



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)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS

	2007	2006	Change %
Turnover (HK\$'Mn)	1,595	1,144	39
Profit before tax (HK\$'Mn)	229	177	29
Net profit from ordinary activities attributable to shareholders (HK\$'Mn)	194	157	24
Basic earnings per share (HK cents)	18.5	15.0	23
Proposed final dividend per share (HK cents)	Nil	Nil	Nil

The Board of Directors (“Board” or “Directors”) of Global Sweeteners Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007 (the “Year”), together with the comparative figures in the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2007 HK\$000	2006 <i>HK\$000</i>
REVENUE	4	1,595,054	1,144,141
Cost of sales		<u>(1,260,400)</u>	<u>(892,564)</u>
Gross profit		334,654	251,577
Other income and gains	4	20,783	5,588
Selling and distribution costs		(47,607)	(48,251)
Administrative expenses		(36,500)	(15,039)
Other expenses		(17,953)	(3,760)
Finance costs	6	<u>(24,356)</u>	<u>(13,426)</u>
PROFIT BEFORE TAX	5	229,021	176,689
Tax	7	<u>(35,355)</u>	<u>(19,956)</u>
PROFIT FOR THE YEAR		<u>193,666</u>	<u>156,733</u>
Attributable to:			
Equity holders of the parent		193,666	156,733
Minority interests		<u>—</u>	<u>—</u>
		<u>193,666</u>	<u>156,733</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK\$0.185</u>	<u>HK\$0.150</u>

CONSOLIDATED BALANCE SHEET

		31 December	
		2007	2006
	<i>Notes</i>	<i>HK\$000</i>	<i>HK\$000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		568,394	496,592
Prepaid land premiums		28,711	23,985
Deposits paid for acquisition of property, plant and equipment and land premiums		2,151	1,178
Goodwill		149,950	149,950
Long term loan to a jointly-controlled entity		40,000	40,000
Total non-current assets		789,206	711,705
CURRENT ASSETS			
Inventories		51,282	69,046
Trade receivables	10	225,237	98,106
Prepayments, deposits and other receivables		34,285	21,929
Due from jointly-controlled entities		26,141	14,272
Due from the immediate holding company		21,085	21,085
Due from fellow subsidiaries		130,634	351,396
Cash and cash equivalents		905,599	43,153
Total current assets		1,394,263	618,987
CURRENT LIABILITIES			
Trade payables	11	35,968	19,377
Other payables and accruals		56,462	56,130
Interest-bearing bank and other borrowings		156,250	100,100
Due to fellow subsidiaries		3,432	193,720
Due to a related company		55	575
Due to the ultimate holding company		54,284	270,935
Due to jointly-controlled entities		4,179	2,510
Due to the immediate holding company		180,338	180,360
Tax payable		8,564	8,029
Total current liabilities		499,532	831,736
NET CURRENT ASSETS/(LIABILITIES)		894,731	(212,749)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,683,937	498,956

	<i>Notes</i>	2007 <i>HK\$000</i>	2006 <i>HK\$000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		368,750	117,647
Due to a venturer of a jointly-controlled entity		20,000	20,000
Deferred tax liabilities		<u>14,719</u>	<u>3,857</u>
Total non-current liabilities		<u>403,469</u>	<u>141,504</u>
Net assets		<u>1,280,468</u>	<u>357,452</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	104,500	—
Reserves		1,175,968	357,452
Proposed final dividend		<u>—</u>	<u>—</u>
		1,280,468	357,452
Minority interests		<u>—</u>	<u>—</u>
Total equity		<u>1,280,468</u>	<u>357,452</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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 principal activity of the Company is investment holding. The Group is involved in the manufacture and sale of corn based sweetener products. There were no changes in the nature of the Group's principal activities during the Year.

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 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 issued by the Company dated 10 September 2007 (the "Prospectus"). The shares of the Company were listed on the Stock Exchange on 20 September 2007.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the "immediate holding company" or "Global Corn Bio-chem"), 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 (the "ultimate holding company"), a company incorporated in the Cayman Islands whose shares are also listed on the Main Board of the Stock Exchange.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of these financial statements are the same as those disclosed in the Prospectus. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain property, plant and equipment at fair value as further explained below. These financial statements are presented in Hong Kong dollars ("HK\$").

The financial information has 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 years presented 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 the ultimate holding company before and after the Reorganisation.

The Group is regarded as a continuing entity resulting from the Reorganisation under common control. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2007 and the comparatives for the year ended 31 December 2006 have been prepared as if the current group structure had been in existence throughout the years presented.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and its share of each jointly-controlled entity for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 1 (Revised)	<i>Presentation of Financial Statements¹</i>
HKFRS 2 Amendment	<i>Share-Based Payment — Vesting Conditions and Cancellations¹</i>
HKFRS 8	<i>Operating Segments¹</i>
HKAS 23 (Revised)	<i>Borrowing Costs¹</i>
HKFRS 3 (Revised)	<i>Business Combinations⁵</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements⁵</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 — Group and Treasury Share Transactions²</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements⁴</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes³</i>
HK(IFRIC)-Int 14	<i>HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 January 2008

⁵ Effective for annual periods beginning on or after 1 July 2009

HKAS 1 has been revised to separate owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

The amendment to HKFRS 2 restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. As the Group has not entered into share-based payment schemes with nonvesting conditions attached, the amendment is not expected to have any financial impact on the Group.

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard

also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. HKAS 27 has been revised to require that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revisions to HKFRS 3 and HKAS 27 will be applied by the Group prospectively as required under the revised standards and will affect future acquisitions and transactions of the Group with minority interests.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

Goodwill

Goodwill arising on the acquisition of subsidiaries and jointly-controlled entities represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been

recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated income statement. Any subsequent revaluation surplus is credited to the consolidated income statement to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold buildings	2%
Plant and machinery	6.7%
Leasehold improvements, furniture, office equipment and motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land premiums/land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition

and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the consolidated income statement.

Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in the retirement benefits schemes (the "PRC RB Schemes") operated by the respective local municipal government in provinces of Mainland China that the group companies operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to the consolidated income statements as they become payable in accordance with the rules of the PRC RB Schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation rate is based on the actual cost of the related borrowings. All other borrowing costs are recognised as expenses in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and jointly-controlled entities are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries and jointly-controlled entities are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and jointly-controlled entities which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2007 was HK\$149,950,000 (2006: HK\$149,950,000).

4. REVENUE, OTHER INCOME AND GAINS

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 revenue, other income and gains is as follows:

	2007 HK\$'000	2006 HK\$'000
Revenue		
Sale of goods	<u>1,595,054</u>	<u>1,144,141</u>
Other income and gains		
Bank interest income	9,490	846
Net profit arising from sale of packing materials and by-products	9,201	4,339
Gain on disposal of items of property, plant and equipment	72	—
Others	<u>2,020</u>	<u>403</u>
	<u>20,783</u>	<u>5,588</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007 HK\$'000	2006 HK\$'000
Cost of inventories sold	1,117,696	774,227
Depreciation	36,395	27,641
Amortisation of prepaid land premiums	1,038	832
Auditors' remuneration	1,374	185
Employee benefits expenses, including direct labour costs as recorded in the cost of sales:		
Wages and salaries	17,922	11,811
Pension scheme contributions	1,645	2,064
	<u>19,567</u>	<u>13,875</u>
Foreign exchange differences, net	(299)	(1,034)
Impairment of accounts receivable	—	1,207
Write-down/(write-back) of inventories to net realisable value	(6,190)	2,167
Loss/(gain) on disposal of items of property, plant and equipment	<u>(72)</u>	<u>664</u>

6. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on bank loans wholly repayable within five years	24,328	13,426
Finance costs for discounting notes receivable	<u>28</u>	<u>—</u>
	<u>24,356</u>	<u>13,426</u>

7. TAX

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007 HK\$'000	2006 HK\$'000
Current — Hong Kong	—	—
Current — Mainland China	27,745	19,055
Deferred	<u>7,610</u>	<u>901</u>
Total tax charge for the year	<u>35,355</u>	<u>19,956</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2007

	Hong Kong		Mainland China		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Profit/(loss) before tax	<u>(39,008)</u>		<u>268,029</u>		<u>229,021</u>	
Tax at the statutory rate	(6,826)	17.5	88,450	33.0	81,624	35.6
Preferential tax rate offered	—	—	(43,292)	(16.2)	(43,292)	(18.9)
Lower tax rate for tax relief granted	—	—	(18,086)	(6.7)	(18,086)	(7.9)
Unrecognised tax losses	3,923	(10.1)	1,532	0.6	5,455	2.4
Effect on opening deferred tax liabilities due to changes in tax rates	—	—	5,175	1.9	5,175	2.3
Others	<u>2,903</u>	<u>(7.4)</u>	<u>1,576</u>	<u>0.6</u>	<u>4,479</u>	<u>1.9</u>
Tax charge at the Group's effective rate	<u>—</u>	<u>—</u>	<u>35,355</u>	<u>13.2</u>	<u>35,355</u>	<u>15.4</u>

2006

	Hong Kong		Mainland China		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Profit before tax	<u>(4,961)</u>		<u>181,650</u>		<u>176,689</u>	
Tax at the statutory rate	(868)	17.5	59,945	33.0	59,077	33.4
Preferential tax rate offered	—	—	(33,787)	(18.6)	(33,787)	(19.1)
Lower tax rate for tax relief granted	—	—	(11,989)	(6.6)	(11,989)	(6.8)
Unrecognised tax losses	868	(17.5)	4,359	2.4	5,227	3
Others	<u>—</u>	<u>—</u>	<u>1,428</u>	<u>0.8</u>	<u>1,428</u>	<u>0.8</u>
Tax charge at the Group's effective rate	<u>—</u>	<u>—</u>	<u>19,956</u>	<u>11</u>	<u>19,956</u>	<u>11.3</u>

All of the Group's subsidiaries and jointly-controlled entities operating in the PRC are exempt 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.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to ordinary equity holders of the Company of approximately HK\$193,666,000 and on the assumption that the 1,045,000,000 ordinary shares had been in issue throughout the year.

The earnings per share amount for the year ended 31 December 2006 was calculated based on the combined net profit from the ordinary activities attributable to shareholders of the Company of approximately HK\$156,733,000 and the 1,045,000,000 shares which were in issue immediately following the Share Offer and the Capitalisation Issue and the fully exercise of the Over-allotment Option, as if these shares had been outstanding throughout the year ended 31 December 2006.

9. DIVIDENDS

Pursuant to the Board meeting held on 21 April 2008, no dividend was declared for the year ended 31 December 2007.

10. TRADE RECEIVABLES

	2007 HK\$'000	2006 HK\$'000
Trade receivables	226,822	103,001
Impairment	<u>(1,585)</u>	<u>(4,895)</u>
	<u>225,237</u>	<u>98,106</u>

The Group normally allows credit terms of 90 days to established customers. 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.

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

	2007 HK\$'000	2006 HK\$'000
Within 1 month	132,134	52,615
1 to 2 months	57,969	27,528
2 to 3 months	20,542	11,054
Over 3 months	<u>14,592</u>	<u>6,909</u>
	<u>225,237</u>	<u>98,106</u>

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

	Group	
	2007	2006
	HK\$'000	HK\$'000
At 1 January	4,895	3,518
Impairment losses recognised	—	1,207
Amount written off as uncollectible	(3,579)	—
Exchange realignment	306	170
Impairment losses reversed	(37)	—
	<u>1,585</u>	<u>4,895</u>

Included in the above provision for impairment of trade receivables is a fully provision for individually impaired trade receivables of HK\$1,585,000 (2006: HK\$4,895,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are expected to be unrecovered. The Group does not hold any collateral or other credit enhancements over these balances.

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

	2007	2006
	HK\$'000	HK\$'000
Neither past due nor impaired	210,645	91,197
Less than 1 month past due	8,970	5,372
1 to 3 months past due	<u>5,622</u>	<u>1,537</u>
	<u>225,237</u>	<u>98,106</u>

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 a 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.

11. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

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

	2007 HK\$'000	2006 HK\$'000
Within 1 month	27,452	11,020
1 to 2 months	3,221	1,915
2 to 3 months	735	1,496
Over 3 months	<u>4,560</u>	<u>4,946</u>
	<u><u>35,968</u></u>	<u><u>19,377</u></u>

12. ISSUED 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 31 December 2007:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised			
Upon incorporation (1,000,000 shares of HK\$0.1 each)	(i)	<u>1,000,000</u>	<u>100</u>
As at 31 December 2006		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>
As at 31 December 2007		<u><u>100,000,000,000</u></u>	<u><u>10,000,000</u></u>
Issued			
Shares issued upon incorporation (1,000,000 shares of HK\$0.1 each)	(i)	<u>1,000,000</u>	<u>—</u>
As at 31 December 2006		1,000,000	—
Paid up of capital	(i)	—	100
Issue of new Shares	(ii)	1,000,000	100
Capitalisation Issue upon listing	(iii)	698,000,000	69,800
Shares issued under placing and public offering	(iv)	300,000,000	30,000
Issue of Over-allotment Option	(v)	<u>45,000,000</u>	<u>4,500</u>
As at 31 December 2007		<u><u>1,045,000,000</u></u>	<u><u>104,500</u></u>

- (i) The ordinary shares were issued at par nil paid upon incorporation of the Company. 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 shareholders resolution passed on 24 August 2007. According to the agreement dated 24 August 2007 made between Global Corn Bio-chem as vendor and the Company as purchaser for the acquisition by the Company of the entire issued share capital of each of Global Sweeteners and GS (China) in consideration of 1) the allotment and issue, credited as fully paid, of 1 million new shares to Global Corn Bio-chem; and 2) the crediting as fully paid at par the 1 million nil-paid shares held by Global Corn Bio-chem.
- (iii) Pursuant to the shareholders resolution passed on 3 September 2007, the authorised share capital of the Company has been conditionally increased from HK\$200,000 to HK\$10,000,000,000 by the creation of 99,998 million ordinary shares of HK\$0.1 each. The Directors were authorised to allot and issue a total of 698 million shares by way of the capitalisation of a sum of HK\$69.8 million standing to the credit of the share capital and the debit of the share premium account of the Company (“Capitalisation Issue”).
- (iv) The Share Offer (“Share Offer”) comprises the public offer and the placing. On 20 September 2007, 300 million shares of HK\$0.1 each were issued and offered at a price of HK\$2.04 each under the public offer and the placing resulting in aggregate proceeds of HK\$612 million. The par value of the shares issued accounting to HK\$30 million was credited to the Company’s share capital. The remaining proceeds of approximately HK\$582 million, after deducting share issuing expenses of HK\$25 million were credited to the share premium account.
- (v) On 12 October 2007, an additional 45,000,000 ordinary shares of HK\$0.1 each were issued and offered at a price of HK\$2.04 each for subscription upon the exercise of the Over-allotment Option (detailed in the Prospectus). The proceeds of HK\$4.5 million representing the par value of such shares were credited to the Company’s share capital. The remaining proceeds of approximately HK\$87.3 million were credited to the share premium account.

13. SEGMENT INFORMATION

Over 90% of the Group’s operation relates to the manufacture and sale 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group and each of its jointly-controlled entities are 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

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

During the Year, the price of the Group’s principal raw material, corn starch, increased substantially as compared to the previous year. Since almost all increased cost was successfully passed on to the customers, it brought no significant negative impact on our profitability.

Financial performance

The Group's combined revenue for the Year increased by approximately 39.4% to approximately HK\$1,595 million (2006: HK\$1,144 million) when compared to last year, which was mainly due to the growth in overall sales volume and average unit selling prices of most of the Group's products. As a result of the increase in sales generated from glucose, maltose syrup and maltodextrin, together with crystallised glucose which was launched in November 2006, the gross profit for the Year increased by 32.9% to approximately HK\$335 million (2006: HK\$252 million). The Group's net profit for the Year also increased by approximately HK\$37 million or approximately 23.6% to approximately HK\$194 million (2006: HK\$157 million).

Corn syrup

(Sales amount: HK\$1,228 million (2006: HK\$1,058 million))

(Gross profit: HK\$274 million (2006: HK\$246 million))

During the Year, the sales volume of glucose syrup decreased by 6.8% while that of maltose syrup and HFCS increased by approximately 15.3% and 15.4% respectively as compared to year 2006.

At the same time, price of corn starch, the Group's principal raw material, rose substantially by approximately 20% due to the increase in corn kernel price as a result of the increase in demand for corn for industrial use. Notwithstanding the increase in raw material costs, the Group was able to pass on the increased costs to the Group's customers by pushing up the products prices of glucose syrup and maltose syrup. Internal consumption of glucose syrup increased by approximately 147,000MT due to the enhancement of utilisation rate of crystallised glucose production, the sales volume of glucose syrup decreased by 6.8%. In association with the higher product selling prices of glucose syrup and maltose syrup, and the enlarged sales volume of maltose syrup and HFCS, the revenue of glucose syrup, maltose syrup and HFCS grew by approximately 8.7%, 33.0% and 12.4% respectively.

The gross profit margin for the sales of glucose syrup and maltose syrup maintained at a level similar to 2006 while the gross profit margin of HFCS decreased from approximately 34.2% to approximately 17.6%, which was the result of the drop in selling price. This was due to the fact that HFCS is generally more prone to the substitution effect of cane sugar. The average selling prices of cane sugar in world market as well as in the PRC were relatively low during the Year. This has imposed pressure on the selling price of HFCS.

During the Year, approximately 84,000MT of glucose syrup and no maltose syrup (2006: 327,000MT and 1,300MT) were sold to GBT Group.

Corn syrup solid

(Sales amount: HK\$355 million (2006: HK\$74 million))

(Gross profit: HK\$61 million (2006: HK\$6 million))

The revenue of corn syrup solid increased substantially by approximately 379.7% during the Year. The revenue of maltodextrin and crystallised glucose of approximately HK\$133 million (2006: HK\$52 million) and HK\$223 million (2006: HK\$21 million) respectively increased by approximately 155.8% and 961.9%, respectively. This was the result of the increase in selling price of maltodextrin of 7.4% and sales volume of maltodextrin and crystallised glucose of 136.5% and 1,057.3% respectively.

The gross profit of corn syrup solid grew substantially by 916.6% which was in line with the enlarged sales volume. With the higher selling price and sales volume, the gross profit of maltodextrin increased by approximately 228.8% to approximately HK\$23 million (2006: HK\$7 million). During the Year, crystallised glucose recorded a gross profit of approximately HK\$38 million (2006: gross loss HK\$2 million) with a gross profit margin of 17.1% (2006: -8%).

During the Year, approximately 39,000MT of crystallised glucose (2006: 0.1MT) was sold to GBT Group.

Sugar alcohol

(Sales amount: HK\$11 million (2006: HK\$6 million))

(Gross profit: HK\$0.3 million (2006: HK\$1 million))

The revenue of sugar alcohol increased by 83.3% to approximately HK\$11 million (2006: HK\$6 million) while the gross profit decreased by 70.0% to approximately HK\$0.3 million (2006: HK\$1 million). Since the second half of 2006, price of sorbitol dropped as a result of the unfavourable market condition in the PRC. The Group rationed out the orders among the customers and altered its facilities to produce crystallised glucose instead of sorbitol to minimise loss. Starting from November 2007, the market price of sorbitol rebounded. The Group recommenced the production of sorbitol. As a result, revenue of sorbitol increased from HK\$6 million to HK\$11 million as sales volume increased to approximately 3,700MT (2006: 2,600MT). Since higher production overhead was absorbed for the first ten months of the year, the gross profit margin decreased to 2.7% (2006: 17.1%).

During the Year, approximately 5,000MT of sorbitol (2006: 2,400MT) were sold to GBT Group.

Operating expenses and income tax

Due to the increase in sales volume and the number of headcount of the Group, the operating expenses other than finance costs increased by 32.9%. However, the ratio of such operating expenses to turnover dropped to 5.3% (2006: 5.6%) 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\$24.4 million (2006: HK\$13.4 million) for the Year due to larger bank borrowings.

The income tax rate for each of the subsidiaries and jointly-controlled entities remained the same during the Year. 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 the prevailing income tax arrangement in the PRC and provision of deferred tax of HK\$5 million due to change in future corporate tax rate, the overall effective tax rate of the Group increased to approximately 15.4% (2006: 11.3%).

Performance of joint ventures

The Group has two joint venture projects with Cargill Inc. and the Mitsui Group to engage in the manufacture and sales of HFCS and sorbitol products respectively. During the Year, these joint ventures recorded an operating profit and operating loss of approximately HK\$14 million (2006: HK\$29 million) and HK\$5 million (2006: HK\$10 million) respectively. Notwithstanding the weak sugar price during the Year, in view of the strong demand of HFCS and the positive outlook on cane sugar price in 2008, better return from this joint venture is expected. The operating environment of the sorbitol segment was challenging in year 2007; however, the rebound of sorbitol product selling price and the flexibility in altering our production flow and schedule, the Group can alter the sorbitol facilities to produce crystallised glucose alternatively. The Directors are of the view that operating results of sorbitol plant will be improved in year 2008.

Increase in net profit attributable to shareholders

As a result of the increase in selling prices 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 23.6% to approximately HK\$194 million.

Important transaction

Acquisition of minority interests in a joint venture for the production of sorbitol products

On 8 January 2008, the Group entered into the sale and purchase agreement to acquire from the joint venture partners, their respective entire interests in a joint venture for the production and sale of sorbitol products at an aggregation consideration of US\$2,450,000. As a result of the acquisition, the joint venture became a wholly-owned subsidiary of the Company.

The Directors believe that the acquisition will strengthen the operational efficiency and management flexibility over the production planning and human resources deployment of the Group.

Financial resources and liquidity

Net borrowing position

On 20 September 2007, the Group was listed on the Stock Exchange and the net proceeds amounted to approximately HK\$657 million which have improved the Group's financial position from net borrowing of approximately HK\$175 million to net cash of approximately HK\$381 million.

Structure of interest bearing borrowings

As at 31 December 2007, the Group's bank borrowings amounted to approximately HK\$525 million (31 December 2006: HK\$193 million), of which 57% (31 December 2006: 6%) were denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Year 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 30% (31 December 2006: 39%) and 70% (31 December 2006: 61%). The change in repayment pattern mainly resulted from a new long term loan drawn down during the Year.

Turnover days, liquidity ratios and gearing ratios

Credit terms, 90 days, are granted to customers, depending on their credit worthiness and business relationships. As at 31 December 2007, out of the amounts due from fellow subsidiaries, approximately HK\$130.6 million represented the trade nature portion (31 December 2006: HK\$334.6 million), which was taken into consideration in the calculation of trade receivables turnover days. During the Year, the trade receivables turnover days decreased to approximately 91 days (31 December 2006: 123 days) as a shorter credit term of 60 days has been granted to companies under GBT Group. Meanwhile, the outstanding balances of approximately HK\$3 million as at 31 December 2007 arising from the purchase transactions with GBT Group were classified as amounts due to fellow subsidiaries. Such balances were considered as trade payables for the calculation of trade payables turnover days. During the Year, trade payables turnover days were reduced to approximately 37 days (31 December 2006: 88 days) as 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 21 days for the year ended 31 December 2006 to approximately 17 days for the year ended 31 December 2007 owing to more stringent inventory control adopted.

The net proceeds from the Company's initial public offering has improved the current ratio and the quick ratio significantly as at 31 December 2007 to approximately 2.79 (31 December 2006: 0.74) and 2.69 (31 December 2006: 0.66) respectively. Gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to equity and (iii) net cash/debts (i.e. net balance between bank borrowings and cash and cash equivalent) to equity were approximately 24.0% (31 December 2006: 16.4%), 41.0% (31 December 2006: 60.9%) and net cash -29.7% (31 December 2006: net debts 48.8%) respectively. The improvement in gearing ratio was mainly due to the strong operating performances together with the fund raised from initial public offering in September 2007 which enlarged the equity base of the Group. Interest coverage (i.e. EBITDA over finance costs) dropped to approximately 12 times (2006: 16 times) mainly due to the increase in bank borrowings size.

Foreign exchange exposure

Although most of the operations were carried out in the PRC in which transactions were denominated in Renminbi, 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 Year, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 31 December 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 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 2007, 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, expanding its sales network.

Expansion of production capacity

The Directors intend to establish new production facilities at the 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 these new production facilities will be undertaken by new subsidiaries of the Company or joint ventures with third parties.

The Group is currently constructing a new glucose production facility of 200,000 metric tonnes per annum (mtpa) in Jinzhou. Commercial production is expected to commence in second half of 2008. Construction of a new crystallised glucose production facility in Jinzhou with 100,000 mtpa capacity will commence in second half of 2008. Production is expected to commence in first half of 2009. While in Changchun, the construction of phase 2^{Note} of the Group's crystallised glucose production facility has been scheduled to start in second half of 2008.

The Directors estimate that substantial portion of the above expected capital expenditures will be incurred prior to the commencement of commercial production of each of the production facilities while the remaining amounts are expected to be settled within one year from the relevant commencement dates. The expansion plans of the Group will be principally financed by the proceeds from the net proceeds from the placing and public offering of the Company's shares and the internal resources of the Group and the Directors are of the view that the existing technology know-how of the Group is

Note: In May 2006, Dihao Crystal was established to operate a production facility for the manufacture of crystallised glucose as the Group's phase 1 development of crystallised glucose production facilities in Changchun. It began production in November 2006 with a designed production capacity of 200,000 mtpa.

sufficient for such expansion. At present, the Directors intend to establish new wholly-owned subsidiaries or new joint ventures with third parties to undertake the construction of new production facilities to be constructed under the expansion plan.

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 Directors intend to expand the Group's sales and marketing teams in terms of both headcount and coverage. In addition, the Directors plan to establish sales or sales representative offices in certain provinces of the PRC 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. At present, the Company intends to enter into the PRC's consumer market and a sales office has been set up in Shanghai in order to broaden the customer base of the Group.

Use of proceeds from the company's initial public offering

The proceeds from the Company's issue of new ordinary shares at the time of its listing on the Main Board of the Stock Exchange on 20 September 2007, after deduction of related issuance expenses, amounted to approximately HK\$657 million. As at the date of this report, the Group had utilised a total of approximately HK\$122 million of the proceeds for the construction of a new glucose production plant in Jinzhou. The Directors do not intend to change the application of the net proceeds. The remaining proceeds are placed on short term deposits with licensed banks in Hong Kong.

Number and remuneration of employees

As at 31 December 2007, the Group has approximately 700 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 for 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.

DIVIDENDS

The Board does not recommend the payment of dividends for the year ended 31 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 21 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be registered.

Shareholders are reminded that in order to qualify for attending Annual General Meeting, they must ensure that all transfers accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 20 May 2008.

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 Year.

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's listing on 20 September 2007, the Company has fully complied with all code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 practice of the Code to set up a nomination committee.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct governing securities transactions by directors and senior management of the Group. Having made specific enquiry of all directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the period from 20 September 2007 (being the date on which the shares of the Company first commenced dealings on the Stock Exchange) to 31 December 2007.

AUDIT COMMITTEE

The audit committee of the Company ("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 Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited annual financial statements of the Group for the year ended 31 December 2007.

FULL DETAILS OF FINANCIAL INFORMATION

The annual report of the Company, including the information required by the Listing Rules, will be published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 21 April, 2008

As at the date of this announcement, the Board comprises four executive Directors, namely Mr Kong Zhanpeng, Mr Zhang Fusheng, Ms Wang Guifeng and Ms Ge Yanping, and four independent non-executive Directors, namely Ms Fung Siu Wan, Stella, Mr Yan Man Sing, Frankie, Mr Ho Lic Ki and Mr Gao Yunchun.

** For identification purposes only*