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: 0809)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors ("Board" or "Directors") of Global Bio-chem Technology Group Company Limited (the "Company") 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 interim condensed consolidated financial information have not been audited, but have been reviewed by the Company's external auditors and the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2007** (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*
REVENUE	4		
Sales of goods		**2,734,458**	2,064,841
Cost of sales		**(2,133,421)**	(1,602,114)
Gross profit		**601,037**	462,727
Other income	4	**27,970**	13,694
Selling and distribution costs		**(150,829)**	(122,148)
Administrative expenses		**(86,977)**	(65,199)
Other expenses		**(10,568)**	(9,936)
Finance costs	5	**(111,403)**	(69,311)
PROFIT BEFORE TAX	6	**269,230**	209,827
Tax	7	**(39,315)**	(20,472)
PROFIT FOR THE PERIOD		**229,915**	189,355
EARNINGS PER SHARE	8		
— Basic		**HK9.9 cents**	HK8.2 cents
— Diluted		**N/A**	HK8.2 cents
DIVIDEND PER SHARE	9	**HK1.0 cent**	HK1.0 cent

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2007

	Notes	**30 June 2007 (Unaudited)** *HK$'000*	31 December 2006 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,610,674**	6,376,507
Prepaid land premiums		**497,574**	495,319
Deposits paid for acquisition of property, plant and equipment		**329,080**	307,042
Goodwill		**360,889**	360,889
Long term loan to a jointly-controlled entity		**40,000**	40,000
Total non-current assets		**7,838,217**	7,579,757
CURRENT ASSETS			
Inventories		**1,192,289**	603,669
Trade receivables	10	**600,976**	375,183
Prepayments, deposits and other receivables		**316,731**	356,169
Due from jointly-controlled entities		**19,864**	23,539
Tax recoverable		**10,484**	5,842
Cash and cash equivalents		**953,020**	1,630,041
Total current assets		**3,093,364**	2,994,443
CURRENT LIABILITIES			
Trade payables	11	**375,647**	240,786
Other payables and accruals		**948,577**	1,019,929
Interest bearing bank and other borrowings		**1,941,857**	3,208,809
Tax payable		**26,562**	19,170
Total current liabilities		**3,292,643**	4,488,694
NET CURRENT LIABILITIES		**(199,279)**	(1,494,251)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,638,938**	6,085,506
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,012,224**	741,696
Deferred income		**27,092**	26,451
Due to a venturer of a jointly-controlled entity		**20,000**	20,000
Deferred tax		**18,037**	17,975
Total non-current liabilities		**2,077,353**	806,122
Net assets		**5,561,585**	5,279,384
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**231,885**	231,885
Reserves		**5,329,700**	5,001,122
Proposed final dividend		**—**	46,377
Total equity		**5,561,585**	5,279,384

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the Period were authorised for issue in accordance with a resolution of the directors passed on 24 September 2007.

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 and corn based biochemical products.

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

Net current liabilities

The Group had consolidated net current liabilities of HK$199,279,000 at 30 June 2007 (31 December 2006: HK$1,494,251,000). The Directors consider that it is appropriate to prepare the interim condensed financial information on a going concern basis because in their opinion, the Group will have adequate working capital to finance its operations and the Directors do not anticipate that any of the existing loan lenders, mainly the PRC bankers, 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 financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except for the adoption of the following Hong Kong Financial Reporting Standards ("HKFRSs") mandatory for annual periods beginning on or after 1 January 2007.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

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

The Group has not applied the following new and revised HKFRSs relevant to the interim condensed consolidated financial statements 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

3. SEGMENT INFORMATION

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

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

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

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

(a) Business segments

	Corn refined products		**Corn based biochemical products**		**Eliminations**		**Consolidated**	
	Six months ended 30 June							
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**753,544**	744,433	**1,980,914**	1,320,408	**—**	—	**2,734,458**	2,064,841
Intersegment sales	**828,053**	500,793	**—**	—	**(828,053)**	(500,793)	**—**	—
Total revenue	**1,581,597**	1,245,226	**1,980,914**	1,320,408	**(828,053)**	(500,793)	**2,734,458**	2,064,841
Segment results	**118,547**	119,597	**261,525**	162,605	**—**	—	**380,072**	282,202
Unallocated revenue							**27,970**	13,694
Unallocated expenses							**(27,409)**	(16,758)
Finance costs							**(111,403)**	(69,311)
Profit before tax							**269,230**	209,827
Tax							**(39,315)**	(20,472)
Profit for the period							**229,915**	189,355

(b) Geographical segments

	Mainland China		Countries other than Mainland China		Consolidated	
	Six months ended 30 June					
	2007	2006	**2007**	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,029,280**	1,550,397	**704,797**	514,444	**2,734,077**	2,064,841

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	**13,889**	5,307
Sales of scraps and raw materials	**7,271**	4,563
Others	**6,810**	3,824
	27,970	13,694

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	**121,622**	90,082
Repayable beyond five years	**—**	32
	121,622	90,114
Amortisation of fees incurred for the granting of banking facilities	**—**	2,906
	121,622	93,020
Less: Interest capitalised	**(10,219)**	(23,709)
	111,403	69,311

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*
Provision for legal expenses	**8,878**	8,200
Depreciation	**160,355**	128,077
Amortisation of prepaid land premiums	**8,733**	9,117
Amortisation of fees incurred for the granting of banking facilities	**—**	2,906

7. TAX

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provisions for the current period:		
Hong Kong profits tax	**4,000**	5,076
PRC corporate income tax	**35,315**	15,396
Tax charge for the period	**39,315**	20,472

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the Period (2006: 17.5%). 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 operating in the PRC are exempt from PRC 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.

During the Period, taxes on the assessable profits of three (2006: two) PRC subsidiaries had been calculated at 50% of the applicable prevailing tax rate in the PRC and a favourable tax rate of 10% has been granted by tax authorities to another three (2006: five) PRC subsidiaries being granted Technological Advanced Enterprise status. Accordingly, taxes on the assessable profits of these PRC subsidiaries had been calculated at a lower applicable rate.

No provision for income tax has been made for one (2006: one) of the Group's PRC subsidiaries and one (2006: one) jointly-controlled entity as they remain exempt from income tax for their first two profitable years of their operations.

The remaining PRC subsidiaries and jointly-controlled entity of the Group have not made any provision for income tax as they did not generate any assessable profits for the Period.

Tax recoverable represents excess of tax payment over estimated tax liabilities by certain group companies.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit from ordinary activities attributable to shareholders for the period of approximately HK$229,915,000 (2006: HK$189,355,000) and the weighted average number of 2,318,848,991 (2006: 2,318,838,700) ordinary shares in issue during the Period.

Since there were no dilutive potential ordinary shares as at 30 June 2007, diluted earnings per share equals to basic earnings per share for the Period. At 30 June 2006, the Company had outstanding bonus warrants. Since the exercise price of these bonus warrants was higher than the average market price of the Company's ordinary shares during that period, no shares were assumed to have been issued on the deemed exercise of the Company's warrants.

9. DIVIDEND

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim — HK1.0 cent (2006: HK1.0 cent) per ordinary share	**23,188**	23,188

At the board meeting held on 24 September 2007, the directors declared interim dividend of HK1.0 cent per share. The interim dividend is not reflected as a dividend payable in the interim condensed consolidated financial statements.

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)	31 December 2006 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**326,177**	233,791
1–2 months	**150,264**	57,666
2–3 months	**47,013**	36,289
Over 3 months	**77,522**	47,437
Total	**600,976**	375,183

11. 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 balance sheet date, based on the invoice date, is as follows:

	30 June 2007 (Unaudited)	31 December 2006 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**260,941**	145,426
1–2 months	**38,962**	19,747
2–3 months	**19,256**	12,677
Over 3 months	**56,488**	62,936
Total	**375,647**	240,786

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is 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

During the Period under review, the Group experienced a tight supply on corn kernel with the principal reason of its increasing demand for the production of ethanol in the PRC. With effective selling price adjustment mechanism, the increase in corn price due to the tight supply had brought no significant negative impact on the Group's profitability.

Since the second half of last year, global market of lysine became stable and lysine price rebounded from the bottom substantially, which provided the Group a better marketing environment. However, the increasing interest margin of the US and the PRC imposed additional pressure on the finance costs of the Group.

To effect a strategic allocation of client base and in view of keen demand from overseas markets, the Group maintained its sales to regions other than the PRC at similar level. During the Period, such export sales accounted for approximately 26% (2006: 25%) of the Group's revenue.

FINANCIAL PERFORMANCE

The Group's consolidated revenue increased by approximately 32% to approximately HK$2.7 billion (2006: HK$2.1 billion) as compared to the same period last year, which mainly resulted from additional output of high value-added downstream products. In view of the rebound of lysine price and enlarged sales volume of corn sweeteners and amino acids, the gross profit of approximately HK$601 million (2006: HK$463 million) for the Period increased by approximately 30%. Despite the pressure from finance costs and income taxes, the net profit of approximately HK$230 million rose by 21%.

Upstream products segment

(Sales amount: HK$754 million (2006: HK$744 million))
(Gross profit: HK$103 million (2006: HK$98 million))

Due to the continual development of downstream products, the internal consumption of corn starch from upstream operation further increased. The sales volume of upstream products to external parties thus dropped by approximately 16% as compared to the same period of the previous year.

During the Period, the corn kernel price rose substantially by approximately 16% due to the anticipation that there would be an extensive use of corn kernels to produce oil-related materials such as ethanol in the PRC. With the effective selling price adjustment mechanism, average selling price of upstream products also increased by approximately 21%. At a result, the gross profit margin improved slightly from approximately 13.2% to approximately 13.6%.

Downstream products segment

(Sales amount: HK$1,981 million (2006: HK$1,320 million))
(Gross profit: HK$498 million (2006: HK$364 million))

Because of the enlarged sales volume of both amino acids and corn sweeteners and rebound of lysine products, the revenue of downstream products increased substantially by approximately 50% during the Period. Similar to preceding year, the aggregate turnover of lysine and protein lysine of approximately HK$1,284 million (2006: HK$869 million) rising by approximately 48% constituted a major portion, approximately 47% (2006: 42%), of the Group's total turnover. Such strong performance was mainly derived from the improvement in both output efficiency and market condition of lysine products.

In view of the support from new upstream refinery in Dehui which commenced commercial production during the Period, the reliance of raw materials, i.e. glucose, supplied from our sweetener division for the production of amino acid products in Dehui has been reduced. Accordingly, the volume of corn sweeteners, mainly glucose, available for external sales became larger, which matched with our strategy to expand sweeteners market share. During the Period, sales of sweetener products increased by approximately 85% as compared to the same period of last year.

The gross profit of downstream products grew substantially by approximately 37% in line with the enlarged sales volume. To align with the expansion strategy of sweetener products, the Group intended to use the resources from newly in place facilities in Dehui to produce amino acids there. However, the efficiency of such facilities had not yet reached its optimal level during the Period. In order to avoid unnecessary impact on the marketing strategy of sweetener segment but to obtain adequate raw material for the production of amino acids, the Group took a temporary action to purchase corn sweeteners externally amounting to approximately HK$122 million during this transitional period. Because of the higher material cost, the gross profit margin of amino acids remained at approximately 27% (2006: 27%) although their selling price rose by approximately 19% as compared to previous year. In addition, the higher corn price pushed up the cost of production other downstream products, the overall gross profit of downstream segment dropped slightly by approximately 2%.

Product segments

In line with the Group's strategy to expand the portfolio of downstream products, upstream products available for sales were reducing. The sales of upstream products accounted for approximately 28% of the Group's total turnover, which was approximately 8% less than preceding year.

Operating expenses and tax

Due to inflation and enlarged operation scale, the operating expenses other than finance costs increased by 20%. However, the ratio of such operating expenses to turnover slightly dropped by approximately 0.5% resulting mainly from the continuous and stringent control over operating costs, the enhancement in operating efficiency arising from expansion and enlarged turnover as the base of calculation.

The finance costs (after netting-off the amount capitalised as construction in progress of approximately HK$10 million (2006: HK$24 million)) accounted for approximately 4% (2006: 3%) of revenue. The increase was mainly attributable to the enlarged borrowing portfolio and upward trend of interest margin. It is anticipated that the pressure from finance costs remains heavy for the rest of this year.

With the prevailing income tax laws and regulations, certain subsidiaries established in the PRC can still enjoy income tax relief. However, due to the expiry of tax holiday of some other subsidiaries established in the PRC, the overall effective tax rate of the Group increased to approximately 15% (2006: 10%).

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 high fructose corn syrup ("HFCS") and sorbitol products respectively. During the Period, these joint ventures recorded an operating profit and an operating loss of approximately HK$8 million (2006: HK$14 million) and approximately HK$6 million (2006: HK$1 million) respectively. In view of the strong demand of HFCS, stable return from this joint venture is expected. Looking forward, despite of the immateriality to the Group's performance, the market condition of sorbitol segment is challenging because of the current unfavorable market condition. With the high flexibility in altering our production facilities and schedule, we can shift our sorbitol facilities to produce crystallised glucose instead.

Increase in net profit attributable to shareholders

Mainly resulted from the rebound of lysine price, capacity expansion of various products and stringent control over operating expense, the net profit attributable to shareholders improved by approximately 21% to approximately HK$230 million.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

To support additional working capital requirement and the capital expenditure on projects including the construction of facilities and/or expansion projects, the net borrowing as of 30 June 2007 enlarged to approximately HK$3.0 billion (31 December 2006: HK$2.3 billion).

Structure of interest bearing borrowings

As at 30 June 2007, the Group's bank borrowings amounted to approximately HK$4.0 billion (31 December 2006: HK$4.0 billion), of which approximately 8% (31 December 2006: 30%) were denominated in Hong Kong dollars or US dollars while the remainder were denominated in RMB. The average interest rate during the Period was approximately 6% (2006: 6%).

The percentage of interest bearing borrowings wholly repayable within one year and in the second to the fifth years were approximately 49% (31 December 2006: 81%) and 51% (31 December 2006: 19%) respectively. The change was mainly due to the refinance of short term borrowings by long term borrowings. In view of the continual support from existing bankers, no material pressure in obtaining continuous financing resource is expected. As at 30 June 2007, certain borrowings were secured by the Group's prepaid land premiums with a carrying value/aggregate net book value of approximately HK$62 million (31 December 2006: HK$62 million).

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging from 30 to 90 days. In view of the expanding capacity and market competition, favorable credit terms are granted to customers with good payment record. Trade receivables turnover days increased to approximately 40 days (31 December 2006: 29 days). To cope with the expanding production capacity of the Group, additional inventory, especially corn kernels, was kept and thus inventory turnover days increased to approximately 101 days (31 December 2006: 62 days). Meanwhile, the trade creditors turnover days increased to approximately 32 days (31 December 2006: 25 days) in line with the seasonal pattern of stock acquisition.

The current ratio and the quick ratio as at 30 June 2007 at approximately 0.9 (31 December 2006: 0.7) and 0.6 (31 December 2006: 0.5) respectively improved slightly. Meanwhile, without significant changes in bank borrowings, total assets and equity, gearing ratios in terms of (i) bank borrowings to total assets and (ii) bank borrowings to equity remained stable at approximately 36% (31 December 2006: 37%) and 71% (31 December 2006: 75%), respectively. In view of the commencement of the new upstream facilities in Dehui, higher raw material level was kept as at 30 June 2007, which caused the drop in cash level and unfavourable change of gearing ratio of net debts to equity, which increased to 54% (31 December 2006: 44%). Drop in interest coverage (i.e. EBIDTA over finance costs) to approximately 5 times (2006: 6 times) mainly resulted from the increase in bank borrowings and interest margin.

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 2007.

PROSPECTS

It is the Group's mission to become one of the leading vertically integrated corn based biochemical product manufacturers in the Asia-Pacific Region 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 downstream products through research and development and through strategic business alliances with prominent international market leaders.

Separate listing of Global Sweeteners

On 20 September 2007, one of the subsidiaries of the Company, namely Global Sweeteners Holdings Limited ("Global Sweeteners") (stock code: 3889), successfully listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Net proceeds amounting to approximately HK$568 million were raised. Currently the Group remains the major shareholder of Global Sweeteners and holds 70% equity shares of Global Sweeteners.

The principal objective of Global Sweeteners and its subsidiaries (collectively, "Global Sweeteners Group") is to strengthen its leading position in the corn sweetener market in the PRC. As one of the largest corn sweetener producers in the PRC, and it is of utmost importance for the Global Sweeteners Group to maintain its leading position in the market by expanding its production capacity, and at the same time, expand its sales network.

To expand its production capacity, it is intended to establish new production facilities for products, including but not limited to glucose, maltose, dextrin, crystallised glucose and HFCS, at existing locations of the production facilities of the Global Sweeteners Group and other locations in the PRC. These expansion plans will be principally financed by the proceeds from the listing.

It is also intended to expand Global Sweeteners Group's sales and marketing teams in terms of both headcounts and coverage. New sales or representative offices in certain provinces, including Guangdong, Shanghai and Dalian, of the PRC will be established 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.

Polyol project

Polyol products 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 include polyester fibre, polymer resin and anti-freezer, chemicals applied in the production of coatings, PVC stabilisers, detergents, paint driers, etc. Currently, polyol chemicals are derivative products of crude oil.

In the anticipation of the expected insufficient supply combining with the increasing price trend of the crude oil in the foreseeable future, the use of agricultural products as raw material of polyol becomes a sustainable and economical alternative.

The Board is of the opinion that the PRC and other regions in Asia are markets with enormous potential for the polyol chemical products. To capture such huge potential market, the construction work of a new plant in Changchun with an initial annual production capacity of 200,000 metric tonnes of the polyol chemical products has been currently completed. The trial run has been commenced and it is expected the success in the polyol project will generate large contribution to the Group in recent future.

Amino Acids

Among those amino acids, the planned production capacity of lysine includes 140,000 metric tonnes of lysine and 220,000 metric tonnes of protein lysine. Meanwhile, the current expected annual consumption of lysine in the PRC had been over 240,000 metric tonnes (or equivalent to approximately 370,000 metric tonnes of protein lysine) and huge additional demand is expected when feed producers lift up their consumption rate of lysine to follow the national or western countries' indicated additive proportion.

In addition, the Group is also dedicated to the research and development of many other high value-added amino acids, including arginine, valine to fuel our growth momentum.

LITIGATIONS

The Company and certain of its subsidiaries are currently proposed respondents in an investigation under Section 337 of the Tariff Act of 1930, as amended, in the United States. Monetary remedies are not available and the complainant requested a permanent exclusion order and a cease and desist order against certain of the Group's products in the United States. The Directors, based on the advice from the Group's legal counsel, consider that the Group has sufficient grounds to defend the case. All estimated related legal costs arising have been properly accrued in the consolidated financial statements.

In addition, the Company and certain of its subsidiaries are currently proposed respondents in a litigation in The Hague District Court in relation to the infringement of three registered patents. On 22 August 2007, The Hague District Court handed down its judgment that two patents had been infringed by the respondents 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; all to be assessed by the court. The Company is currently seeking legal advice in respect of the judgment and the Directors believe the judgment to be incorrect. The Company intends to appeal against the court's judgment and the Directors are confident that the court's decision will be overturned eventually and no infringement compensation has been provided.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2007.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2007, the Group had approximately 5,000 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 AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK1.0 cent per ordinary share in respect of the Period.

The register of members will close from 12 October 2007 to 15 October 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 11 October 2007.

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 devotes considerable effort to identifying and formalising best practices.

In the opinion of the Directors, the Company has complied throughout the Period with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules.

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 Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (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 Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the Period.

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 auditors, Ernst & Young. The interim results have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the webstie of the Company at http://www.globalbiochem.com under "Investor Information".

The Interim Report 2007 of the Company will be dispatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the webstie of the Company at http://www.globalbiochem.com under "Investor Information" in due course.

On behalf of the Board
Global Bio-chem Technology Group Company Limited

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

Hong Kong, 24 September 2007

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

Executive Directors:	Mr Liu Xiaoming, Mr Xu Zhouwen and Mr Wang Tieguang,
Non-executive Director:	Mr Patrick E Bowe (Mr Steven C Wellington as his alternate)
Independent non-executive Directors:	Mr Chan Man Hon, Eric, Mr Lee Yuen Kwong and Mr Li Defa

* *For identification purpose only*