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GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(incorporated in the Cayman Islands with limited liability)

(stock code: 00809)

(1) PROFIT WARNING

(2) POSSIBLE BREACH OF FINANCIAL COVENANT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the Group will record a loss in the Interim Results as compared to a profit for the corresponding period in 2011.

POSSIBLE BREACH OF FINANCIAL COVENANT

Subject to the Interim Results being finalised, the Company may not be able to comply with a financial covenant under the CNY450,000,000 7% guarantee bonds due 2014 issued by the Company in May 2011. Appropriate remedial actions will be taken in the event of such default.

The Board would like to emphasize that the financial position of the Group remains strong and the Group has sufficient cash to honor the terms of the bonds and if necessary, to redeem the outstanding bonds immediately.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Global Bio-chem Technology Group Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

* For identification purpose only

PROFIT WARNING

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company and potential investors that it is expected that the Group will record a loss in the unaudited interim results (the “**Interim Results**”) of the Group for the six months ended 30 June 2012 (“**Period**”) as compared to a profit for the corresponding period in 2011. The Directors believe that such change was primarily attributable to (i) the net loss recorded by the Group during the month of June 2012 due to the loss incurred from upstream business of the Group pressured by increasing raw material costs and the slip of selling prices of lysine products; (ii) the impairment loss to be made by the Group for polyol products due to the decrease of selling prices; (iii) the provision to be made by the Group for bad and doubtful debt in relation to the Group’s account receivables which have been long due; and (iv) the provision to be made by a non-wholly owned subsidiary of the Company during the Period in relation to its retail beef business.

As the Company is still in the process of finalizing its Interim Results, the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group for the six months ended 30 June 2012 which have yet to be finalised. Shareholders and the potential investors are advised to read carefully the Interim Results which is expected to be published later this month.

POSSIBLE BREACH OF FINANCIAL COVENANT

The Company is reviewing whether its unaudited consolidated financial position as at 30 June 2012 may affect the Company’s obligations under agreements entered into by it. In particular, subject to the Interim Results being finalised, the Company may not be able to comply with a financial covenant under the CNY450,000,000 7% guarantee bonds due 2014 issued by the Company in May 2011. Appropriate remedial actions will be taken in the event of such default. A further announcement will be made where necessary under the Listing Rules.

The Board would like to emphasize that the financial position of the Group remains strong and the Group has sufficient cash to honor the terms of the bonds and if necessary, to redeem the outstanding bonds immediately.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board
Global Bio-chem Technology Group Company Limited
Cheung Kin Po
Company Secretary

Hong Kong, 20 August 2012

As at the date of this announcement, the board of Directors comprises three executive Directors, namely Mr. Liu Xiaoming, Ms. Wang Guifeng and Ms. Xu Ziyi and three independent non-executive Directors, namely Mr. Chan Man Hon, Eric, Mr. Lee Yuen Kwong and Mr. Li Defa.