GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00809)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board (the "Board") of Directors (the "Directors") of Global Bio-chem Technology Group Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") and its share of each jointly-controlled entity for the six months ended 30 June 2008 (the "Period"), together with the comparative figures in the corresponding period in previous year.

These interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's external auditors and the Company's audit committee ("Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2008** (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*
REVENUE			
Sales of goods	4	**4,851,952**	2,734,458
Cost of sales		**(3,586,320)**	(2,133,421)
Gross profit		**1,265,632**	601,037
Other income	4	**59,475**	27,970
Negative goodwill		**24,036**	—
Selling and distribution costs		**(268,062)**	(150,829)
Administrative expenses		**(137,853)**	(86,977)
Other expenses		**(60,470)**	(10,568)
Finance costs	5	**(194,093)**	(111,403)
PROFIT BEFORE TAX	6	**688,665**	269,230
Tax	7	**(40,072)**	(39,315)
PROFIT FOR THE PERIOD		**648,593**	229,915
ATTRIBUTABLE TO:			
Equity holders of the Company		**602,009**	229,915
Minority interests		**46,584**	—
		648,593	229,915
EARNINGS PER SHARE			
— Basic and diluted	8	**HK26.0 cents**	HK9.9 cents
DIVIDEND PER SHARE	9	**HK1.5 cents**	HK1.0 cent

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2008

	Notes	**30 June 2008 (Unaudited)** *HK$'000*	31 December 2007 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**8,565,224**	7,635,769
Prepaid land premiums		**529,932**	504,706
Deposits paid for acquisition of property, plant and equipment		**270,584**	190,236
Goodwill		**360,889**	360,889
Long term loan to a jointly-controlled entity		**40,000**	40,000
Total non-current assets		**9,766,629**	8,731,600
CURRENT ASSETS			
Inventories		**1,447,535**	1,245,823
Trade receivables	10	**1,382,968**	1,078,743
Prepayments, deposits and other receivables		**262,042**	285,699
Due from jointly-controlled entities		**2,529**	19,584
Tax recoverable		**22,859**	14,299
Cash and cash equivalents		**2,438,934**	2,021,812
Total current assets		**5,556,867**	4,665,960
CURRENT LIABILITIES			
Trade payables	11	**640,965**	468,994
Other payables and accruals		**1,135,218**	1,079,369
Interest-bearing bank loans and other borrowings		**3,261,971**	1,662,435
Tax payable		**54,944**	53,406
Total current liabilities		**5,093,098**	3,264,204
NET CURRENT ASSETS		**463,769**	1,401,756
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,230,398**	10,133,356

	Notes	**30 June 2008 (Unaudited)** *HK$'000*	31 December 2007 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**2,320,753**	3,140,668
Deferred income		**28,989**	27,480
Due to a venturer of a jointly-controlled entity		**20,000**	20,000
Deferred tax		**61,520**	59,189
Total non-current liabilities		**2,431,262**	3,247,337
Net assets		**7,799,136**	6,886,019
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	**231,885**	231,885
Reserves		**7,044,132**	6,185,203
Proposed dividend	9	**34,783**	46,377
		7,310,800	6,463,465
Minority interests		**488,336**	422,554
Total equity		**7,799,136**	6,886,019

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2008

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the Period were authorised for issue in accordance with a resolution of the Directors on 16 September 2008.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 May 1999. The Group is involved in the manufacture and sale of corn refined products and corn based biochemical products.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except for the adoption of the following Hong Kong Financial Reporting Standards ("HKFRSs") mandatory for annual periods beginning on or after 1 January 2008.

HK (IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the 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[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008

The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

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

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

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

(a) Business segments

	Corn refined products		Corn based biochemical products		Eliminations		Consolidated	
	Six months ended 30 June							
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,518,648**	753,544	**3,333,304**	1,980,914	**—**	—	**4,851,952**	2,734,458
Intersegment sales	**591,527**	828,053	**—**	—	**(591,527)**	(828,053)	**—**	—
Total revenue	**2,110,175**	1,581,597	**3,333,304**	1,980,914	**(591,527)**	(828,053)	**4,851,952**	2,734,458
Segment results	**376,286**	118,547	**511,247**	261,525	**—**	—	**887,533**	380,072
Unallocated revenue							**59,475**	27,970
Unallocated expenses							**(64,250)**	(27,409)
Finance costs							**(194,093)**	(111,403)
Profit before tax							**688,665**	269,230
Tax							**(40,072)**	(39,315)
Profit for the Period							**648,593**	229,915

(b) Geographical segments

	Mainland China		Countries other than Mainland China		Consolidated	
	Six months ended 30 June					
	2008	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**3,756,292**	2,029,661	**1,095,660**	704,797	**4,851,952**	2,734,458

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income is as follows:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**11,541**	13,889
Sales of scraps and raw materials	**4,181**	7,271
Exchange gains, net	**42,728**	460
Others	**1,025**	6,350
	59,475	27,970

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans:		
Wholly repayable within five years	**194,093**	121,622
Less: Interest capitalised	**—**	(10,219)
	194,093	111,403

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provision for legal expenses	**51,807**	8,878
Depreciation	**220,836**	160,355
Amortisation of prepaid land premiums	**7,902**	8,733
Impairment of trade receivables	**14,351**	2,053

7. TAX

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provisions for the Period:		
Hong Kong profits tax	**1,000**	4,000
PRC corporate income tax	**39,072**	35,315
Tax charge for the Period	**40,072**	39,315

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period (2007: 17.5%). Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2008. During the prior period, the statutory tax rate was 33%, except for five subsidiaries, which were granted Technological Advanced Enterprise status and were entitled to a lower applicable tax rate of 15% according to Article 75 of the Detailed Rules and Regulation for the Implementation of the Income Tax Law of the People's Republic of China ("PRC") for Enterprises with Foreign Investment and Foreign Enterprises.

As of 1 January 2008, the Enterprise Income Tax Law of the PRC (the "EITL") became effective. According to the EITL, enterprises that previously enjoy the preferential policies of low tax rates shall be gradually transited to enjoy the statutory tax rate within 5 years after the implementation of the EITL. Among them, the enterprises that enjoy the enterprise income tax rate of 15% shall be subject to the enterprise income tax rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

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

During the Period, taxes on the assessable profits of three (2007: three) PRC subsidiaries and one jointly-controlled entity had been calculated at 50% of the applicable prevailing tax rate in the PRC.

No provision for income tax has been made for five of the Group's PRC subsidiaries as they remain exempt from income tax for their first two profitable years of their operations.

The remaining PRC subsidiaries of the Group have not made any provision for income tax as they did not generate any assessable profits for the current and prior periods.

Tax recoverable represents excess of tax payments over estimated tax liabilities by certain Group companies.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit from ordinary activities attributable to equity holders of the Company for the Period of approximately HK$602,009,000 (2007: HK$229,915,000) and 2,318,849,403 (2007: weighted average number of 2,318,848,991) ordinary shares in issue during the Period.

Since there were no dilutive potential ordinary shares as at 30 June 2008 and 30 June 2007, diluted earnings per share equals to basic earnings per share for the six months ended 30 June 2008 and 30 June 2007, respectively.

9. DIVIDEND

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim — HK1.5 cents (2007: HK1.0 cent) per ordinary share	**34,783**	23,188

At the Board meeting held on 16 September 2008, the Directors declared an interim dividend of HK1.5 cents per share. The interim dividend is not reflected as a dividend payable in the consolidated financial statements.

10. TRADE RECEIVABLES

	30 June	31 December
	2008	2007
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**1,404,777**	1,089,440
Impairment	**(21,809)**	(10,697)
Total	**1,382,968**	1,078,743

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. The carrying amounts of trade receivables approximate to their fair values.

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

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within 1 month	**790,872**	615,690
1 to 2 months	**305,987**	250,522
2 to 3 months	**95,398**	92,293
Over 3 months	**190,711**	120,238
Total	**1,382,968**	1,078,743

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

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
At 1 January	**10,697**	11,538
Impairment losses recognised	**14,351**	2,053
Amount written off as uncollectible	**(3,752)**	(3,616)
Exchange realignment	**513**	722
Total	**21,809**	10,697

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

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Neither past due nor impaired	**1,192,257**	958,505
Less than 1 month past due	**104,367**	67,071
1 to 3 months past due	**86,344**	53,167
Total	**1,382,968**	1,078,743

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 the 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, except for the purchase of corn kernels from farmers, which are normally settled on a cash basis. The carrying amounts of trade payables approximate to their fair values.

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

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Within 1 month	**395,241**	361,509
1 to 2 months	**59,799**	28,106
2 to 3 months	**42,747**	13,108
Over 3 months	**143,178**	66,271
Total	**640,965**	468,994

12. SHARE CAPITAL

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Authorised:		
10,000,000,000 (31 December 2007: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,318,849,403 (31 December 2007: 2,318,849,403) ordinary shares of HK$0.10 each	**231,885**	231,885

MANAGEMENT DISSCUSSION AND ANALYSIS

The Group and each of its jointly-controlled entities are principally engaged in the manufacture and sale of corn based refined products, categorised into upstream and downstream products. Upstream products include corn starch, gluten meal and other corn refined products. Corn starch is then further refined into a wide range of high value-added downstream products including amino acids, corn sweeteners, modified starch and polyol chemical products.

INITIAL DETERMINATION OF THE 337 INVESTIGATION

The Company and certain of its subsidiaries are currently involved in an investigation (the "337 Investigation") before the United States International Trade Commission (the "Commission") initiated by Ajinomoto Heartland LLC and Ajinomoto Co., Inc. ("Complainants") on 25 April 2006 alleging that the Group infringed certain patents by importing certain lysine feed products to the United States of America ("US"). On 31 July 2008, an administrative law judge of the Commission issued a non-final initial determination that the said patents are invalid and unenforceable and that the Group's importation of lysine feed products into the US has not violated Section 337 of the United States Tariff Act of 1930. The Commission had set 1 December 2008 as the target date for issuing its final determination. Although the Complainants have petitioned for a review of the initial determination, the Directors, based on the advice from the Group's legal counsel, consider that the Commission will affirm the initial determination. All estimated related legal costs arising from the 337 investigation and other litigations have been properly accrued in the consolidated financial statements of the Group.

BUSINESS ENVIRONMENT

During the Period, global and domestic demand of lysine remained strong and lysine price improved substantially, which provided the Group a better marketing environment. The scale production and sales of polyol chemicals division became a new and important income source of the Group.

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 the second half last year, the PRC would not increase the production capacity of ethanol derived from grain crops including corn. As a result, the price of the Group's key raw material, i.e. corn kernels, remained stable during the Period.

Although the operating costs, especially transportation and utility charges, during the Period increased substantially due to the high petroleum price and certain natural disasters in the PRC, the Group has successfully mitigated these increases by implementation of an effective selling price adjustment mechanism, which had brought no significant negative impact on the Group's profitability. 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 as compared with the corresponding period last year. During the Period, such export sales accounted for approximately 23%

(2007: 26%) of the Group's revenue. Being the major operating currency of the Group, the appreciation of Renminbi ("RMB") of approximately 9% as compared to the same period last year further strengthened the financial performance of the Group during the Period.

FINANCIAL PERFORMANCE

(Revenue: HK$4.9 billion (2007: HK$2.7 billion))
(Gross profit: HK$1.3 billion (2007: HK$601 million))
(Net profit: HK$602 million (2007: HK$230 million))

In view of the strong product prices and enlarged sales volume of upstream products, amino acids and polyol chemical products, the Group's consolidated revenue and gross profit increased substantially by approximately 78% and approximately 111% respectively as compared to the same period last year. Despite the pressure from the increased operating costs and finance costs, a 162% increase in net profit of approximately HK$602 million (2007: HK$230 million) was recorded.

Upstream products segment

(Revenue: HK$1.5 billion (2007: HK$754 million))
(Gross profit: HK$288 million (2007: HK$103 million))

In view of the commencement of the new upstream refinery in Dehui with an annual production capacity of 600,000 metric tonnes since the second half of 2007, the output volume and sales volume of upstream products to external parties increased by approximately 27% and over 50%, respectively, as compared to the same period last year.

With the strong economic growth in the PRC, the average selling price of upstream products increased by approximately 31% as compared to the same period last year. Although almost all items of production overheads and other consumables had also increased substantially during the Period, the cost of the Group's key raw material, corn kernels, had only increased by approximately 14%, which limited the increase in the cost of sales of upstream products per metric tonne to approximately 23%. As a result, the gross profit margin improved to approximately 19% (2007: 14%) with a 180% increase in gross profit.

Downstream products segment

(Revenue: HK$3.3 billion (2007: HK$2.0 billion))
(Gross profit: HK$977 million (2007: HK$498 million))

The revenue and gross profit of downstream products increased substantially by approximately 69% and approximately 96% respectively during the Period, which was attributable to the launch of polyol chemical products, the enlarged sales volume of amino acids and strong lysine prices.

The aggregate turnover of amino acids of approximately HK$1.9 billion (2007: HK$1.3 billion) increased by approximately 46% as compared with the corresponding period last year and it still constituted a major portion, approximately 40% (2007: 48%), of the Group's total turnover. The gross profit also recorded a new high of approximately HK$536 million (2007: HK$343 million). Such strong performance was mainly derived from the improvement in both output volume and market condition of lysine products. With the increase in average selling price of this division of approximately 22% as compared with that of the corresponding period last year, the Group's gross profit margin of the amino acids division improved to approximately 28% (2007: 26%).

As a new income source, polyol chemicals division generated revenue of approximately HK$697 million (2007: HK$4 million), with a gross profit margin of approximately 39% (2007: gross loss). The gross profit contributed from this division amounted to approximately HK$269 million (2007: gross loss of HK$10 million) during the Period.

Mainly due to the increased internal consumption of crystallised glucose which is refined from glucose corn syrup for the production of polyol chemical products, the sales volume of sweeteners division dropped by approximately 11% in spite of the improvement of sorbitol and corn syrup solid market. Nonetheless, the revenue and gross profit amounting to approximately HK$619 million (2007: HK$570 million) and approximately HK$159 million (2007: HK$153 million) of this division rose by approximately 9% and approximately 4% respectively mainly because of the rebound of sorbitol market. Additional revenue and gross profit from sorbitol division of approximately HK$36 million and approximately HK$10 million respectively as compared to the corresponding period in 2007 were recorded.

Product segments

In line with the new production capacity in the upstream division, the sales and gross profit of upstream products accounted for approximately 31% (2007: 28%) and approximately 23% (2007: 17%) of the Group's totals, respectively.

Operating expenses and tax

As announced by the Company on 10 January 2008, the Group acquired the entire equity interests held by those joint venture partners in a joint venture for the production and sale of sorbitol products. A negative goodwill arising from the acquisition and amounting to approximately HK$24 million was recognised as an income.

Due to the inflation and enlarged operation scale, the operating expenses other than finance costs increased by more than 87%. Nevertheless, the ratio of operating expenses to turnover remained at similar level of less than 10% (2007: 9%) as compared to the corresponding period last year through the continuous and stringent control over operating costs and the enhancement in operational efficiency. The legal expense spent for 337 Investigation and infringement litigation among the other expenses was approximately HK$ 37 million, this item itself was triple as compared to the corresponding period in 2007.

Due to the enlarged borrowing portfolio and upward trend of interest margin, the finance costs increased by approximately 74% as compared with that for the corresponding period in 2007. In view of the strong operating performance, the ratio of finance costs to turnover maintained at the same level as compared to the corresponding period last year. However, it is anticipated that the finance costs will remain heavy for the rest of this year.

With the prevailing income tax laws and regulations, certain subsidiaries established in the PRC can still enjoy income tax relief. As income arising from the polyol chemicals division and the new upstream refinery enjoy 100% income tax relief in 2008, the overall effective tax rate of the Group reduced to approximately 6% (2007: 15%).

Increase in net profit attributable to equity holders of the Company

Mainly resulted from the strong product prices, capacity expansion of various products and stringent control over operating expenses, the net profit attributable to equity holders of the Company, after deducting the profit shared by minority shareholders of Global Sweeteners Holdings Limited ("GSH"), improved substantially by approximately 162% to approximately HK$602 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 borrowings as of 30 June 2008 increased to approximately HK$3.1 billion (31 December 2007: HK$2.8 billion).

Structure of interest bearing borrowings

As at 30 June 2008, the Group's bank borrowings amounted to approximately HK$5.6 billion (31 December 2007: HK$4.8 billion), of which approximately 20% (31 December 2007: 17%) were denominated in Hong Kong dollars or US dollars while the remainder were denominated in RMB. With the upward trend of interest margin in the PRC, the average interest rate during the Period was approximately 7% (2007: 6%).

The percentage of interest-bearing borrowings wholly repayable within one year and in the second to the fifth year were approximately 58% (31 December 2007: 35%) and approximately 42% (31 December 2007: 65%) respectively. The change was mainly due to the reclassification of long term finance to short term. In view of the continual support from existing bankers, no material pressure in obtaining continuous financing resource is expected. As at 30 June 2008, certain borrowings were secured by the Group's properties with a carrying value/aggregate net book value of approximately HK$21 million (31 December 2007: HK$21 million).

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging 30 to 90 days. Due to the commencement of operation of the new upstream refinery in the second half of last year and high corn storage level during the last quarter of each year, the turnover days of both trade receivables and inventories as at 31 December remained relatively high. These were reduced to approximately 52 days (31 December 2007: 58 days) and approximately 73 days (31 December 2007: 87 days), respectively during the Period. Meanwhile, the trade creditors turnover days decreased to approximately 32 days (31 December 2007: 33 days) which was in line with the seasonal pattern of stock acquisition.

Due to the reclassification of certain bank borrowings from long term to short term, the current ratio and the quick ratio as at 30 June 2008 were approximately 1.1 (31 December 2007: 1.4) and approximately 0.8 (31 December 2007: 1.0) respectively, representing a slight decrease. Meanwhile, without significant changes to the level of bank borrowings, total assets and equity, the Group's gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to total equity (aggregate total of minority interests and shareholders equity) and (iii) net borrowings to total equity remained stable at approximately 36% (31 December 2007: 36%), approximately 76% (31 December 2007: 74%) and approximately 43% (31 December 2007: 43%), respectively. Despite the increase in bank borrowings and interest margin, interest coverage (i.e. EBIDTA over finance costs) improved slightly to approximately 6 times (2007: 5 times) due to the strong operating performance of the Group.

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 declaration of future dividends.

During the Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 June 2008.

CHANGE IN THE STRUCTURE OF THE GROUP

In addition to the aforesaid acquisition of the entire equity interests held by those joint venture partners in a joint venture for the production and sale of sorbitol products, as announced by a joint announcement issued by the Company and GSH on 4 July 2008, 100% equity interests in Jinzhou Yuancheng Bio-chem Technology Co., Ltd., which operates a corn refinery plant in Liaoning Province, the PRC, held by two indirectly wholly owned subsidiaries of the Company will be transferred to a direct wholly owned subsidiary of GSH at a consideration of HK$520 million. As at the date of this announcement, the Company indirectly holds approximately 67% equity interests in GSH. Completion of the above intra-group transfer is subject to, among others, the approval of the relevant PRC government authority, which is still pending as at the date of this announcement.

The Directors believe the transfer would create not only the synergy effect arising from the vertical integration of the corn sweeteners operation, but would also improve the overall profitability of those facilities of GSH and its subsidiaries in Liaoning Province and Shanghai which is in turn beneficial to the Group.

PROSPECTS

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

Polyol project

Polyol chemical products include resin, 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 chemicals 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 expensive and insufficient supply of crude oil in the foreseeable future, the use of agricultural products as raw material of polyol chemicals becomes a feasible alternative.

During the Period, the sales volume of such products had reached 83,700 metric tonnes (2007: 1,000 metric tonnes), while the revenue attributable to such products during the Period amounted to more than HK$697 million, representing approximately 14% (2007: less than 1%) of the Group's total turnover during the Period.

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, the foundation work including the construction of a upstream refinery of a new polyol chemical production site, in Xinglongshan of Changchun, is now in progress by phases. It is expected that successful implementation of the polyol project will generate large contribution to the Group in the near future.

Amino Acids

Among those amino acids, the annual planned production capacity of lysine includes 140,000 metric tonnes of lysine and 220,000 metric tonnes of protein lysine; and 100,000 metric tonnes of glutamic acid. Those facilities can be interchangeable to produce other amino acids or fermentation products. Meanwhile, huge additional demand is expected when feed producers lift up their consumption rate of lysine to follow the national or western countries' indicated additive proportion in feed industry.

However, with the continuous and strong demand growth in lysine products, the Group is utilising all fermentation facilities for the production of lysine products with a total annual capacity of approximately 450,000 metric tonnes.

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

STATUS OF AN INFRINGEMENT LITIGATION

Apart from the 337 Investigation, the Company and certain of its subsidiaries are currently the 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, which are members of the Group, 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 to be assessed by the court. The Directors believe the judgement to be incorrect and an appeal against the court's judgement 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 30 June 2008.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2008, the Group had approximately 6,000 full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited in the production capability and development of new biochemical products. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK1.5 cents per ordinary share in respect of the Period. The register of members will close from Monday, 20 October 2008 to Tuesday, 21 October 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 17 October 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 Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. In the opinion of the Directors, the Company has complied throughout the Period with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules. In compliance with the Code, the Company has set up an audit committee and a remuneration committee of the Board. The Board considers the determination of the appointment and removal of Directors to be the Board's collective decision and thus does not intend to adopt the recommended best practice of the Code to set up a nomination committee.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, internal controls and other important matters. The Audit Committee comprises three independent non-executive Directors. The chairman of the Audit Committee is Mr Lee Yuen Kwong, who is a Certified Public Accountant and has been practicing since 1990. The other members of the Audit Committee is Mr Chan Man Hon, Eric, who is a solicitor and has been practicing in Hong Kong for over 20 years and Mr Li Defa, who is the Dean of the College of Animal Science and Technology, China Agricultural University.

The Audit Committee meets regularly with the Company's senior management and the Company's external auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The interim results of the Group for the Period have not been audited, but have been reviewed by the Company's external auditors, Ernst & Young and the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at http://www.globalbiochem.com under "Investor Information". Interim Report 2008 of the Company will be dispatched to the shareholders of the Company and available for viewing on the website of

Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at http://www.globalbiochem.com under "Investor Information" in due course.

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

Liu Xiaoming
Co-Chairman

Xu Zhouwen
Co-Chairman

Hong Kong, 16 September 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 purpose only*