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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board (the "Board") of directors (the "Directors") of Global Bio-chem Technology Group Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") and its share of each jointly-controlled entity for the year ended 31 December 2007 (the "Year"), together with the comparative figures in the previous year as follows:

FINANCIAL HIGHLIGHTS

	2007	2006	Change %
Turnover (HK$'Mn)	**6,797**	4,743	43
Gross Profit (HK$'Mn)	**1,596**	1,207	32
Gain from spin-off of Global Sweeteners (HK$'Mn)	**271**	—	N/A
Net profit excluded the gain from spin off of Global Sweeteners attributable to equity holders of the Company (HK$'Mn)	**672**	501	34
Net profit attributable to equity holders of the Company (HK$'Mn)	**943**	501	88
Basic earnings per share (HK cents)	**40.7**	21.6	88
Proposed final dividend per share (HK cents)	**2.0**	2.0	—

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	3	**6,796,871**	4,742,942
Cost of sales		**(5,201,191)**	(3,536,166)
Gross profit		**1,595,680**	1,206,776
Other income and gains	3	**121,634**	48,630
Gain on the spin-off of Global Sweeteners	3	**270,913**	—
Selling and distribution costs		**(372,376)**	(293,082)
Administrative expenses		**(222,657)**	(152,893)
Other expenses		**(32,575)**	(45,451)
Finance costs	5	**(265,771)**	(207,022)
PROFIT BEFORE TAX	6	**1,094,848**	556,958
Tax	7	**(114,994)**	(55,730)
PROFIT FOR THE YEAR		**979,854**	501,228
Attributable to:			
Equity holders of the Company		**943,486**	501,228
Minority interests		**36,368**	—
		979,854	501,228
DIVIDENDS	8		
Interim		**23,188**	23,188
Proposed final		**46,377**	46,377
		69,565	69,565
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		**HK$0.407**	HK$0.216

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,635,769**	6,376,507
Prepaid land premiums		**504,706**	495,319
Deposits paid for acquisition of property, plant and equipment and land premiums		**190,236**	307,042
Goodwill		**360,889**	360,889
Long term loan to a jointly-controlled entity		**40,000**	40,000
Total non-current assets		**8,731,600**	7,579,757
CURRENT ASSETS			
Inventories		**1,245,823**	603,669
Trade receivables	*10*	**1,078,743**	375,183
Prepayments, deposits and other receivables		**285,699**	356,169
Due from jointly-controlled entities		**19,584**	23,539
Tax recoverable		**14,299**	5,842
Cash and cash equivalents		**2,021,812**	1,630,041
Total current assets		**4,665,960**	2,994,443
CURRENT LIABILITIES			
Trade payables	*11*	**468,994**	240,786
Other payables and accruals		**1,079,369**	1,019,929
Interest-bearing bank and other borrowings		**1,662,435**	3,208,809
Tax payable		**53,406**	19,170
Total current liabilities		**3,264,204**	4,488,694
NET CURRENT ASSETS/(LIABILITIES)		**1,401,756**	(1,494,251)
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,133,356**	6,085,506

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**3,140,668**	741,696
Deferred income		**27,480**	26,451
Due to a venturer of a jointly-controlled entity		**20,000**	20,000
Deferred tax liabilities		**59,189**	17,975
Total non-current liabilities		**3,247,337**	806,122
Net assets		**6,886,019**	5,279,384
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**231,885**	231,885
Reserves		**6,185,203**	5,001,122
Proposed final dividend		**46,377**	46,377
		6,463,465	5,279,384
Minority interests		**422,554**	—
Total equity		**6,886,019**	5,279,384

1. GROUP REORGANISATION

During the current year, certain subsidiaries of the Group underwent a group reorganisation (the "Group Reorganisation") for the purpose of the spin-off. These subsidiaries were principally engaged in the manufacture and sales of corn sweeteners in Mainland China. Global Sweeteners Holdings Limited ("Global Sweeteners") became the holding company of this subsidiary group (the "Global Sweeteners Group") on 24 August 2007 upon the completion of the Group Reorganisation. On 20 September 2007, the shares of Global Sweeteners were listed on the main board (the "Main Board") of the Stock Exchange of Hong Kong Limited (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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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$").

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.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
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 principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements — Capital disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group has not issued equity instruments, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2.3 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)	Presentation of Financial Statements [1]
HKFRS 2 Amendment	Share – Based Payment – Vesting Conditions and Cancellations [1]
HKFRS 8	Operating Segments [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKFRS 3 (Revised)	Business Combinations[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement s [5]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions [2]
HK(IFRIC)-Int 12	Service Concession Arrangements [4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [3]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [4]

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 non-vesting 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.

3. REVENUE, OTHER INCOME AND GAINS, GAIN ON THE SPIN-OFF OF GLOBAL SWEETENERS

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, gain on the spin-off of Global Sweeteners is as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**6,796,871**	4,742,942
Other income		
Bank interest income	**34,744**	10,586
Net profit arising from the sales of packing materials and by-products	**19,926**	12,628
Government grants*	**7,707**	7,230
Excess over the cost of a business combination	**—**	215
Sale of utilities	**2,474**	1,035
Others	**17,093**	3,046
	81,944	34,740
Gains		
Exchange differences	**36,461**	13,890
Gain on disposal of items of property, plant and equipment	**3,229**	—
	121,634	48,630
Gain on the spin-off of Global Sweeteners	**270,913**	—

* *Government grants represented tax refund awards to certain subsidiaries located in Mainland China according to the notice of local tax bureau on an annual basis.*

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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 the other business segments. Summary details of the business segments are as follows:

(a) the corn refined products segment comprises the manufacture and sale of corn starch, corn gluten, corn oil and feed; and

(b) the corn based biochemical products segment comprises the manufacture and sale of modified starch, corn sweeteners, amino acids and polyol chemical products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers. Summary details of the geographical segments for revenues are disclosed below.

Intersegment sales and transfers are transacted with reference to either the selling prices used for sales made to third parties at the then prevailing market prices or at a cost plus mark-up basis which is determined by the management of the Group.

(a) Business segments

The following table presents revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006.

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,882,646**	1,616,007	**4,914,225**	3,126,935	**—**	—	**6,796,871**	4,742,942
Intersegment sales	**2,258,969**	1,339,589	**—**	—	**(2,258,969)**	(1,339,589)	**—**	—
Total	**4,141,615**	2,955,596	**4,914,225**	3,126,935	**(2,258,969)**	(1,339,589)	**6,796,871**	4,742,942
Segment results	**342,164**	315,543	**1,049,556**	482,315	**—**	—	**1,391,720**	797,858
Unallocated revenue							**39,690**	16,156
Unallocated expenses							**(70,791)**	(50,034)
Profit from operating activities							**1,360,619**	763,980
Finance costs							**(265,771)**	(207,022)
Profit before tax							**1,094,848**	556,958
Tax							**(114,994)**	(55,730)
Profit for the year							**979,854**	501,228
Attributable to:								
Equity holders of the Company							**979,854**	501,228
Minority interests							**(36,368)**	—
							943,486	501,228

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities								
Segment assets	**3,589,432**	2,589,679	**7,711,185**	6,297,431	**—**	—	**11,300,617**	8,887,110
Due from jointly-controlled entities							**59,584**	63,539
Unallocated assets							**2,037,359**	1,623,551
Total assets							**13,397,560**	10,574,200
Segment liabilities	**289,910**	209,866	**919,137**	686,119	**—**	—	**1,209,047**	895,985
Interest-bearing bank and other borrowings							**4,803,103**	3,950,505
Unallocated liabilities							**499,391**	448,326
Total liabilities							**6,504,741**	5,294,816
Other segment information:								
Capital expenditure, including payment of land premiums	**107,526**	209,646	**927,430**	1,205,030	**—**	—	**1,034,956**	1,414,676
Depreciation	**108,256**	85,581	**254,255**	196,449	**—**	—	**362,511**	282,030
Amortisation of prepaid land premiums	**4,458**	3,815	**11,381**	9,629	**—**	—	**15,839**	13,444
Impairment/write-off of trade receivables	**2,053**	—	**—**	7,945	**—**	—	**2,053**	7,945
Impairment/write-off of other receivables	**1,723**	—	**—**	—	**—**	—	**1,723**	—
Write down of inventories to net realisable value	**842**	665	**13,046**	13,488	**—**	—	**13,888**	14,153
Gain on the spin-off of Global Sweeteners	**—**	—	**270,913**	—	**—**	—	**270,913**	—

(b) Geographical segments

The following table presents revenue and certain expenditure information for the Group's geographical segments for the years ended 31 December 2007 and 2006.

	Mainland China		Countries other than Mainland China — Hong Kong		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**5,295,413**	3,603,104	**1,501,458**	1,139,838	**—**	—	**6,796,871**	4,742,942
Other segment information:								
Capital expenditure, including payments of land premiums	**1,027,772**	1,305,020	**—**	—	**—**	—	**1,027,772**	1,305,020
Depreciation	**361,896**	281,909	**615**	121	**—**	—	**362,511**	282,030
Amortisation of prepaid land premiums	**15,393**	12,992	**446**	452	**—**	—	**15,839**	13,444
Impairment/write-off of trade receivables	**2,053**	7,945	**—**	—	**—**	—	**2,053**	7,945
Impairment/write-off of other receivables	**1,723**	—	**—**	—	**—**	—	**1,723**	—
Write down of inventories to net realisable value	**13,888**	14,153	**—**	—	**—**	—	**13,888**	14,153
Gain on the spin-off of Global Sweeteners	**—**	—	**270,913**	—	**—**	—	**270,913**	—

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Write-off/amortisation of the arrangement fee	**—**	15,500
Interest on bank loans:		
wholly repayable within five years	**274,663**	223,587
Total interest	**274,663**	223,587
Finance costs for discounted notes receivable	**9,164**	2,321
	283,827	241,408
Less: Interest capitalised	**(15,018)**	(34,386)
Interest subsidy	**(3,038)**	—
	265,771	207,022

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**3,830,418**	2,508,227
Depreciation	**362,511**	282,030
Amortisation of prepaid land premiums	**15,839**	13,444
Research and development costs	**3,224**	10,207
Auditors' remuneration	**7,822**	6,728
Employee benefits expenses:		
Directors' remuneration	**30,484**	21,208
Wages and salaries	**106,098**	104,539
Pension scheme contributions	**17,526**	225
Impairment of trade receivables	**2,053**	7,945
Impairment of other receivables	**1,723**	—
Write-down of inventories to net realisable value	**13,888**	14,153
Loss on disposal of items of property, plant and equipment	**—**	775

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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	2006
	HK$'000	*HK$'000*
Current — Hong Kong	**(36)**	6,511
Current — Elsewhere	**101,816**	46,094
Deferred	**13,214**	3,125
Total tax charge for the year	**114,994**	55,730

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:

2007	**Hong Kong**		**Mainland China**		**Total**	
	HK$'000	*%*	***HK$'000***	*%*	***HK$'000***	*%*
Profit before tax	**84,689**		**1,010,159**		**1,094,848**	
Tax at the statutory rate	**14,821**	**17.5**	**333,457**	**33.0**	**348,278**	**31.8**
Preferential tax rate offered	**—**	**—**	**(182,013)**	**(18.0)**	**(182,013)**	**(16.6)**
Lower tax rate for tax relief granted	**—**	**—**	**(37,260)**	**(3.7)**	**(37,260)**	**(3.4)**
Income not subject to tax	**(18,647)**	**(22.0)**	**(22,317)**	**(2.2)**	**(40,964)**	**(3.7)**
Tax losses not recognised	**715**	**0.8**	**16,642**	**1.6**	**17,357**	**1.5**
Expenses not deductible for tax	**6,384**	**7.5**	**4,045**	**0.4**	**10,429**	**1.0**
Effect on deferred tax liabilities due to changes in tax rates	**—**	**—**	**13,095**	**1.3**	**13,095**	**1.2**
Tax losses utilised from previous periods	**—**	**—**	**(10,619)**	**(1.0)**	**(10,619)**	**(1.0)**
Tax charge at the Group's effective rate	**3,273**	**3.8**	**115,030**	**11.4**	**118,303**	**10.8**
Reversal of over-accrued tax related to the prior year	**(3,309)**	**(3.9)**	**—**	**—**	**(3,309)**	**(0.3)**
Total tax charge for the year	**(36)**	**(0.1)**	**115,030**	**11.4**	**114,994**	**10.5**

2006	Hong Kong		Mainland China		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit/(loss) before tax	(77,008)		633,966		556,958	
Tax at the statutory rate	(13,476)	17.5	209,209	33.0	195,733	35.1
Preferential tax rate offered	—	—	(101,185)	(16.0)	(101,185)	(18.2)
Lower tax rate for tax relief granted	—	—	(81,790)	(12.9)	(81,790)	(14.7)
Income not subject to tax	(1,944)	2.5	(4,765)	(0.8)	(6,709)	(1.2)
Tax losses not recognised	188	(0.2)	25,811	4.1	25,999	4.7
Expenses not deductible for tax	21,743	(28.3)	2,052	0.3	23,795	4.3
Tax losses utilised from previous periods	—	—	(113)	—	(113)	—
Tax charge at the Group's effective rate	6,511	(8.5)	49,219	7.8	55,730	10.0

All of the Group's subsidiaries operating in Mainland China are exempt from Mainland China 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. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim — HK1 cent (2006: HK1 cent) per ordinary share	**23,188**	23,188
Proposed final — HK2 cents (2006: HK2 cents) per ordinary share	**46,377**	46,377
	69,565	69,565

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and is calculated based on the number of shares issued by the Company at the balance sheet date. The subsequent issuance of shares by the Company up to the close of the registered date for the entitlement of a final dividend, if any, has therefore not been taken into account for the above appropriation of a final dividend.

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

The calculations of basic earnings per share and diluted earnings per share are based on the consolidated profit for the year attributable to ordinary equity holders of the Company of approximately HK$943,486,000 (2006: HK$501,228,000), and the weighted average number of 2,318,849,199 (2006: 2,318,848,802) ordinary shares in issue during the year.

Since there were no dilutive potential ordinary shares as at 31 December 2007, the diluted earnings per share amount was equal to the basic earnings per share amount for the year ended 31 December 2007.

As the exercise price of the warrants was higher than the average market price of the Company's ordinary shares during the year ended 31 December 2006, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding warrants during the year ended 31 December 2006. Therefore, the diluted earnings per share amount was equal to the basic earnings per share amount for the year ended 31 December 2006.

10. TRADE RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**1,089,440**	386,721
Impairment	**(10,697)**	(11,538)
	1,078,743	375,183

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	2006
	HK$'000	*HK$'000*
Within 1 month	**615,690**	233,791
1 to 2 months	**250,522**	57,666
2 to 3 months	**92,293**	36,289
Over 3 months	**120,238**	47,437
	1,078,743	375,183

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

	2007	2006
	HK$'000	*HK$'000*
At 1 January	**11,538**	223
Impairment losses recognised	**2,053**	7,945
Amount written off as uncollectible	**(3,579)**	—
Exchange realignment	**722**	64
Impairment losses reversed	**(37)**	—
	10,697	11,538

Included in the above provision for impairment of trade receivables is a fully provision for individually impaired trade receivables of HK$10,697,000 (2006: HK$11,538,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables is 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	**958,505**	327,746
Less than 1 month past due	**67,071**	33,547
1 to 3 months past due	**53,167**	13,890
	1,078,743	375,183

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 of the Company 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	2006
	HK$'000	*HK$'000*
Within 1 month	**361,509**	145,426
1 to 2 months	**28,106**	19,747
2 to 3 months	**13,108**	12,677
Over 3 months	**66,271**	62,936
	468,994	240,786

MANAGEMENT DISCUSSION AND ANALYSIS

The Group and its jointly controlled entities are principally engaged in the manufacture and sales of corn refined and corn based biochemical 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 chemicals.

SEPARATE LISTING OF GLOBAL SWEETENERS

On 20 September 2007, one of the subsidiaries of the Company, namely Global Sweeteners (stock code: 3889), successfully listed on the Main Board of Stock Exchange. Currently the Group remains the major shareholder of Global Sweeteners and holds approximately 67% equity shares of Global Sweeteners. The net proceeds, cumulatively, amounting to approximately HK$657 million were raised and profit from the spin-off amounting to approximately HK$271 million was recorded.

BUSINESS ENVIRONMENT

As one of the extensively used raw materials for the production of ethanol, it was generally expected that the supply of corn kernels would become tense. Although the corn price rose substantially during the Year as compared to previous year, it brought no significant negative impact on the Group's profitability because almost all increased cost was successfully passed on to the Group's customers of upstream product segment. Furthermore, followed by the promulgation of middle and long term program of renewable energy development (可再生能源中長期發展計劃) issued by the National Development and Reform Commission of the PRC in August 2007, China will not increase the production capacity of ethanol derived from grain crops including corn. It thereby mitigated the increment of the corn price to a reasonable level brought by the increase in demand of corn for ethanol production in early 2007.

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 Year, such sales accounted for approximately 22% (2006: 24%) of the Group's revenue.

FINANCIAL PERFORMANCE

The net profit for the Year of approximately HK$980 million rose by approximately 95% resulting mainly from the expansion of production capacity, the additional output of high value-added downstream products and the spin-off of Global Sweeteners despite the increasing pressure from finance costs.

The Group's consolidated revenue increased by approximately 43% to approximately HK$6.8 billion (2006: HK$4.7 billion) as compared to last year, which mainly resulted from the expansion of both upstream and high value-added downstream products. Accordingly, the gross profit of approximately HK$ 1.6 billion (2006: HK$1.2 billion) for the Year increased by approximately 32%. Although gross profit margin slimmed by approximately 2%, the average gross profit per unit of product sold rose by approximately 10% in view of the success in passing the increased cost to the customers.

Upstream products segment

(Sales amount: HK$1,883 million (2006: HK$1,616 million))
(Gross profit: HK$290 million (2006: HK$276 million))

Due to the continual development of downstream products, the internal consumption of corn starch from upstream operation further increased. Despite the increase in total output by 4% after the new upstream refinery commenced its production during the year, the sales volume to external customers dropped by approximately 4% as compared to last year.

Due to the anticipation that there would be an extensive use of agricultural products to produce bio-fuel related chemicals such as ethanol, the corn kernel price rose substantially by approximately 10%, especially in the first half of the Year. In view of the success in passing on the increased material costs and other operation overhead to the Group's customers, the average unit price of upstream products also increased by approximately 21%. As a result, the gross profit margin of approximately 15% maintained at similar level as compared to last year.

Downstream products segment

(Sales amount: HK$4.9 billion (2006: HK$3.1 billion))
(Gross profit: HK$1,306 million (2006: HK$931 million))

Driven by the increase in sales volume of all amino acids, corn sweeteners and polyol chemical products and the prices rebound of lysine products, the revenue of downstream products increased substantially by approximately 57% during the Year. Similar to preceding years, the aggregate turnover of amino acids of approximately HK$3.1 billion (2006: HK$2.2 billion) rising by approximately 39% constituted a major portion, approximately 45%, of the Group's total turnover. Such improved performance mainly derived from the improvement in both output efficiency and market condition of lysine products.

As a new income source, polyol chemical products recorded revenue of approximately HK$258 million (2006: HK$18 million) representing approximately 4% of the Group's total turnover, since its commercial production in the fourth quarter of the Year.

In view of the support from new upstream refinery in Dehui which commenced commercial production during the Year, the reliance of raw materials, i.e. glucose, supplied from our sweetener division for the production of amino acids 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 Year, sales and gross profit of sweetener products amounting to approximately HK$1,380 million (2006: HK$671 million) and approximately HK$398 million (2006: HK$203 million), respectively, doubled last year.

To align with the expansion strategy of sweetener products, the Group intended to use the resources from the new facilities in Dehui to produce amino acids there. However, the efficiency of such facilities had not yet reached its optimal level during the Year. 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$309 million during this transitional period. Together with the higher material cost and production overhead, the gross profit margin of amino acids remained at approximately 28% (2006: 30%) although their selling price rose by approximately 20% as compared to last year.

As a result, the overall gross profit of downstream segment dropped slightly by approximately 3%.

Product segments

In line with the Group's strategy to expand the portfolio of downstream products, upstream products available for external sales reduced. The sales of upstream products accounted for approximately 28% of the Group's total turnover, which was approximately 6% less than last year.

Operating expenses and income tax

Due to inflation and enlarged operation scale, the operating expenses other than finance costs increased by approximately 28%. However, the ratio of such operating expenses to turnover slightly dropped by approximately 1% 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$15 million (2006: HK$34 million)) accounted for approximately 4% (2006: 4%) of revenue. The increase in finance costs of approximately HK$58 million was mainly attributable to the enlarged borrowing portfolio and upward trend of interest margin. It is anticipated that the pressure from finance costs will remain heavy for the coming 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 by approximately 11% (2006: 10%).

Special gain from spin-off

A special gain of approximately HK$271 million arose from the spin-off of Global Sweeteners after deducting listing expenses of approximately HK$22 million. On the other hand, profit shared by the minority shareholders of Global Sweeteners, since spin-off, amounted to approximately HK$36 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 at 31 December 2007 enlarged to approximately HK$2.8 billion (31 December 2006: HK$2.3 billion).

Structure of interest bearing borrowings

As at 31 December 2007, the Group's bank borrowings amounted to approximately HK$4.8 billion (31 December 2006: HK$4.0 billion), of which approximately 17% (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 Year 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 35% (31 December 2006: 81%), and 65% (31 December 2006: 19%) respectively. Such improvement was mainly attributable to the continual support from existing bankers. The Board also believes that there is no material pressure in obtaining continuous financing resource. As at 31 December 2007, certain borrowings were secured by the Group's fixed assets with a carrying value/aggregate net book value of approximately HK$21 million (31 December 2006: HK$62 million).

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms of 90 days to established customers. In view of the expanding capacity and market competition, favorable credit terms are granted to customers with good payment history. Trade receivables turnover days increased to approximately 58 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 87 days (31 December 2006: 62 days). Meanwhile, the trade creditors turnover days increased to approximately 33 days (31 December 2006: 25 days) which was in line with the seasonal pattern of stock acquisition.

The current ratio and the quick ratio as at 31 December 2007 at approximately 1.4 (31 December 2006: 0.7) and 1.0 (31 December 2006: 0.5) respectively improved substantially because of better repayment pattern of bank borrowings and strong operating performance. Meanwhile, gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to equity and (iii) net debts (i.e. net balance between bank borrowings and cash and cash equivalent) to equity were remained stable at approximately 36% (31 December 2006: 37%), 74% (31 December 2006: 75%) and 43% (31 December 2006: 44%), respectively. Despite of the increase in both bank borrowings and interest margin, interest coverage (i.e. EBITDA over finance costs) of approximately 7 times (2006: 5 times) improved due to the strong operating results and the special gain on the spin-off of Global Sweeteners.

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 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.

PROSPECT

It is the Group's mission to become one of the leading vertically integrated corn based biochemical product manufacturers in the Asia-Pacific Region and eventually 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.

Global Sweeteners

The principal objective of 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 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. At present, with the intention to enter into the PRC's consumer market, a sales office in Shanghai has been set up.

Polyol project

Polyol chemical 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. Usually, polyol chemical products are refined from crude oil and thus, their prices are highly correlated.

In view of the expected insufficient and expensive supply of crude oil in the foreseeable future, the use of agricultural products as raw material of polyol becomes a feasible remedy to this issue.

The Board is of the opinion that the PRC and other regions in Asia are markets with enormous potential for the polyol chemical products. In addition to the polyol chemical plant with an annual capacity of 200,000 metric tonnes in Changchun which has commenced its production in the second half of the Year, the Board intends to further expand the capacity of polyol chemical products in order to capture such huge potential market. To facilitate such development, foundation work of a new production site near Changchun is now in progress. It is expected that 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 250,000 metric tonnes (or equivalent to approximately 380,000 metric tonnes of protein lysine) and large additional demand is expected when feed producers lift up their consumption rate of lysine to follow the national or western countries' indicated additive proportion.

STATUS OF INFRINGEMENT 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 Directors believe the judgment to be incorrect and appeal against the court's judgment had been lodged. No provision for the infringement compensation is considered necessary as advised by the Group's legal counsel.

Save as disclosed above, there was no material contingent liability of the Group as at 31 December 2007.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members will close from 21 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be registered in order to determine the entitlement to the proposed final dividend.

Shareholders are reminded that in order to qualify for the final dividend, 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 Tengis Limited at 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong, not later than 3:30 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 devotes considerable effort to identifying and formalising best practices.

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

In compliance with the Code, the Company has set up an audit committee (the "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 set out in Appendix 10 to 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 Year.

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 are 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 audited consolidated financial statements of the Company for the Year have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2008 annual general meeting of the Company will be held on 22 May 2008. Notice of the 2008 annual general meeting will be published and issued to shareholders in due course.

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 Stock Exchange (**www.hkex.com.hk**) and the Company (**www.globalbiochem.com**) 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, 22 April 2008

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 purposes only*