

GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3889)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June		
	2007	2006	Change %
Turnover (HK\$'Mn)	728	510	42.7%
Profit before tax (HK\$'Mn)	112	81	38.4%
Net profit from ordinary activities attributable to shareholders (HK\$'Mn)	100	73	36.4%
Basic earnings per share (HK cents)	14.2	10.4	36.5%
Interim dividend per share (HK cents)	Nil	Nil	Nil

The Board of Directors (“Board” or “Directors”) of Global Sweeteners Holdings Limited is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2007 (the “Period”).

These condensed combined interim financial information have not been audited, but have been reviewed by the Company’s external auditors and the Company’s audit committee.

CONDENSED COMBINED INCOME STATEMENT

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
REVENUE			
Sales of goods	4	727,547	509,820
Cost of sales		<u>(581,842)</u>	<u>(400,028)</u>
Gross profit		145,705	109,792
Other income	4	5,348	1,930
Selling and distribution costs		(22,160)	(19,652)
Administrative expenses		(9,135)	(5,361)
Other expenses		(661)	(302)
Finance costs	5	<u>(7,421)</u>	<u>(5,738)</u>
PROFIT BEFORE TAX	6	111,676	80,669
Tax	7	<u>(12,059)</u>	<u>(7,613)</u>
PROFIT FOR THE PERIOD		<u>99,617</u>	<u>73,056</u>
EARNINGS PER SHARE			
— Basic	8	<u>HK14.2 cents</u>	<u>HK10.4 cents</u>
DIVIDEND PER SHARE	9	<u>—</u>	<u>—</u>

CONDENSED COMBINED BALANCE SHEET

30 June 2007

		30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		514,203	496,592
Prepaid land premiums		24,075	23,985
Deposits paid for acquisition of property, plant and equipment		2,177	1,178
Goodwill		149,950	149,950
Long term loan to a jointly-controlled entity		40,000	40,000
Total non-current assets		730,405	711,705
CURRENT ASSETS			
Inventories		68,452	69,046
Trade receivables	10	252,959	98,106
Prepayments, deposits and other receivables		24,886	21,929
Due from the immediate holding company		21,086	21,085
Due from fellow subsidiaries		293,963	351,396
Due from jointly-controlled entities		17,201	14,272
Cash and cash equivalents		92,962	43,153
Total current assets		771,509	618,987
CURRENT LIABILITIES			
Trade payables	11	17,080	19,377
Other payables and accruals		49,524	56,130
Interest-bearing bank and other borrowings		74,970	100,100
Due to the ultimate holding company		270,935	270,935
Due to the immediate holding company		180,360	180,360
Due to fellow subsidiaries		215,192	193,720
Due to a jointly-controlled entities		2,912	2,510
Due to a related company		1,754	575
Tax payable		8,591	8,029
Total current liabilities		821,318	831,736
NET CURRENT LIABILITIES		(49,809)	(212,749)
TOTAL ASSETS LESS CURRENT LIABILITIES		680,596	498,956

NON-CURRENT LIABILITIES

Interest-bearing bank loans and other borrowings	186,000	117,647
Due to a venturer of a jointly-controlled entity	20,000	20,000
Deferred tax	3,919	3,857

Total non-current liabilities	209,919	141,504
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Net assets	470,677	357,452
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EQUITY

Equity attributable to equity holders of the parent

Share capital	12	—	—
Reserves		470,677	357,452

Total equity		470,677	357,452
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NOTES TO THE CONDENSED COMBINED FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND GROUP REORGANISATION

The interim condensed combined financial statements of Global Sweeteners Holdings Limited (the “Company”) and its subsidiaries (hereafter referred to as the “Group”) for the six months ended 30 June 2007 are authorised for issue in accordance with a resolution of the directors passed on 21 September 2007.

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The Company has not commenced any business since its incorporation. The principal activities of the Group are manufacture and sale of corn based sweetener products.

Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the companies now comprising the Group on 24 August 2007. Further details of the Reorganisation are set out in the prospectus (the “Prospectus”) issued by the Company dated 10 September 2007. The shares of the Company were listed on the Stock Exchange on 20 September 2007.

The Company is a subsidiary by Global Corn Bio-chem Technology Company Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands whose shares are also listed on the Main Board of the Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed combined financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

As the Reorganisation was completed on 24 August 2007, the Company together with its subsidiaries should only be regarded and accounted for as a continuing group in preparation of the Group’s financial statements commencing from

the year ending 31 December 2007, as financial statements should not incorporate a consolidation which occurs after the balance sheet date being reported on. Nevertheless, for the benefit of the shareholders, the condensed combined financial information of the Group for the six months ended 30 June 2007 and the related notes thereto have been presented in these interim condensed combined financial statements on the principle of merger accounting such that the Company was treated as the holding company of its subsidiaries for the period presented rather than from the subsequent date of its acquisition of the subsidiaries on 24 August 2007.

The interim condensed combined financial statements have been prepared using the principle of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, as if the Reorganisation had been completed as at the beginning of the current and prior periods because the Company’s acquisition of the companies now comprising the Group should be regarded as a business combination under common control as the Company and all companies now comprising the Group are ultimately controlled by Global Bio-chem Technology Group Company Limited, the ultimate holding company of the Company and all companies now comprising the Group, before and after the Reorganisation.

The Group had consolidated net current liabilities of HK\$49,809,000 at 30 June 2007. The directors of the Company consider that it is appropriate to prepare the interim condensed combined financial statements on a going concern basis because: (i) subsequent to 30 June 2007, in September 2007, the Group entered into a two-year loan agreement of HK\$300 million with a bank to provide additional working capital for the Group; (ii) the Company’s shares have been listed on the Stock Exchange since 20 September 2007. The net proceeds from the listing were approximately HK\$568 million and were fully received on 20 September 2007; and (iii) the directors of the Company do not anticipate that any of the existing loan lenders would tighten nor withdraw the credit facilities granted to the Group in the foreseeable future.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed combined financial statements are consistent with those followed in the preparation of the Accountants’ report of the Company for inclusion in the Prospectus of the Company dated 10 September 2007.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 8	“Operating Segments”
HK (IFRIC) — Int 11	“Group and Treasury Share Transactions”
HK (IFRIC) — Int 12	“Service Concession Arrangements”
HKAS 23 (revised)	“Borrowing costs”

These interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Prospectus of the Company dated 10 September 2007.

3. SEGMENT INFORMATION

Over 90% of the Group’s operation relates to the manufacture and sales of corn based sweetener products and over 90% of the Group’s products were sold to customers based in Mainland China. Accordingly, no segment information has been disclosed.

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	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	246	165
Sales of scrap and raw materials	4,527	1,529
Others	575	236
	<u>5,348</u>	<u>1,930</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans:		
Wholly repayable within five years	<u>7,421</u>	<u>5,738</u>

6. PROFIT BEFORE TAX

The Group's profit from operating activities is arrived at after charging:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	15,772	13,543
Amortisation of prepaid land premiums	514	412
Employee benefits expense	<u>7,824</u>	<u>6,094</u>

7. TAX

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provisions for the period:		
Hong Kong profits tax	—	—
PRC corporate income tax	<u>12,059</u>	<u>7,613</u>
Tax charge for the period	<u><u>12,059</u></u>	<u><u>7,613</u></u>

No provision for Hong Kong profits tax had been made in the period and the prior period as the Group had tax losses brought forward from prior years to offset against the assessable profit arising in Hong Kong. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

All of the Group's subsidiaries and jointly-controlled entities operating in Mainland China are exempted from PRC corporate income tax for two years starting from the first profitable year of their operations and are entitled to a 50% relief from the PRC income tax for the following three years.

One of the subsidiaries, Changchun Dihao Foodstuff Development Co., Ltd ("Changchun Dihao"), which was granted Technological Advanced Enterprise status, was entitled to a lower applicable tax rate of 10% for the current and prior periods according to Article 75 of the Detailed Rules and Regulation for the Implementation of the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprise.

8. EARNINGS PER SHARE

The basic earnings per share for the periods ended 30 June 2007 and 30 June 2006 are calculated based on the unaudited combined net profit for each period on the assumption that 700,000,000 shares in issue immediately prior to the public offer and placement of the Company's shares on 20 September 2007 had been issued throughout the current and prior periods.

Diluted earnings per share amounts have not been disclosed because no diluting events existed during the current and prior periods.

9. DIVIDEND

The directors have resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

10. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate to their fair values.

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

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Within 1 month	142,724	52,615
1–2 months	79,833	27,528
2–3 months	16,340	11,054
Over 3 months	14,062	6,909
Total	<u>252,959</u>	<u>98,106</u>

11. TRADE PAYABLES

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

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

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Within 1 month	7,329	11,020
1–2 months	3,373	1,915
2–3 months	888	1,496
Over 3 months	5,490	4,946
Total	<u>17,080</u>	<u>19,377</u>

12. SHARE CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 13 June 2006 (date of incorporation) to 30 June 2007, and subsequent to the balance sheet date up to 20 September 2007, the date of completion of the initial public offering:

		Number of ordinary shares	Nominal value of ordinary shares HK\$'000
	<i>Notes</i>		
Authorised			
Upon incorporation (1,000,000 share of HK\$0.1 each)	(i)	1,000,000	100
At 30 June 2007		1,000,000	100
Increase in authorised capital	(ii)	1,000,000	100
Increase in authorised capital	(iii)	<u>99,998,000,000</u>	<u>9,999,800</u>
At 20 September 2007, upon completion of initial public offering		<u><u>100,000,000,000</u></u>	<u><u>10,000,000</u></u>

		Number of ordinary shares	Nominal value of ordinary shares HK\$'000
	<i>Notes</i>		
Issued			
Upon incorporation (1,000,000 share of HK\$0.1 each)	(i)	<u>1,000,000</u>	<u>—</u>
At 30 June 2007		1,000,000	—
Paid up of capital	(i)	—	100
Issue of new shares	(ii)	1,000,000	100
Issue of new shares	(iii)	<u>998,000,000</u>	<u>99,800</u>
At 20 September 2007, upon completion of initial public offering		<u><u>1,000,000,000</u></u>	<u><u>100,000</u></u>

- (i) The ordinary shares were issued at par nil paid. The ordinary shares were paid up on 24 August 2007.
- (ii) The authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of 1,000,000 new shares pursuant to the shareholder resolution passed on 24 August 2007.
- (iii) Pursuant to the shareholder resolution passed on 3 September 2007, authorised share capital of the Company has been conditionally increased from HK\$200,000 to HK\$10,000,000,000 divided into 100,000,000,000 shares, of which 1,000,000,000 shares have been issued fully paid, and 99,000,000,000 shares remain unissued on 20 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the production and sale of various corn sweeteners which are classified into three categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup ("HFCS")), corn syrup solid (crystallised glucose and maltodextrin) and sugar alcohol (sorbitol).

Business environment

During the Period, the price of the Group's principal raw material, corn starch, increased substantially as compared to previous year. As most of the increased cost was successfully passed on to our customers, it brought no significant negative impact on our overall profitability.

The fluctuation of the selling prices of the Group's products is affected by the prices of its raw material, principally being corn starch, the demand and supply for each of its products and their respective substitutes in the domestic market and the variety of product specifications.

Financial performance

The Group's consolidated revenue increased by approximately 42.7% to approximately HK\$727.5 million (2006: HK\$509.8 million) as compared to the same period last year, which was mainly due to the growth in overall sales volume and average unit selling price of most of the Group's products. Due to the increase in sales generated from glucose syrup and maltose syrup together with the newly launched crystallised glucose, the gross profit of approximately HK\$145.7 million (2006: HK\$109.8 million) for the Period increased by approximately 32.7%. The Group's net profit also increased by approximately HK\$26.6 million or approximately 36.4% to approximately HK\$99.6 million (2006: HK\$73.1 million) for the Period.

Corn syrup

(Sales amount: HK\$603.6 million (2006: HK\$469.5 million))

(Gross profit: HK\$127.9 million (2006: HK\$105 million))

During the Period, the sales volume of glucose syrup, maltose syrup and HFCS increased by approximately 5.8%, 20.9% and 18.5% as compared to the same period of the previous year, respectively.

At the same time, the price of corn starch, the Group's principal raw material, rose substantially by approximately 16.4% due to the increase in corn kernel price as a result of the extensive use of agricultural products to produce bio-fuel such as ethanol. The success in passing on the increased material costs to the Group's customers pushed up product prices. In view of the higher product prices and enlarged sales volume, the revenue of glucose syrup, maltose syrup and HFCS which increased approximately by 25.8%, 37.6% and 18.9%, respectively.

The gross profit margin for the sales of glucose syrup maintained at level close to those of the corresponding period in 2006, while the gross profit margin of maltose syrup increased slightly to approximately 24.0% (2006: 21.6%) due to the sales of products with different specifications. On the other hand, the gross profit margin of HFCS decreased from approximately 36.0% to approximately 22.0% in the Period which was mainly due to the drop in selling price. This was due to the fact that HFCS is generally more prone to the substitution effect of cane sugar. During the Period, the overall decreasing trend in the average selling price of cane sugar in the world market as well as in the PRC market imposed a pressure on the selling price of HFCS.

Corn syrup solid

(Sales amount: HK\$121.5 million (2006: HK\$32.7 million))

(Gross profit: HK\$18.1 million (2006: HK\$4.1 million))

With the increase in selling price of maltodextrin and the commencement of the production of crystallised glucose, the revenue of corn syrup solid increased substantially by approximately 271.0% during the Period. The turnover of maltodextrin and crystallised glucose of approximately HK\$51.8 million (2006: HK\$25.1 million) and HK\$69.7 million (2006: HK\$7.7 million) respectively increased by approximately 106.6% and 808.1%, respectively, owing to the increase in selling price of maltodextrin of 8.8% and sales volume of crystallised glucose.

The gross profit of corn syrup solid grew substantially by 340.2% which was in line with the enlarged sales volume. With the higher unit selling price, the gross profit of maltodextrin increased by approximately 197.6% to approximately HK\$8.2 million (2006: HK\$2.8 million). During the Period, crystallised glucose recorded a gross profit of approximately HK\$9.9 million (2006: HK\$1.3 million). The gross profit margin of crystallised glucose remained at 14.1%.

Sugar alcohol

(Sales amount: HK\$2.2 million (2006: HK\$4.3 million))

(Gross profit: HK\$0.1 million (2006: HK\$0.6 million))

The revenue and gross profit of sugar alcohol decreased to approximately HK\$2.2 million (2006: HK\$4.3 million) and HK\$0.1 million (2006: HK\$0.6 million) respectively or approximately 49.3% and 90.4%, respectively. Since the second half of 2006, price of sorbitol went down due to intense competition in the PRC sorbitol market. The Group rationed out the orders among our customers and altered its facilities to produce crystallised glucose instead of sorbitol. Therefore, revenue of sorbitol decreased from HK\$4.3 million to HK\$2.2 million as sales volume dropped to approximately 1,000 MT (2006: 2,000 MT). Since higher production overhead was absorbed due to the reduction in output volume, the gross profit margin decreased to 2.9% (2006: 15.1%).

Operating expenses and income tax

Due to the increase in sales volume and number of headcount of the Group, the operating expenses other than finance costs increased by 13.8%. However, the ratio of such operating expenses to turnover dropped to 3.7% (2006: 4.6%) resulting mainly from the continuous and stringent control over operating costs, the enhancement in operating efficiency as a result of expansion and turnover growth as the base of calculation.

Finance costs of the Group increased to approximately HK\$7.4 million (2006: HK\$5.7 million) for the Period due to the higher level of long term bank borrowings and interest margin.

The income tax rate for each of the subsidiaries and jointly-controlled entities remained the same during the Period. However, due to the drop in operating profit of one of the jointly-controlled entities which is still entitled to full exemption from enterprise income tax in accordance with

prevailing income tax arrangement in the PRC, the overall effective tax rate of the Group increased to approximately 10.8% (2006: 9.4%).

Performance of joint ventures

The Group has two joint venture projects with Cargill Inc. and Mitsui Group to engage in the manufacture and sales of HFCS and sorbitol products respectively. During the Period, these joint ventures recorded an operating profit and an operating loss of approximately HK\$6.5 million (2006: HK\$10.7 million) and HK\$5.5 million (2006: HK\$1.5 million) respectively. In view of the strong demand of HFCS, better return from this joint venture is expected. Despite the immateriality to the Group's performance, the outlook of sorbitol segment is challenging because of the current unfavourable market condition. However, with the high flexibility in altering our production flow and schedule, the Group can alter our sorbitol facilities to produce crystallised glucose alternatively.

Increase in net profit attributable to shareholders

As a result of the increase in selling price of corn sweetener products, enlarged sales volume of various products and stringent control over operating expenses, the net profit attributable to shareholders improved by approximately 36.4% to approximately HK\$99.6 million.

Financial resources and liquidity

Net borrowing position

The net borrowing at approximately HK\$168.0 million (31 December 2006: HK\$174.6 million) as at 30 June 2007 remained stable.

Structure of interest bearing borrowings

As at 30 June 2007, the Group's bank borrowings amounted to approximately HK\$261.0 million (31 December 2006: HK\$217.7 million), of which approximately Nil (31 December 2006: 5.3%) were denominated in Hong Kong dollars or US dollars while the remainder was denominated in RMB. The average interest rate during the Period remained at the similar level of approximately 6% (2006: 6%) per annum.

The percentage of interest-bearing borrowings wholly repayable within one year and in the second to the fifth years were approximately 28.7% (31 December 2006: 46.0%) and 71% (31 December 2006: 61%). The change in repayment pattern mainly resulted from a new long term loan being drawn during the Period. As at 30 June 2007, bank borrowings of approximately HK\$246.0 million (31 December 2006: HK\$171.5 million) were cross-guaranteed by the Company's ultimate holding company (GBT) and its subsidiaries (collectively, GBT Group), which were released subsequent to 30 June 2007.

In addition to the bank borrowings, there were other borrowings amounting to RMB25 million as at 31 December 2006, which had been fully repaid during the Period.

Turnover days, liquidity ratios and gearing ratios

Credit terms, ranging from 30 to 90 days, are granted to customers, depending on their credit worthiness and business relationship while a longer credit term of 90 to 180 days are granted to those operating arms under GBT Group or customers with good repayment history. As at 30 June 2007, out of the amounts due from fellow subsidiaries, approximately HK\$274.7 million represented the trade nature portion (31 December 2006: HK\$334.6 million), which was taken into consideration for the calculation of trade receivables turnover days. During the Period, the trade receivables turnover days remained stable at approximately 131 days (31 December 2006: 138 days). It is expected that the trade receivable turnover days will improve in coming future because a shorter credit term of 60 days will be granted to companies under GBT Group. Meanwhile, outstanding balances of approximately HK\$253.0 million as at 30 June 2007 arising from the purchases transactions with GBT Group were classified as amounts due to fellow subsidiaries. Such balances were considered as trade creditors for the calculation of trade creditors turnover days. During the Period, it decreased to approximately 59 days (31 December 2006: 70 days) because lower raw material level were maintained, which was in line with the change in inventory turnover days.

The inventory turnover days had shortened from approximately 28 days for the year ended 31 December 2006 to approximately 21 days for the period ended 30 June 2007 owing to more stringent inventory management adopted.

The current ratio and the quick ratio as at 30 June 2007 at approximately 0.94 (31 December 2006: 0.74) and 0.86 (31 December 2006: 0.66) respectively improved slightly. Meanwhile, gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to equity and (iii) net debts (i.e. net balance between bank borrowings and cash and cash equivalent) to equity were approximately 18.0% (31 December 2006: 16.4%), 57.4% (31 December 2006: 60.9%) and 37.6% (31 December 2006: 48.8%), respectively. The improvement in gearing ratio was mainly due to the strong operating performance during the Period, which enlarged the equity base of the Group. Interest coverage (i.e. EBIDTA over finance costs) remained stable at approximately 18 times (2006: 16 times) which mainly resulted from the similar growth rate in both financial cost and operating result.

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 material unfavourable exposure to foreign exchange fluctuation and there will be sufficient cash resources denominated in Hong Kong dollars for 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 2007.

Future plans and prospects

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and then a major player in the global market. To realise this objective, the Group will strive to enlarge its market share and diversify its product mix, as well as enhance its capability in developing

high value-added products and new applications through in-house research and development and through strategic business alliances with prominent international market leaders.

As one of the largest corn sweetener producers in the PRC in terms of production capacity and production output in 2006, the Directors believe that it is of utmost importance for the Group to maintain its leading position in the market by expanding its production capacity, and at the same time, expand its sale network.

Expansion of production capacity

In view of the rapid growth of market demands on the Group's products, the Group intend to establish new production facilities at existing locations of the production facilities of the Group and other locations in the PRC with an ultimate goal to increase the production capacity of its corn sweeteners. The construction of such new production facilities will be undertaken by new subsidiaries of the Company or joint ventures with third parties. The following table sets out the expansion plan of the Group's production capacity:

Location of the new production facility(ies)	Major product(s)	Designed production capacity (tonnes per annum)	Expected capital expenditure (HK\$ million)	Expected date for commencement of commercial production
Jinzhou	Glucose syrup/ Maltose syrup	200,000	100	July 2008
	Crystallised glucose	100,000	50	January 2009
Changchun	Maltodextrin	40,000 for phase 1 60,000 for phase 2	25 30	July 2008 December 2008
	Glucose syrup/ Maltose syrup	200,000 for phase 1	80	August 2009
		200,000 for phase 2	80	December 2009
	Crystallised glucose	200,000 for phase 2	55*	July 2008
	HFCS	200,000	140	November 2009

* Phase 1 production facilities of crystallised glucose in Changchun began its production in late 2006 with a designed production capacity of 200,000 tonnes per annum.

The expansion plans of the Group will be principally financed by the net proceeds from the placing and public offering of the Company and the internal resources of the Group. The Directors are of the view that the existing technology know-how of the Group is sufficient for such expansion. In addition, the construction of new production facilities to be constructed under the expansion plan will be undertaken by new wholly owned subsidiaries to be established or new joint ventures with third parties.

Expansion of sales network

In order to strengthen its leading position in the PRC market and in view of the proposed expansion of production capacity of the Group, the Group is going to expand the Group's sales and marketing teams in terms of both headcount and coverage. In addition, the Group plan to

establish sales or representative offices in certain provinces (including Guangdong, Shanghai and Dalian) of the PRC in 2007 in order to achieve higher efficiency, provide better service to the customers and obtain more information of the local market to assist the management to respond to changes in market conditions.

Number and remuneration of employees

As at 30 June 2007, the Group had approximately 580 full time employees. 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 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 AND CLOSURE OF REGISTER OF MEMBERS

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

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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devoting considerable effort to identify and formalise best practices.

Since the Company only become listed on the Stock Exchange on 20 September 2007, the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was not applicable to the Company during the Period.

In compliance with the Code, the Company has set up an audit committee and a remuneration committee of 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.

The Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules was not applicable to the Company during the Period, as the Company became listed on the Stock Exchange on 20 September 2007.

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 four independent non-executive Directors. The Chairman of the Audit Committee is Mr Yan Man Sing Frankie. The other members of the Audit Committee are Ms Fung Siu Wan, Stella, Mr Ho Lic Ki and Mr Gao Yunchun.

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

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

On behalf of the Board
Global Sweeteners Holdings Limited
Kong Zhanpeng
Chairman

Hong Kong, 21 September 2007

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors: Mr Kong Zhanpeng, Mr Zhang Fusheng, Ms Wang Guifeng and Ms Ge Yanping

Independent non-executive Directors: Ms Fung Siu Wan, Stella, Mr Yan Man Sing, Frankie, Mr Ho Lic Ki and Mr Gao Yunchun

* *For identification purpose only*