were interested by Mr. Kong Zhanpeng as beneficial owner and interest of controlled corporation, 5,216,000 Shares and 69,120,000 Shares of which were the assured entitlements of the rights shares available to Mr. Kong Zhanpeng and Hartington Profits Limited under the Rights Issue, respectively.
4. The entire issued capital of Rich Mark Profits Limited is beneficially owned by Mr. Wang Tieguang, an executive Director. Mr. Wang Tieguang is the sole director of Rich Mark Profits Limited.
5. These Shares were interested by FMR LLC as investment manager. FMR LLC was deemed to be interested in all of these Shares by virtue of its controlled interest in Fidelity Management & Research Company Fidelity Management Trust Company, Pyramis Global Advisors Trust Company & Pyramis Global Advisors LLC.
6. All of these Shares were held by The Bank of New York Mellon. The Bank of New York Mellon Corporation was deemed to be interested in all of these Shares in which The Bank of New York Mellon was interested by virtue of the SFO as interest of controlled corporation.
7. These shares are interested by HSBC Holdings plc as the underwriter of the Rights Issue.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES *(Continued)*

Save as disclosed above, as at 30 June 2010, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

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

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance in the interests of its equity holders and devotes considerable effort to identifying and formalizing best practices. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the Period.

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

Audit Committee

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

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.

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

CORPORATE GOVERNANCE *(Continued)*

Remuneration Committee

During the Period, the members of the Remuneration Committee comprise two independent non-executive Directors, Mr. Lee Yuen Kwong and Mr. Chan Man Hon, Eric and one executive Director, Mr. Wang Tieguang. Mr. Chan Man Hon, Eric is the chairman of the Remuneration Committee. The duties of the Remuneration Committee, among others, are to make recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme"), which was adopted pursuant to a resolution passed at a shareholders' meeting held on 3 September 2007, 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.

Eligible participants of the Scheme include the following:

(i) any employee or proposed employee (whether full time or part time) of the Group or any entity ("Invested Entity") in which any member of the Group holds any equity interest;

(ii) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or class or participant who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the Group.

SHARE OPTION SCHEME *(Continued)*

And, for the purposes of the Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue on 3 September 2007 ("General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant (other than a substantial shareholder or an independent non-executive director of the Company as explained below) in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting (with such participant and his associates abstaining from voting).

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Shares at the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer of the grant of share options but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination under the Scheme.

The subscription price for the Shares under the Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

During the Period, no share option was granted pursuant to the Scheme and no share option was outstanding as at 30 June 2010.

SHARE OPTION SCHEME OF THE COMPANY'S SUBSIDIARY

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

Eligible participants of the GSH Scheme include the following:

(i) any employee of proposed employee (whether full time of part time) of the GSH Group or any entity ("Invested Entity") in which any member of the GSH Group holds any equity interest;

(ii) any non-executive director (including independent non-executive directors) of the GSH Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the GSH Group or any Invested Entity;

(iv) any customer of the GSH Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the GSH Group or any Invested Entity;

(vi) any shareholder of any member of the GSH Group or any Invested Entity or any holder of any securities issued by any member of the GSH Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the GSH Group or any Invested Entity; and

(viii) any other groups or classes or participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the GSH Group.

And for the purposes of the GSH Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

The maximum number of unexercised share options currently permitted to be granted under the GSH Scheme is an amount equivalent, upon their exercise, to 30% of the shares of GSH in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of GSH in issue at any time. Any further grant of share options in excess of this limit is subject to GSH shareholders' approval in a general meeting.

Share options granted to substantial shareholder of GSH, or an independent non-executive director of GSH or any of their respective associates, in excess of 0.1% of the shares of GSH in issue at any time or with an aggregate value (based on the price of GSH's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to GSH shareholders' approval in advance in a general meeting.

SHARE OPTION SCHEME OF THE COMPANY'S SUBSIDIARY *(Continued)*

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of GSH, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination under the Scheme.

The exercise price of share options is determinable by the directors of GSH, but may not be less than the higher of (i) the Stock Exchange closing price of the shares of GSH in the date of offer of the share options; and (ii) the average Stock Exchange closing price of the GSH's shares for the five trading days immediately preceding the date of offer.

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

	Number of share options								Price of GSH's shares		
Participants	At 1 January 2010	Lasped during the Period	Exercised during the Period	At 30 June 2010	Date of grant of share options	Exercise period of share options	Vesting period of share options	Exercise price of each share option *HK$*	Immediately before the grant date *HK$*	Weighted average closing price immediately before the exercise date *HK$*	At exercise date of options *HK$*
Lee Chi Yung	3,000,000	–	–	3,000,000	7 July 2008	7 July 2008 to 6 July 2011	–	1.59	1.63	N/A	N/A
Employees	330,000	–	–	330,000	7 July 2008	7 July 2008 to 6 July 2011	–	1.59	1.63	N/A	N/A
Employees	368,000	(164,000)	(204,000)	–	17 September 2008	17 September 2009 to 16 September 2011	17 September 2008 to 17 September 2009	0.99	0.87	1.57	1.61
	3,698,000	(164,000)	(204,000)	3,330,000							

At 30 June 2010 and the date of this report, the share options granted to subscribe for 3,330,000 shares of GSH remained outstanding, representing approximately 0.29% of the total issued shares of GSH at both dates. No share options to subscribe for shares have been granted or cancelled during the Period.

ERNST & YOUNG
安　永

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 40 which comprises the condensed consolidated statement of financial position of Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2010 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

SCOPE OF REVIEW

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

CONCLUSION

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

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

30 August 2010

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Notes	Six months ended 30 June **2010** **(Unaudited)** ***HK$'000***	 2009 (Unaudited) *HK$'000*
REVENUE			
Sales of goods	*4*	**3,827,658**	3,396,310
Cost of sales		**(3,203,047)**	(3,038,450)
Gross profit		**624,611**	357,860
Other income	*4*	**50,345**	30,042
Selling and distribution costs		**(225,278)**	(180,484)
Administrative expenses		**(109,619)**	(121,550)
Other expenses		**(220)**	(14,361)
Finance costs	*5*	**(180,750)**	(156,007)
Share of profits of jointly controlled entities		**545**	2,839
PROFIT/(LOSS) BEFORE TAX	*6*	**159,634**	(81,661)
Income tax expense	*7*	**(27,586)**	(7,539)
PROFIT/(LOSS) FOR THE PERIOD		**132,048**	(89,200)
OTHER COMPREHENSIVE LOSS			
Exchange difference on translation of financial statements of operations outside Hong Kong		**(253)**	(2,021)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**131,795**	(91,221)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**104,087**	(90,532)
Minority interests		**27,961**	1,332
		132,048	(89,200)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**103,957**	(92,919)
Minority interests		**27,838**	1,698
		131,795	(91,221)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*8*	**HK4.5 cents**	HK(3.9) cents
Diluted	*8*	**N/A**	N/A

Details of the dividends proposed for the period are disclosed in note 9 to the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

30 June 2010

	Notes	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**9,167,973**	9,110,180
Prepaid land premiums		**621,225**	537,555
Deposits paid for acquisition of property, plant and equipment		**359,294**	339,416
Goodwill		**348,428**	348,428
Interests in jointly controlled entities	*11*	**95,010**	94,465
Breeding biological assets		**9,055**	7,949
Deferred tax assets		**16,945**	16,516
Total non-current assets		**10,617,930**	10,454,509
CURRENT ASSETS			
Inventories		**3,495,786**	2,599,342
Trade and bills receivables	*12*	**1,738,108**	1,582,107
Prepayments, deposits and other receivables		**994,716**	745,876
Trading biological assets		**8,135**	1,219
Due from jointly controlled entities	*19(b)*	**18,174**	704
Tax recoverable		**11,294**	8,429
Pledged deposits		**—**	23,596
Cash and cash equivalents		**1,814,258**	1,594,315
Total current assets		**8,080,471**	6,555,588
CURRENT LIABILITIES			
Trade payables	*13*	**903,171**	817,439
Other payables and accruals		**784,552**	1,113,574
Due to a director	*19(b)*	**61,666**	89,368
Interest-bearing bank and other borrowings	*14*	**4,664,245**	4,474,005
Due to jointly controlled entities	*19(b)*	**—**	101
Tax payable		**37,717**	54,219
Total current liabilities		**6,451,351**	6,548,706
NET CURRENT ASSETS		**1,629,120**	6,882
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,247,050**	10,461,391
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*14*	**3,516,711**	2,266,428
Deferred income		**32,688**	34,188
Deferred tax liabilities		**122,112**	122,112
Total non-current liabilities		**3,671,511**	2,422,728
Net assets		**8,575,539**	8,038,663
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**231,885**	231,885
Reserves		**7,395,692**	7,249,993
		7,627,577	7,481,878
Minority interests		**947,962**	556,785
Total equity		**8,575,539**	8,038,663

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to owners of the Company									
	Issued share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Assets revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 31 December 2009 and 1 January 2010	231,885	1,820,205*	1,667*	275,814*	269,103*	857,075*	4,026,129*	7,481,878	556,785	8,038,663
Total comprehensive income for the period	–	–	–	–	–	(130)	104,087	103,957	27,838	131,795
Capital injection by a minority shareholder	–	–	–	–	–	–	–	–	43,295	43,295
Equity-settled share option arrangement of a subsidiary	–	–	(95)	–	–	–	43	(52)	255	203
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	(5,012)	(5,012)
Deemed disposal arising from Taiwan Depositary Receipts ("TDRs") offering by a subsidiary *(note 16)*	–	41,794	–	–	–	–	–	41,794	324,801	366,595
At 30 June 2010 (Unaudited)	231,885	1,861,999*	1,572*	275,814*	269,103*	856,945*	4,130,259*	7,627,577	947,962	8,575,539

* These reserve accounts comprise the consolidated reserves of the Group of HK$7,395,692,000 (31 December 2009 (audited): HK$7,249,993,000) on the condensed consolidated statement of financial position.

For the six months ended 30 June 2009

	Attributable to owners of the Company										
	Issued share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Assets revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed dividends HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 31 December 2008 and 1 January 2009	231,885	1,820,205	1,992	141,092	237,413	859,514	4,072,432	23,188	7,387,721	512,754	7,900,475
Total comprehensive loss for the period	–	–	–	–	–	(2,387)	(90,532)	–	(92,919)	1,698	(91,221)
Equity-settled share option arrangement of a subsidiary group	–	–	601	–	–	–	–	–	601	–	601
Establishment of a subsidiary	–	–	–	–	–	–	–	–	–	5,197	5,197
Final 2008 dividend declared	–	–	–	–	–	–	–	(23,188)	(23,188)	–	(23,188)
At 30 June 2009 (Unaudited)	231,885	1,820,205	2,593	141,092	237,413	857,127	3,981,900	–	7,272,215	519,649	7,791,864

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows (used in)/from operating activities	**(798,597)**	57,197
Net cash flows used in investing activities	**(646,967)**	(249,087)
Net cash flows from financing activities	**1,642,164**	58,535
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**196,600**	(133,355)
Cash and cash equivalents at beginning of period	**1,617,911**	1,476,700
Effect of foreign exchange rate changes, net	**(253)**	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,814,258**	1,343,345
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,641,434**	1,236,987
Non-pledged time deposits with original maturity of less than three months when acquired	**172,824**	106,358
	1,814,258	1,343,345

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Global Bio-chem Technology Group Company Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") for the six months ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors of the Company (the "Directors") on 30 August 2010.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 May 1999. The Group is involved in the manufacture and sale of corn refined products, corn based biochemical products and biological products. There were no significant changes in the nature of the Group's principal activities during the period.

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 of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Included in the Group's interest-bearing bank and other borrowings (see note 14) under current liabilities were loans of US$75 million (equivalent to approximately HK$581 million) which were due for repayment during 2010 to 2012. Pursuant to the loan facility agreement dated 15 December 2009, a termination event would arise if the Group could not meet any of the financial covenants as set out in the loan facility agreement. At the end of the reporting period, the Group was unable to comply with one of the required financial covenants. Accordingly, the whole balance of the loan amounting to approximately HK$581 million has been classified as a current liability as at 30 June 2010. The Directors have taken actions to rectify the non-compliance by entering into a new loan facility agreement with the same bank of the same amount subsequent to 30 June 2010. This new loan facility dated 27 August 2010 has replaced the original loan facility. Taking into account of the existing loan facilities obtained by the Group, the Directors considered that the Group's inability to comply with such financial covenant of the loan will not result in any liquidity issue to the Group and the Group will have adequate working capital to finance its operations. Accordingly, these interim condensed consolidated financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as these used in annual financial statements for the year ended 31 December 2009. The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs 2009	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HKFRS 2, HKFRS 5, HKFRS 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

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.

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:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 9	*Financial Instruments*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which set out amendments and transition requirements for amendments to a number of HKFRSs. For *Improvements to HKFRSs 2010*, the amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) – Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 January 2013

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

3. SEGMENT INFORMATION

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

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

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

(c) the biological products segment comprises the breed of cattle and sales of beef.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax.

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.

3. SEGMENT INFORMATION *(Continued)*

(a) Business unit information

	Corn refined products		Corn based biochemical products		Biological products		Eliminations		Consolidated	
	Six months ended 30 June									
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Segment revenue:										
Sales to external customers	**1,045,291**	1,058,569	**2,680,818**	2,337,741	**101,549**	–	**–**	–	**3,827,658**	3,396,310
Intersegment sales	**1,143,771**	1,141,225	**–**	–	**–**	–	**(1,143,771)**	(1,141,225)	**–**	–
Total revenue	**2,189,062**	2,199,794	**2,680,818**	2,337,741	**101,549**	–	**(1,143,771)**	(1,141,225)	**3,827,658**	3,396,310
Segment results	**158,910**	73,520	**144,579**	(17,695)	**1,665**	–	**–**	–	**305,154**	55,825
Unallocated revenue									**50,345**	30,042
Unallocated expenses									**(15,115)**	(11,521)
Finance costs									**(180,750)**	(156,007)
Profit/(loss) before tax									**159,634**	(81,661)
Income tax expense									**(27,586)**	(7,539)
Profit/(loss) for the period									**132,048**	(89,200)

(b) Geographical information

	Mainland China		Regions other than Mainland China		Consolidated	
	Six months ended 30 June					
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Segment revenue:						
Sales to external customers	**2,828,779**	2,870,435	**998,879**	525,875	**3,827,658**	3,396,310

4. REVENUE AND OTHER INCOME

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

An analysis of other income is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**1,160**	1,318
Sales of scraps and raw materials	**23,254**	16,275
Exchange gains, net	**3,386**	252
Government grants*	**19,758**	9,914
Others	**2,787**	2,283
	50,345	30,042

* Government grants represented the rewards for environmental protection, technology innovation and improvement to certain subsidiaries located in Mainland China.

5. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
Wholly repayable within five years	**205,045**	179,138
Finance costs for discounted bills receivables	**4,947**	2,715
Less: Interest capitalised	**(29,242)**	(25,846)
	180,750	156,007

6. PROFIT/(LOSS) BEFORE TAX

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

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Raw materials and consumables used		**2,719,095**	2,374,049
Provision for legal expenses		**10,364**	9,349
Depreciation	*10*	**240,458**	239,079
Amortisation of prepaid land premiums		**9,084**	11,085
Impairment/(reversal of impairment) of trade receivables	*12*	**(19,879)**	1,963
Write-down of inventories to net realisable value#		**25,653**	61,485

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

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong	**1,000**	—
Current — Mainland China	**27,015**	7,539
Deferred	**(429)**	—
Tax charge for the period	**(27,586)**	7,539

Hong Kong profits tax was provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during that period.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2010 (2009: 25%).

Nine (2009: Eight) subsidiaries were subject to tax concessions in 2010. They were granted tax concessions by the state tax bureau in accordance with the Enterprise Income Tax Law of the People's Republic of China (the "EITL") and the corresponding transitional tax concession policy under which these subsidiaries would be exempted from corporate income tax for the first two profitable years and subject to 50% of the applicable tax rate for the following three profitable years.

7. INCOME TAX EXPENSE *(Continued)*

Five (2009: five) subsidiaries, which were granted Technologically Advanced Enterprise status and were entitled to a lower applicable tax rate under Article 75 of the Detailed Rules and Regulation for the Implementation of the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises, shall be gradually transitioned to the new statutory tax rate within a period of five years. As a result, these subsidiaries, which enjoyed the corporate income tax rate of 15% in 2007, are now subject to the corporate income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

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

The calculation of basic earnings/(loss) per share is based on the consolidated net profit from ordinary activities attributable to ordinary equity holders of the Company for that period of approximately HK$104,087,000 (2009 net loss: HK$90,532,000) and 2,318,849,403 (2009: 2,318,849,403) ordinary shares in issue during the period.

Since there were no dilutive potential ordinary shares in existence for the six months ended 30 June 2010 and 2009, no diluted earnings/(loss) per share amounts were presented for both periods.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	2010 (Unaudited) ***HK$'000***	2009 (Audited) *HK$'000*
At 1 January 2010/1 January 2009	**9,110,180**	8,960,535
Additions	**321,401**	445,293
Surplus on revaluation	**—**	186,119
Disposals	**(23,150)**	(1,737)
Depreciation	**(240,458)**	(480,030)
At 30 June 2010/31 December 2009	**9,167,973**	9,110,180

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Share of net assets	**55,010**	54,465
Loans to a jointly controlled entity	**40,000**	40,000
	95,010	94,465

The long term loan of HK$40 million to a jointly controlled entity represents a quasi-equity loan which is stated at cost less impairment. The long term loan of HK$40 million was unsecured, interest-free and will be repayable in 2101 or upon the liquidation, winding-up or dissolution of the jointly controlled entity, whenever is earlier.

The Group's trade receivable balances due from the jointly controlled entities are disclosed in note 19(b) to the interim condensed consolidated financial statements.

Particulars of the jointly controlled entities are as follows:

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

* Wholly-foreign-owned enterprise

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

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

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

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Share of the jointly controlled entities' assets and liabilities:		
Current assets	**63,880**	60,860
Non-current assets	**17,611**	18,254
Current liabilities	**(5,675)**	(3,859)
Non-current liabilities	**(20,806)**	(20,790)
Net assets	**55,010**	54,465

Share of the jointly controlled entities' results:

	Six months ended 30 June	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*
Revenue	**36,262**	34,991
Other income	**534**	289
	36,796	35,280
Total expenses	**(36,182)**	(31,936)
Income tax expense	**(69)**	(505)
Profit after tax	**545**	2,839

12. TRADE AND BILLS RECEIVABLES

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Trade receivables	**1,610,669**	1,404,909
Bills receivables	**157,142**	234,033
	1,767,811	1,638,942
Impairment	**(29,703)**	(56,835)
Total	**1,738,108**	1,582,107

The Group normally allows credit terms of 90 days to established customers and credit terms of 180 days was allowed to some 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

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

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 1 month	**489,285**	588,566
1 to 2 months	**276,885**	413,625
2 to 3 months	**241,960**	253,646
Over 3 months	**759,681**	383,105
Total	**1,767,811**	1,638,942

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

	2010 (Unaudited) *HK$'000*	2009 (Audited) *HK$'000*
At 1 January 2010/1 January 2009	**56,835**	15,542
Impairment losses recognised	**1,792**	41,293
Impairment losses reversed	**(21,671)**	—
Write-off	**(7,253)**	—
At 30 June 2010/31 December 2009	**29,703**	56,835

12. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Neither past due nor impaired	**1,035,856**	1,255,837
Less than 1 month past due	**211,732**	95,019
1 to 3 months past due	**30,346**	69,927
Over 3 months past due	**489,877**	218,159
Total	**1,767,811**	1,638,942

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. The Group does not hold any collateral or other credit enhancements over these balances.

13. TRADE PAYABLES

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

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 1 month	**398,107**	317,550
1 to 2 months	**139,210**	166,860
2 to 3 months	**118,326**	88,429
Over 3 months	**247,528**	244,600
Total	**903,171**	817,439

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	30 June 2010			31 December 2009		
	Effective annual interest rate %	Maturity	(Unaudited) HK$'000	Effective annual interest rate %	Maturity	(Audited) HK$'000
Current						
Bank loans — secured	1.69	2010	31,480	1.69	2010	1,914
Bank loans — unsecured	5.31-7.56 HIBOR+2% LIBOR+4.5%	2011	4,183,327	5.31-7.56 LIBOR+4.5% HIBOR+2%	2010	4,472,091
Other loans – unsecured	5.31	2011	449,438	–	–	–
			4,664,245			4,474,005
Non-current						
Bank loans — secured	–	–	–	1.69	2011	1,312
Bank loans — unsecured	4.86-5.94/ LIBOR+2%	2011-2020	3,503,295	4.86-6.57/ LIBOR+2%	2011-2014	2,251,700
Other loans — unsecured	–	2018-2019	13,416	–	2018-2019	13,416
			3,516,711			2,266,428
			8,180,956			6,740,433

	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	4,214,807	4,474,005
In the second year	2,312,284	1,885,934
In the third to fifth years, inclusive	224,719	367,078
Beyond five years	966,292	—
	7,718,102	6,727,017
Other borrowings repayable:		
Within one year or on demand	449,438	—
Beyond five years	13,416	13,416
	462,854	13,416
	8,180,956	6,740,433

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

At 30 June 2010, the Group's mortgage loan facility was secured by certain leasehold buildings, prepaid land premiums and machinery with carrying amount of approximately HK$53,776,000 (31 December 2009: HK$20,068,000).

At 30 June 2010, the Group's bank borrowings were guaranteed by the Company and certain subsidiaries of the Group with the amounts of approximately HK$6,254,811,000 (31 December 2009: HK$4,552,285,000) and approximately HK$850,562,000 (31 December 2009: HK$926,966,000), respectively.

Included above was a long-term loan of US$75 million (equivalent to approximately HK$581 million) which required the Group to fulfill certain financial covenants. As detailed in note 2 to the interim condensed consolidated financial statements, at the end of the reporting period, the Group was unable to comply with one of the financial covenants and accordingly the whole amount was classified as the bank loans repayable within one year or on demand under the current liability.

15. SHARE CAPITAL

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

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Authorised:		
10,000,000,000 (31 December 2009: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,318,849,403 (31 December 2009: 2,318,849,403) ordinary shares of HK$0.10 each	**231,885**	231,885

16. OFFERING OF TDRS BY A SUBSIDIARY

On 12 March 2010, Global Sweeteners Holdings Limited ("GSH"), a subsidiary of the Group whose shares are listed on the Stock Exchange, offered 100 million units of Taiwan Depository Receipts ("TDRs") for subscription by the public in Taiwan, representing 100 million new shares of GSH and 100 million of GSH's shares disposed of by the Group. Each TDR represents two ordinary shares of GSH. On 18 March 2010, GSH entered into the underwriting agreement with the underwriters agreeing at the offer price of NT$15.50 (equivalent to approximately HK$3.79) per TDR. On 25 March 2010, the TDRs of GSH were listed on the Taiwan Stock Exchange Corporation. The Group raised proceeds of approximately HK$366,595,000 after deduction of related expenses from the TDRs offering. The Company's indirect interest in GSH was reduced from 66.76% to 52.24%. This change in the Company's ownership interest in GSH did not result in a loss of control and was accounted for as an equity transaction.

17. CONTINGENT LIABILITIES

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

At 30 June 2010, the banking facilities granted to the Company's subsidiaries secured by guarantees given to the banks by the Company were utilised to the extent of approximately HK$6,735,729,000 (31 December 2009: HK$4,213,520,000).

18. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Contracted, but not provided for:		
Land premiums and leasehold buildings	**315,280**	279,052
Plant and machinery	**410,934**	412,076
Capital contributions	**784,937**	741,237
	1,511,151	1,432,365

19. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

		Six months ended 30 June	
	Notes	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Sales of corn starch to a jointly controlled entity	*(i)*	**23,545**	7,076
Utility costs charged to a jointly controlled entity	*(ii)*	**4,417**	5,184

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

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

19. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with the related parties

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Due from jointly controlled entities	**18,174**	704
Due to jointly controlled entities	**—**	(101)
Due to a director	**(61,666)**	(89,368)

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

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*
Short term employee benefits	**9,630**	8,054
Post-employment benefits	**18**	18
Total compensation paid to key management personnel	**9,648**	8,072

20. EVENT AFTER THE REPORTING PERIOD

On 20 July 2010, the Company raised approximately HK$676 million, after deduction of estimated related expenses, for repayment of bank borrowings and as general working capital of the Group, by way of issuing 927,539,761 rights shares (the "Rights Issue") at the subscription price of HK$0.75 per rights share on the basis of two rights shares for every five shares held on 24 June 2010, the record date of the Rights Issue. Details of the Rights Issue are set out in the prospectus of the Company dated 28 June 2010.