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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)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 (collectively, the "Group") for the year ended 31 December 2012 (the "Year"), together with the comparative figures in the previous year as follows:

	2012	2011	Decrease
Revenue (HK$'Mn)	**11,908**	14,299	17%
Gross profit (HK$'Mn)	**1,532**	3,355	54%
Loss for the year from a discontinued operation (HK$'Mn)	**(120)**	(2)	N/A
Net profit/(loss) for the year from continuing operations (HK$'Mn)	**(564)**	1,380	141%
Net profit/(loss) attributable to owners of the parent (HK$'Mn)	**(555)**	1,310	142%
Basic earnings/(loss) per share (HK cents)	**(17.0)**	40.3	142%
Proposed final dividend per share (HK cents)	—	2.0	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
CONTINUING OPERATIONS			
REVENUE	4	**11,908,082**	14,299,490
Cost of sales		**(10,376,091)**	(10,944,789)
Gross profit		**1,531,991**	3,354,701
Other income and gains	4	**107,237**	132,685
Selling and distribution expenses		**(770,380)**	(719,618)
Administrative expenses		**(458,799)**	(438,090)
Other expenses		**(367,371)**	(103,600)
Finance costs	6	**(585,295)**	(521,920)
Gain on loss of control of a subsidiary		**—**	14,969
Share of losses of jointly-controlled entities		**(1,324)**	(2,598)
Share of losses of associates		**(9,346)**	(742)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	5	**(553,287)**	1,715,787
Income tax expense	7	**(11,062)**	(335,969)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(564,349)**	1,379,818
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	**(119,819)**	(1,846)
PROFIT/(LOSS) FOR THE YEAR		**(684,168)**	1,377,972
OTHER COMPREHENSIVE INCOME			
Gain on property revaluation		**—**	485,460
Income tax effect		**—**	(121,365)
		—	364,095
Share of other comprehensive income of jointly-controlled entities		**—**	4,313
Exchange differences on translation of financial statements of operations outside Hong Kong		**134,342**	550,281
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**134,342**	918,689
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(549,826)**	2,296,661

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

Year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Profit/(loss) attributable to:			
Owners of the parent		**(554,508)**	1,309,798
Non-controlling interests		**(129,660)**	68,174
		(684,168)	1,377,972
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(438,659)**	2,168,032
Non-controlling interests		**(111,167)**	128,629
		(549,826)	2,296,661
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
— For profit/(loss) for the year	*10*	**HK(17.0) cents**	HK40.3 cents
— For profit/(loss) from continuing operations		**HK(14.8) cents**	HK40.3 cents
Diluted			
— For profit/(loss) for the year	*10*	**HK(17.0) cents**	HK40.2 cents
— For profit/(loss) from continuing operations		**HK(14.8) cents**	HK40.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,169,329**	11,638,571
Prepaid land lease payments		**687,193**	662,156
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments		**399,807**	323,384
Goodwill		**348,428**	348,428
Intangible assets		**29,079**	37,798
Deferred tax assets		**91,113**	31,079
Breeding biological assets		**—**	9,007
Investments in jointly-controlled entities		**—**	99,087
Investments in associates		**85,947**	95,213
Trade receivables — non current		**168,090**	—
Prepayments, deposits and other receivables		**—**	8,435
Total non-current assets		**14,978,986**	13,253,158
CURRENT ASSETS			
Inventories	*11*	**3,645,280**	4,666,897
Trade and bills receivables	*12*	**1,577,271**	2,517,641
Prepayments, deposits and other receivables		**1,288,184**	1,050,395
Trading biological assets		**—**	1,573
Due from jointly-controlled entities		**—**	970
Due from associates		**134,984**	1,493
Equity investments at fair value through profit or loss		**34,079**	33,270
Tax recoverable		**9,080**	3,165
Pledged deposits	*13*	**—**	1,971
Cash and cash equivalents	*13*	**1,266,470**	2,220,195
Total current assets		**7,955,348**	10,497,570
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,300,917**	1,228,211
Other payables and accruals		**915,405**	753,300
Interest-bearing bank borrowings		**3,403,591**	5,789,314
Put option		**868,795**	—
Tax payable		**90,823**	206,907
Total current liabilities		**6,579,531**	7,977,732
NET CURRENT ASSETS		**1,375,817**	2,519,838
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,354,803**	15,772,996

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,762,988**	2,309,529
Guaranteed bonds		**44,076**	527,683
Put option		**—**	769,480
Derivative financial instruments		**8,353**	8,969
Deferred tax liabilities		**268,118**	258,518
Deferred income		**33,092**	36,277
Total non-current liabilities		**5,116,627**	3,910,456
Net assets		**11,238,176**	11,862,540
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**326,349**	326,199
Reserves		**9,343,820**	9,791,684
Proposed final dividend	*9*	**—**	65,240
		9,670,169	10,183,123
Non-controlling interests		**1,568,007**	1,679,417
Total equity		**11,238,176**	11,862,540

1. CORPORATE INFORMATION

Global Bio-chem Technology Group Company Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1104, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong.

The principal activity of the Company is investment holding. The Group was involved in the manufacture and sale of corn refined products, corn based biochemical products and biological products.

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 guaranteed bonds, derivative financial instruments, biological assets, certain property, plant and equipment and a put option with periodic remeasurement at fair value as further explained in the financial statements. These financial statements are presented in Hong Kong dollars ("HK$").

During the year, a non-wholly owned subsidiary of the Company was granted a long term loan of RMB200,000,000 by a bank which was repayable in 2014. Pursuant to the loan facility agreement, a termination event would arise if the subsidiary cannot meet the financial covenants as set out therein. At the end of the reporting period, the subsidiary was unable to comply with certain of these covenants. Accordingly, the whole outstanding principal amount of the long term loan has been reclassified from long term bank borrowings to short term bank borrowings at 31 December 2012. This non-compliance may also trigger cross default of other short term loan agreements in the aggregate outstanding principal amount of RMB280,000,000. The directors have been taking action to rectify the non-compliance. The directors considered that the Group's inability to comply with such covenants will not result in any liquidity issue to the Group and the Group will have adequate working capital to finance its operations. Accordingly, these financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKFRS 7, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKFRS 7 Amendments require additional disclosures about financial assets that have been transferred but not derecognised to enable users of the Group's financial statements to understand the relationship of those assets that have not been derecognised with their associated liabilities. In addition, the amendments require disclosures about the entity's continuing involvement in derecognised assets to enable users to evaluate the nature of, and risks associated with, such involvement.

2.3 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.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[4]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidence*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[3]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Imcome*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[6]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Guide	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Ventures*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the corn refined products segment engages in the manufacture and sale of corn refined products, including corn starch, corn gluten meal and corn oil; and

(b) the corn based biochemical products segment engages in the manufacture and sale of corn based biochemical products, including corn sweeteners, polyol chemicals and amino acids.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, government grants and corporate expenses are excluded from such measurement.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

Segment assets exclude goodwill, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue is derived from customers based in the mainland of the People's Republic of China ("Mainland China") and in regions other than Mainland China. Another basis on which the Group reports its segment information is by geographical region.

Year ended 31 December 2012	**Corn refined products** *HK$'000*	**Corn based biochemical products** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**2,934,597**	**8,973,485**	**11,908,082**
Intersegment sales	**939,775**	**—**	**939,775**
Other income	**49,053**	**—**	**49,053**
	3,923,425	**8,973,485**	**12,896,910**
Reconciliation:			
Elimination of intersegment sales			**(939,775)**
Revenue from continuing operations			**11,957,135**
Segment results	**(303,641)**	**183,922**	**(119,719)**
Reconciliation:			
Bank interest income			**5,716**
Unallocated gains			**52,468**
Corporate and other unallocated expenses			**93,543**
Finance costs			**(585,295)**
Loss before tax from continuing operations			**(553,287)**
Segment assets	**5,015,949**	**16,280,227**	**21,296,176**
Reconciliation:			
Elimination of intersegment receivables			**(367,824)**
Goodwill			**348,428**
Corporate and other unallocated assets			**1,650,869**
Assets related to a discontinued operation			**6,685**
Total assets			**22,934,334**

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2012	**Corn refined products** *HK$'000*	**Corn based biochemical products** *HK$'000*	**Total** *HK$'000*
Segment liabilities	**780,236**	**4,978,769**	**5,759,005**
Reconciliation:			
Elimination of intersegment payables			**(367,824)**
Interest-bearing bank and other borrowings			**4,762,988**
Unallocated liabilities			**1,540,827**
Liabilities related to a discontinued operation			**1,162**
Total liabilities			**11,696,158**
Other segment information:			
Share of profits and losses of jointly-controlled entities	**—**	**(1,324)**	**(1,324)**
Depreciation	**161,451**	**478,868**	**640,319**
Amortisation of land lease payments	**6,542**	**16,745**	**23,287**
Provision for impairment of trade receivables	**6,176**	**113,559**	**119,735**
Amortisation for long term receivables	**—**	**30,597**	**30,597**
Write-down/(reversal) of inventories to net realisable value	**(7,107)**	**113,074**	**105,967**
Capital expenditure, including land lease payments	**128,166**	**1,921,755**	**2,049,921**

Year ended 31 December 2011	Corn refined products *HK$'000*	Corn based biochemical products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	4,020,970	10,278,520	14,299,490
Intersegment sales	3,171,172	—	3,171,172
Other income	55,099	—	55,099
	7,247,241	10,278,520	17,525,761
Reconciliation:			
Elimination of intersegment sales			(3,171,172)
Revenue from continuing operations			14,354,589
Segment results	358,457	1,797,592	2,156,049
Reconciliation:			
Bank interest income			6,695
Unallocated gains			71,304
Corporate and other unallocated expenses			3,659
Finance costs			(521,920)
Profit before tax from continuing operations			1,715,787

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2011	Corn refined products *HK$'000*	Corn based biochemical products *HK$'000*	Total *HK$'000*
Segment assets	8,977,683	12,683,098	21,660,781
Reconciliation:			
Elimination of intersegment receivables			(1,026,858)
Goodwill			348,428
Corporate and other unallocated assets			2,639,058
Assets related to a discontinued operation			129,319
Total assets			23,750,728
Segment liabilities	1,769,680	1,355,824	3,125,504
Reconciliation:			
Elimination of intersegment payables			(1,026,858)
Interest-bearing bank and other borrowings			8,098,843
Unallocated liabilities			1,570,082
Liabilities related to a discontinued operation			120,617
Total liabilities			11,888,188
Other segment information:			
Share of profits and losses of jointly- controlled entities	—	(2,598)	(2,598)
Depreciation	180,297	411,982	592,279
Amortisation of land lease payments	9,972	11,992	21,964
Provision/(reversal of provision) for impairment of trade receivables	(10,110)	22,104	11,994
Write-down/(reversal) of inventories to net realisable value	(18,488)	69,762	51,274
Capital expenditure, including land lease payments	205,865	1,856,895	2,062,760
Investments in jointly-controlled entities	—	99,087	99,087

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2012	2011
	HK$'000	*HK$'000*
Mainland China	**8,896,156**	11,553,377
Regions other than Mainland China	**3,011,926**	2,746,113
	11,908,082	14,299,490

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2012	2011
	HK$'000	*HK$'000*
Mainland China	**14,514,543**	12,806,028
Regions other than Mainland China	**373,330**	416,051
	14,887,873	13,222,079

The non-current asset information above is based on the locations of assets and excludes deferred tax assets.

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of revenue, other income and gains from continuing operations is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**11,908,082**	14,299,490
Other income		
Bank interest income	**5,716**	6,695
Net profit arising from the sale of packing materials and by-products	**49,053**	55,099
Government grants*	**19,863**	53,354
Others	**7,738**	4,037
	82,370	119,185
Gains		
Gain on disposal of items of property, plant and equipment	**516**	184
Gain on bargain purchase	**13,479**	—
Fair value gains/(losses), net:		
— Derivative financial instruments	**—**	(8,969)
— Equity investments at fair value through profit or loss	**—**	1,173
— Guaranteed bonds	**—**	21,112
Exchange differences reclassified from reserves when the jointly-controlled entities became subsidiaries	**12,582**	—
Fair value loss of investments in jointly-controlled entities	**(1,710)**	—
	24,867	13,500
	107,237	132,685

* Government grants in 2012 represented the rewards to certain subsidiaries located in Mainland China for environmental protection, technology innovation and improvement and compensation for use of land owned by these subsidiaries.

5. PROFIT/(LOSS) BEFORE TAX

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**7,607,610**	8,162,996
Depreciation	**640,319**	592,279
Amortisation of prepaid land lease payments	**23,287**	21,964
Research and development costs	**119,286**	12,409
Auditors' remuneration	**4,500**	4,500
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	**195,748**	183,216
Pension scheme contributions	**44,173**	29,777
	239,921	212,993
Provision for impairment of trade receivables, net	**119,735**	11,994
Amortisation for long term receivables	**30,597**	—
Write-down of inventories to net realisable value#	**105,967**	51,274
Fair value (gains)/losses, net:		
— Derivative financial instruments	**(616)**	8,969
— Equity investments at fair value through profit or loss	**(1,486)**	(1,173)
— Guaranteed bonds	**21,470**	(21,112)
Gain on bargain purchase*	**(13,479)**	
Exchange differences reclassified from reserves when the jointly-controlled entities became subsidiaries	**(12,582)**	—
Fair value loss of investments in jointly-controlled entities	**1,710**	—
Under-provision of other taxes and penalty for prior periods	**36,405**	—
Foreign exchange difference, net	**22,066**	47,475

Included in "Cost of sales" on the consolidated statement of comprehensive income.

* Gain on bargain purchase is included in "Other income and gains" in the consolidated statement of comprehensive income.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group 2012 HK$'000	2011 HK$'000
Interest on bank loans wholly repayable within five years	**432,949**	421,150
Interest on bank loans not wholly repayable within five years	**164,412**	108,348
Finance costs for discounted bills receivable	**8,576**	17,862
Interest on guaranteed bonds	**49,392**	27,714
Interest on a put option	**99,315**	55,194
	754,644	630,268
Less: Interest capitalised	**(169,349)**	(108,348)
	585,295	521,920

7. INCOME TAX EXPENSE

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Group 2012 HK$'000	2011 HK$'000
Current — Hong Kong	**4,816**	—
Current — Mainland China	**61,304**	342,607
Deferred	**(55,058)**	(6,638)
Total tax charge for the year	**11,062**	335,969

7. INCOME TAX EXPENSE *(Continued)*

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

Group — 2012	**Hong Kong**		**Mainland China**		**Total**	
	HK$'000	***%***	***HK$'000***	***%***	***HK$'000***	***%***
Profit/(loss) before tax from continuing operations	**(111,445)**		**(441,842)**		**(553,287)**	
Tax at the statutory rate	**(18,388)**	**16.5**	**(110,461)**	**25.0**	**(128,849)**	**23.3**
Preferential tax rate offered *(note (a))*	**—**	**—**	**(20,660)**	**4.7**	**(20,660)**	**3.7**
Lower tax rate for tax relief granted *(note (b))*	**—**	**—**	**36,941**	**(8.5)**	**36,941**	**(6.7)**
Income not subject to tax	**(3,848)**	**3.5**	**2,603**	**(0.6)**	**(1,245)**	**0.2**
Tax losses not recognised	**19,914**	**(17.9)**	**106,453**	**(24.2)**	**126,367**	**(22.8)**
Expenses not deductible for tax	**8,479**	**(7.6)**	**430**	**0.2**	**8,909**	**(1.6)**
Tax losses utilised from previous periods	**(1,341)**	**1.2**	**(7,600)**	**1.7**	**(8,941)**	**1.6**
Tax credit of corporate income tax for purchase of domestic equipment	**—**	**—**	**(1,460)**	**0.3**	**(1,460)**	**0.3**
Tax charge at the Group's effective rate	**4,816**	**(4.3)**	**6,246**	**(1.4)**	**11,062**	**(2.0)**

7. INCOME TAX EXPENSE *(Continued)*

Group — 2011	Hong Kong *HK$'000*	*%*	Mainland China *HK$'000*	*%*	Total *HK$'000*	*%*
Profit/(loss) before tax from continuing operations	(138,160)		1,853,947		1,715,787	
Tax at the statutory rate	(22,797)	16.5	463,487	25.0	440,690	25.7
Preferential tax rate offered *(note (a))*	—	—	(104,477)	(5.6)	(104,477)	(6.1)
Lower tax rate for tax relief granted *(note (b))*	—	—	(54,424)	(2.9)	(54,424)	(3.2)
Income not subject to tax	—	—	(8,920)	(0.5)	(8,920)	(0.5)
Tax losses not recognised	22,797	(16.5)	6,711	0.4	29,508	1.7
Expenses not deductible for tax	—	—	47,976	2.6	47,976	2.8
Tax losses utilised from previous periods	—	—	(5,234)	(0.3)	(5,234)	(0.3)
Tax credit of corporate income tax for purchase of domestic equipment	—	—	(44,331)	(2.4)	(44,331)	(2.6)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	—	—	11,486	0.6	11,486	0.7
Capital gain tax on intra-group disposal of a subsidiary	—	—	23,695	1.3	23,695	1.4
Tax charge at the Group's effective rate	—	—	335,969	18.2	335,969	19.6

The statutory tax rate for all subsidiaries in Mainland China was 25% for the current year (2011: 25%).

(a) Changchun Dahe Bio Technology Development Co., Ltd. was approved as an advanced and new technology enterprise by the Jilin Government for the period from 5 November 2010 to 4 November 2013. It enjoys a preferential income tax rate of 15% from 1 January 2010 onwards.

(b) One (2011: Five) subsidiary was subject to tax concessions in 2012. It was granted tax concessions by the state tax bureau in accordance with the PRC Corporate Income Tax Law and the corresponding transitional tax concession policy under which these subsidiaries would be exempted from corporate income tax for the first two profitable years and subject to 50% of the applicable tax rate for the following three profitable years. The subsidiary is at loss (2011: five subsidiaries amounting to taxable profit of HK$571,946,000) and not applicable to enjoy the tax concessions.

8. DISCONTINUED OPERATION

During the year, Global Sweeteners Holdings Limited, a non-wholly owned subsidiary of the Company, announced the decision of its board of directors to exit its retail beef business in order to eliminate the risks of quality assurance in view of the tightening food safety policy in mainland China and enable it to channel its resources to the core corn based business.

The results of the retail beef business for the year are presented below:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**4,968**	139,397
Cost of sales	**(5,193)**	(126,663)
Other revenue	**3**	413
Selling and distribution expenses	**(486)**	(637)
Administrative expenses	**(8,731)**	(1,482)
Other expenses	**(110,380)**	(12,874)
Loss before tax from the discontinued operation	**(119,819)**	(1,846)
Income tax	**—**	—
Loss for the year from the discontinued operation	**(119,819)**	(1,846)

The net cash flows incurred by the discontinued operation are as follows:

	2012	2011
	HK$'000	*HK$'000*
Operating activities	**(6,531)**	17,694
Investing activities	**(7)**	(9,922)
Financing activities	**1,270**	(4,160)
Net cash inflow/(outflow)	**(5,268)**	3,612
Loss per share:		
Basic, from the discontinued operation	**HK2.23 cents**	HK0.03 cents
Diluted, from the discontinued operation	**HK2.23 cents**	HK0.03 cents

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2012	2011
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$(72,850,000)**	HK$(916,000)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 10)*	**3,262,868,616**	3,253,747,247
Weighted average number of ordinary shares used in the diluted earnings per share calculation *(note 10)*	**3,262,868,616**	3,256,342,060

9. DIVIDENDS

	2012 *HK$'000*	2011 *HK$'000*
Interim paid — nil cents (2011: HK1.5 cent) per ordinary share	—	48,930
Proposed final — nil cents (2011: HK2.0 cent) per ordinary share	—	65,240
	—	114,170

The directors do not recommend the payment of any dividend for the Year.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the Year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,262,868,616 (2011: 3,253,747,247) in issue during the Year.

During the Year, as anti-dilutive effect is resulted following the losses sustained by the Group, no adjustment has been made to the calculation of the dilutive loss per share. In the prior year, the calculation of the diluted earnings per share was based on the profit for the year attributable to the ordinary equity shareholders of the parent and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	2012 *HK$'000*	2011 *HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	**(481,658)**	1,310,714
From a discontinued operation	**(72,850)**	(916)
	(554,508)	1,309,798

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,262,868,616**	3,253,747,247
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	2,594,813
	3,262,868,616	3,256,342,060

11. INVENTORIES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Raw materials	**2,436,006**	3,189,304
Finished goods	**1,209,274**	1,477,593
	3,645,280	4,666,897

As at 31 December 2012, certain inventories were written down to net realisable value which amounted to approximately HK$502,051,000 (31 December 2011: HK$597,797,000).

12. TRADE AND BILLS RECEIVABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**1,691,526**	2,083,299
Bills receivable	**288,330**	489,836
Impairment	**(234,495)**	(55,494)
	1,745,361	2,517,641
Classified:		
Non current portion	**168,090**	—
Current portion	**1,577,271**	2,517,641

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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

During the Year, the Group entered into settlement agreements with certain debtors to restructure the payment terms of the outstanding balances due by the Group. Accordingly, these balances were stated at amortised cost based on the revised payment terms and classified to non-current portion.

12. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**548,623**	867,539
1 to 2 months	**371,329**	439,410
2 to 3 months	**171,773**	185,654
3 to 6 months	**132,323**	709,288
Over 6 months	**521,313**	315,750
	1,745,361	2,517,641

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 January	**55,494**	33,811
Impairment losses recognised	**186,116**	36,213
Impairment losses reversed	**(7,800)**	(12,173)
Amount written off as uncollectible	**—**	(2,439)
Exchange realignment	**685**	82
	234,495	55,494

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of HK$234,495,000 (2011: HK$55,494,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are expected to be unrecoverable.

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,091,725**	1,492,603
Less than 1 month past due	**64,407**	487,821
1 to 3 months past due	**338,362**	479,807
Over 3 months past due	**250,867**	57,410
	1,745,361	2,517,641

12. TRADE AND BILLS RECEIVABLES *(Continued)*

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 any significant change in credit quality and the balances are still considered fully recoverable.

As at 31 December 2012, no trade receivables or bills receivable (31 December 2011: HK$116,632,000) were pledged to secure bank loans.

13. CASH AND CASH EQUIVALENTS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Cash and bank balances	**1,238,182**	2,113,808
Time deposits	**28,288**	108,358
	1,266,470	2,222,166
Less: Pledged for issuance of bills payable	**—**	(1,971)
Cash and cash equivalents	**1,266,470**	2,220,195

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$686,826,000 (31 December 2011: HK$1,331,186,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

14. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the receipt of goods purchased, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**708,567**	928,554
1 to 2 months	**265,611**	96,238
2 to 3 months	**153,070**	44,090
Over 3 months	**173,669**	159,329
	1,300,917	1,228,211

The trade payables are non-interest-bearing and normally settled on 30 to 90 days' terms.

15. SHARE CAPITAL

Shares

	2012	2011
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2011: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
3,263,489,164 (2011: 3,261,989,164) ordinary shares of HK$0.10 each	**326,349**	326,199

15. SHARE CAPITAL *(Continued)*

A summary of the transactions in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 31 December 2010 and 1 January 2011	3,246,389,164	324,639	2,694,109	3,018,748
Share options exercised	15,600,000	1,560	23,244	24,804
At 31 December 2011	3,261,989,164	326,199	2,717,353	3,043,552
At 31 December 2011 and 1 January 2012	3,261,989,164	326,199	2,717,353	3,043,552
Share options exercised	1,500,000	150	2,235	2,385
At 31 December 2012	3,263,489,164	326,349	2,719,588	3,045,937

The subscription rights attaching to 1,500,000 shares (2011: 15,600,000 shares) options were exercised at a subscription price of HK$1.24 per share, resulting in the issue of 1,500,000 shares (2011: 15,600,000 shares) of HK$0.1 each for a total cash consideration, before expenses, of HK$1,860,000 (2011: HK$19,344,000). An amount of HK$525,000 (2011: HK$5,460,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

The global economic growth has slowed down in 2012, mainly due to the impact caused by the European debt crisis. Inevitably, China's economy encountered severe challenges under the complicated global economic environment. Growth of domestic GDP dropped to 7.8%, being the lowest in the past 13 years. Henceforth, economic growth in the PRC has been experienced a slowdown in the first three quarters although lightly rebounded in the fourth quarter.

During the Year under review, the Group faced a challenging business environment. The price of corn increased steadily and maintained at a relatively high level throughout the Year, which was attributable to the strong demand for further processing and feed manufacturing in light of the increasing food demand in the PRC. On the other hand, there was a speculation of sharp decline in corn production in the United States coupled with the possibility of domestic corn pests whereby reducing the yield. The Group has been taking a strategy of maintaining reasonable stock level of corn kernels with the geographical advantages of the corn gold belt in securing stable supply of raw material.

Because of oversupply and de-stocking from the downstream customers which drove down the products' average selling prices and gross profit margins, the Group faced tough competition for its products in the domestic market, other than polyol chemicals products. Export sales of the Group's products were stable in terms of volume and average selling prices. To adapt to the market changes in 2012, the Group continued to strengthen the management of operation infrastructure and optimize production management; strengthen business planning through clear positioning of business models and functional division of the business units.

Correlated to the market demand and prices of crude oil and petrochemical products, the Group's polyol chemical witnessed the same pressure as that of other products in 2012. The average selling prices have been volatile, driven by the geo-polictical uncertainty and weakening demand due to the slowdown in macroeconomic growth globally. Deterioration in particular industries locally also affected the polyol chemical business.

Financial Performance

(Revenue: HK$11.9 billion (2011: HK$14.3 billion))
(Gross profit: HK$1.5 billion (2011: HK$3.4 billion))
(Net loss: HK$684 million (2011: Net profit HK$1,378 million))

The decline in financial performance was mainly due to (i) the gross loss in upstream and polyol chemical businesses of the Group pressured by increasing raw material costs and slide in selling prices of the Group's downstream products; (ii) the impairment loss made by the Group for polyol chemicals due to the decrease in selling prices; (iii) the provision made by the Group for bad and doubtful debt for certain long overdue trade receivables; and (iv) the provision made by a non-wholly owned subsidiary of the Company in relation to its retail beef business.

Upstream products segment

(Revenue: HK$2.9 billion (2011: HK$4.0 billion))
(Gross loss: HK$68 million (2011: Gross profit: HK$195 million))

During the Year, the average cost of corn kernels increased by approximately 12% to approximately HK$2,446 (2011: HK$2,187) per metric tonne while the average selling price of corn starch increased by approximately 2% to approximately HK$3,373 (2011: HK$3,291) per metric tonne, as compared to the corresponding period last year.

Together with the decrease of approximately 29% in sales volume of all upstream products, the revenue and gross profit decreased by approximately 27% and 135% respectively. The gross loss margin was approximately 2% (2011: Gross profit margin: 5%) and the gross loss was caused by the significant decrease in contribution from corn starch of approximately HK$438 million to approximately HK$120 million (2011: HK$558 million) and the loss incurred of approximately HK$188 million (2011: HK$363 million) by the upstream by-products during the Year. Although the selling price for those upstream by-products had increased by approximately 3%, such increase could not offset the incremental costs of corn kernels and other related direct costs. The business model of upstream business is destined for a stable supplier to downstream high value added business.

Downstream products segment

(Revenue: HK$9.0 billion (2011: HK$10.3 billion))
(Gross profit: HK$1.6 billion (2011: HK$3.2 billion))

The revenue and gross profit of downstream products decreased substantially by approximately 13% and 49% respectively during the Year, which were mainly attributable to the drop in average selling prices and the rise of average cost of goods sold of most of the downstream products. The changes in sales volume, average selling price, average cost of goods sold, revenue and gross profit for the Year as compared to last year are summarised as follows:

	Changes of downstream product series for the Year				
Product series	**Sales volume**	**Average selling price**	**Average cost of goods sold**	**Revenue**	**Gross profit**
Amino acids	14%	(19%)	1%	(8%)	(46%)
Polyol chemicals	(77%)	(13%)	49%	(80%)	(239%)
Modified starch	(7%)	2%	15%	(5%)	(68%)
Corn sweeteners	3%	(1%)	7%	2%	(32%)
Overall	1%	(13%)	3%	(13%)	(49%)

Among those downstream products series, the revenue and gross profit of amino acids for the Year amounted to approximately HK$6.5 billion (2011: HK$7.0 billion) and approximately HK$1.4 billion (2011: HK$2.6 billion) respectively, which accounted for approximately 54% (2011: 49%) and approximately 93% (2011: 78%) of the Group's total revenue and total gross profit respectively. With the increasing market competition and down cycle of animal feed market in the PRC, average selling price slid by approximately 19%, despite the sales volume increased approximately 14% by the success of the Group's sales effort. The gross profit was driven down by approximately 46% compared to last year.

The average selling price of modified starch division improved gradually by approximately 2% as compared to last year, owing to the steady recovery of the price of paper. However, the contribution of gross profit to the Group from this division decreased to approximately HK$16 million (2011: HK$52 million) due to the increase in costs during the Year.

The polyol chemicals division generated revenue of approximately HK$200 million (2011: HK$981 million) and contributed gross loss amounted to approximately HK$113 million (2011: Gross profit: HK$81 million). Such minimal performance was mainly attributable to the relocation of polyol production facilities in progress, resulting in the decrease of sales volume by approximately 77% to approximately 25,000 metric tonnes (2011: 105,000 metric tonnes) during the Year. Besides, the unfavorable market sentiment of chemical products and crude oil price starting from the second quarter of 2012 had adverse impacts on the market prices of those related chemical products. The average selling price of polyol products decreased by 13%, as compared to the corresponding period last year. Moreover, an additional provision of closing inventories of polyol chemical by-products amounted to approximately HK$121 million at 31 December 2012 (2011: Nil) was made. This division recorded a gross loss margin of approximately 56% (2011: Gross profit margin 8%) during the Year. As the production of polyol chemicals resumed in January 2013, and in view of the enhancement in the products output and quality together with the stability of crude oil price and the image of green products, the Directors believe that the polyol chemicals division would continue to operate steadily and profitably in the near future.

The operating environment of corn sweeteners was stable during the Year. The sales volume remained at similar level and revenue of sweeteners division increased by approximately 2% as compared with last year. However, the gross profit from this division dropped to approximately 265 million (2011: 387 million) during the Year which was mainly due to the increase in raw material costs.

Export Sales

The Group generated revenue of approximately HK$3,012 million (2011: HK$2,746 million) from export sales representing an increase of approximately HK$266 million or approximately 10% as compared to the last year and it accounted for approximately 25% (2011: 19%) of the Group's total revenue. The significant change was due to the success of vigorous expansion of European market accompanied with the drop of average selling prices of PRC market.

Biological products segment

In relation to retail beef business operated by a non-wholly owned subsidiary of the Company, with the tightened food safety policy in China, immense pressure has been put on the supply chain management. The management of the subsidiary of the Company anticipates higher risks may be exposed to, and uncertainties may arise during the procurement of raw materials. Therefore, decisions were made to withdraw from the retail beef business, as it is considered that such would eliminate the risks of quality assurance and enable the Group to channel its resources to the core corn based businesses. As a result, provisions have been made on long outstanding trade receivables and obsolete inventories, and the loss attributable to the retail beef business during the Year amounted to approximately HK$120 million. Despite the provision in relation to the retail beef business, the Group will endeavour to recover these trade receivables. As the Group has decided to withdraw from its retail beef business, this segment has been presented as discontinued operation with a net loss of approximately HK$120 million (2011: Net loss HK$2 million).

Product segment

The revenue and gross loss of upstream products accounted for approximately 25% (2011: 28%) and approximately 4% (2011: Gross profit 6%) of the Group's total revenue and total gross profit respectively. Although there was no significant change in revenue on product segments, the pressure from increasing cost of corn kernels has laid the upstream business to a loss making status.

Operating expenses, finance costs and income tax expense

Despite the decrease of approximately 14% in total sales volume of the Group, the selling and distribution costs amount to approximately HK$770 million (2011: HK$720 million), representing an increase of approximately 7% over last year. However, the ratio of such operating expenses over the Group's revenue surged up to approximately 6% (2011: 5%) as the revenue of the Group decreased by approximately 17% over last year.

The administrative expenses of approximately HK$459 million (2011: HK$438 million), representing an increase of approximately 5%. Nevertheless, the ratio of such administrative expenses to revenue remained at similar level, due to the Group's continual effort in imposing stringent control over such expenses.

The other operating expenses for the Year amounted to approximately HK$367 million (2011: HK$104 million) mainly comprising of legal expenses of approximately HK$11 million (2011: HK$15 million) for the infringement litigation in Europe; the research and development expenses of approximately HK$119 million (2011: HK$12 million) due to the development of new series of lysine products, the provision for doubtful debts of approximately HK$120 million (2011: HK$12 million) for the long overdue debtors; and amortisation for long term receivables of approximately HK$31 million (2011: nil).

Owing to the rise of interest rate and a notional interest of HK$99 million (2011: HK$55 million) included for the put option granted to an investor as announced by the Company in May 2011, the finance costs of approximately HK$585 million (2011: HK$522 million) increased by approximately 12% as compared to the corresponding period last year. However, it is anticipated that the heavy pressure from finance costs will remain endurable for the year 2013.

One of the Group's subsidiaries in Changchun was approved as an advanced and new technology enterprise by the People's Government of Jilin Province enjoying a preferential income tax rate of 15% till the year 2013. In view of the weak operating performance, income tax amounting to approximately HK$11 million (2011: HK$336 million) was charged for the Year representing a decrease of approximately 97% over last year.

Profit shared by non-controlling shareholders

During the Year, Global Sweeteners Holdings Limited ("GSH") recorded a loss of approximately HK$254 million (2011: Profit of HK$143 million) in which gave rise to the loss shared by the non-controlling shareholders of GSH amount to approximately HK$89 million (2011: Profit of HK$68 million).

During the year, Changchun Dacheng Bio-tech Development Co., Ltd ("Dacheng Bio-tech") and Changchun GBT Bio-Chemical Co., Ltd. ("JBT") recorded a profit of approximately HK$24 million (2011: HK$10 million) and loss of approximately HK$242 million (2011: HK$25 million) respectively in which gave rise to the profit shared by the non-controlling shareholders of Dacheng Bio-tech amount to approximately HK$7 million (2011: nil) and the loss shared by the non-controlling shareholders of JBT amount to approximately HK$41 million (2011: nil).

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The total borrowings as at 31 December 2012 decreased by HK$0.4 billion to approximately HK$8.2 billion (31 December 2011: HK$8.6 billion). The decrease was due to the early redemption of the CNY450,000,000 7.0% guaranteed bonds due 2014 issued by the Company on 16 May 2011 which were listed on the Singapore Exchange Securities Trading Limited ("Bonds") in the principal amount of RMB414,600,000. The net borrowings increased to approximately HK$6.9 billion (31 December 2011: HK$6.4 billion). Cash and cash equivalents decreased by approximately HK$954 million to approximately HK$1,266 million (31 December 2011: HK$2,220 million) as compared to the cash level as at 31 December 2011 mainly due to the capital expenditure on the project expansion in Xinglongshan.

Structure of interest bearing borrowings

As at 31 December 2012, the Group's bank and other borrowings amounted to approximately HK$8.2 billion (31 December 2011: HK$8.6 billion), of which approximately 2% (31 December 2011: 4%) were denominated in Hong Kong dollars or US dollars while the remainder of approximately 98% were denominated in Renminbi ("RMB"). The average interest rate during the Year was approximately 7.1% (31 December 2011: 6.6%).

The percentage of interest bearing borrowing wholly repayable within one year, in the second to the fifth years and beyond five years were approximately 41% (31 December 2011: 66%), approximately 48% (31 December 2011: 11%) and approximately 11% (31 December 2011: 23%), respectively. The changes were mainly due to the renewal of certain bank loans with 2 year or more repayment terms and an additional of a RMB416 million loan with 10-year repayment terms was granted especially for the Xinglongshan project during the Year. As announced by the Company on 22 March 2013, an indirect non-wholly owned subsidiary of the Company was not able to comply with certain financial covenants of a loan agreement for an outstanding principal amount of RMB200 million guaranteed by the Company, which also triggers cross default provisions of other short-term loans in the aggregate outstanding principal amount of RMB280 million which are also guaranteed by the Company. As a result, the above loan in the outstanding principal amount of RMB200 million was re-classified as wholly repayable within one year at 31 December 2012. In view of the continual support from existing bankers, no material pressure in obtaining continuous financing resource is expected.

Turnover days, liquidity ratios and gearing ratios

Normally, the Group allows credit terms to established customers ranging from 30 to 90 days. During the Year, trade receivables turnover days improved to approximately 48 days (31 December 2011: 64 days) due to better credit controls implemented. Meanwhile, the trade creditors turnover days increased slightly to approximately 46 days (31 December 2011: 40 days) because a tightened payment policy has been put in place by the Group during the Year. On the other hand, the lessened inventory level of corn kernels as at 31 December 2012 and certain provisions were made for the inventories, the inventory turnover days improved to 128 days (31 December 2011: 154 days), simultaneously, the Group's stock level was decreased to approximately HK$3.6 billion (31 December 2011: HK$4.7 billion) during the Year.

Despite the decrease of short term interest bearing borrowings of approximately HK$2.4 billion when compared to the position as at 31 December 2011, the current ratio and the quick ratio remained at similar level of approximately 1.2 (31 December 2011: 1.3) and 0.7 (31 December 2011: 0.7) respectively. It is because the decrease in short term borrowings was offset by the decrease of operating cash flow. Moreover, due to the decrease in cash and cash equivalents, gearing ratio in term of net debts (i.e. net balance between interest bearing borrowings and cash and cash equivalent) to total equity (aggregate total of shareholders equity and non-controlling interest) and to shareholders equity deteriorated to approximately 62% (31 December 2011: 54%) and to approximately 72% (31 December 2011: 63%) respectively. On the other hand, gearing ratios in terms of (i) interest bearing borrowings to total assets and (ii) interest bearing borrowings to total equity remained the same level to approximately 36% (31 December 2011: 36%) and 73% (31 December 2011: 73%) respectively. In view of the continual support from existing bankers, the Group is of the view that continuous financing resources for its operation could be obtained.

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 unfavourable 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. In July 2011, the Group entered into a USD/CNY Currency SWAP (the "SWAP") with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") for the initial purpose of hedging the exchange risk of the Bonds. Under the SWAP, the Group is liable to pay HSBC 8.6% interest on the principal of US$69,875,776.40 semi-annually up to 16 May 2014 in return for 7% interest on the principal of RMB450 million semi-annually to 16 May 2014 and exchange the aforesaid US$69,875,776.40 into RMB450 million on 16 May 2014. The Directors believe that holding the SWAP to the maturity is the best interest to the Group. Besides the SWAP, the Group did not use any material financial instrument for hedging purposes during the Period and the Group did not have any material hedging instrument outstanding as at 31 December 2012.

PASS AWAY OF MR. XU ZHOUWEN

As announced by the Company on 20 August 2012, Mr. Xu Zhouwen ("Mr. Xu"), one of the co-Chairmen and executive director of the Company during the year under review, passed away on 20 August 2012. The Board considered that the decease of the late Mr. Xu will not have a material impact on the present operations of the Group.

REDEMPTION OF RMB450,000,000 7% GURANTEED BONDS DUE 2014

As announced by the Company on 8 November 2012, the Group proposed certain amendments to the terms and conditions of the Bonds, and sought the waiver of the rights of Bondholders' and HSBC, as trustee of the Bonds, in respect of all breaches and events of defaults under the terms and conditions of the Bonds. The Group also announced invitations to the Bondholders to offer to tender the outstanding aggregate principal amount of the Bonds to the Issuer for payment of a cash consideration ("Invitation to Offer").

On 10 December 2012, Bonds in the aggregate principal amount of RMB414,600,000 had been purchased by the Group pursuant to the Invitation to Offer and had been cancelled according to the terms and conditions of the Bonds. The principal aggregate amount of the outstanding Bonds amounted to RMB35,400,000.

STATUS OF INFRINGEMENT LITIGATIONS

The Company and certain of its subsidiaries are currently the respondents in certain litigations in Europe in relation to the alleged infringement of registered patents applicable in the production of lysine. Among these litigations, the Hague District Court, on 22 August 2007, handed down its judgment ("Judgment") that the Group's L-lysine products had infringed two patents of third parties 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. An appeal against the judgment was lodged, but an interim decision from the Hague Appeal Court dated 29 March 2011 had been received, which upheld the Judgment. An appeal has been filed by the Group with the Supreme Court of the Netherlands against the decision of the Hague Appear Court and the appeal writ was served in September 2011.

Nevertheless, the Group has developed a bacterial strain for production of its L-lysine products which is different from those of the subject of the Judgment but of the same quality, and has ceased to use the bacterial strain that is subject to the Judgment for production L-lysine products. Therefore, the Directors believed that the decision of the Hague Appeal Court will not have any material adverse impact on the sales, financial or trading position and prospects of the Group.

For other litigations, the Directors have been advised by the Group's legal counsel that the Group has sufficient grounds to defend against the claims. Therefore, no provision for any infringement compensation is considered necessary.

Save as disclosed above, there was no material contingent liability of the Group as at 31 December 2012.

FUTURE PLANS AND OUTLOOK

In view of the unsteady market environment with volatile demands and products prices and increasing market competition, the Group is expected to continue to face a challenging business outlook in 2013. The Group will continue to pursue a prudent approach in financial management and in capital expenditure while adopting market changes and stabilising operations and performance of the Group.

Corn prices are likely to remain high, while prices and sales of corn starch and corn refined products are likely to continue to be pressured by excessive supply. Substantial additional lysine capacities being released by major players will further intensify competition and suppress lysine market price. It is expected that corn market price will maintain at a high level at RMB2,200 to RMB2,400 per metric tonne in 2013. The lessen seasonality impact on corn prices means it is no longer necessary for the Group to lock up a substantial amount of capital for corn stock during the harvest season. The Group currently maintains a stock of corn kernel sufficient for three months of production. A more flexible raw material inventory level serves to mitigate the financial pressure on the Group.

In order to alleviate the impact of rising corn costs, the Group has been actively developing technology using corn stalk as a non-food raw material for the production of corn-refined products. The laboratory test of corn stalk application had been favourable. The Group will continue to deepen its research and development for the application of the new alternative raw materials in production to reduce its reliance on corn kernel.

Despite accelerated competition driven by new facilities, the Group shall continue to leverage its established distribution network and customer relationship to consolidate its leading market position. It plans to achieve a sales volume of 700,000 metric tonnes of amino acid products in the current year. Although the release of additional capacity will confine lysine market price surge, we believe there will not be any significant downside adjustment in the market price, as the absorbed production costs leave very little room for such price adjustment. Polyol chemical products resumed its production in the first quarter of 2013 and shall fine-tune to its designed annual capacity of 200,000 metric tonnes over time. The second phase of the construction of the polyol chemical production facilities with designed annual capacity of 500,000 metric tonnes is under the pipeline of development plan with a flexible schedule to be adjusted in order to align with the operation performance of Polyol chemical business and corporate development of the Group. The Group is cautious with the production of polyol chemicals products and shall monitor closely the crude oil prices. In consideration of extending the accomplishment of the polyol chemicals business, the Group is seeking to forge strategic alliance or partnership in both technological development and market penetration.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2012, the Group had approximately 6,400 full time employees in Hong Kong and the PRC. The Group recognizes the importance of human resources to its success, and recruited qualified and experienced personnel for increased production capability and development of new biochemical products. Remuneration of employees is maintained at competitive levels with discretionary bonuses payable on a merit basis whilst in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECUTITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: HK2.0 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22 May 2013 to 23 May 2013, both days inclusive, during which period no transfer of shares will be registered in order to determine the entitlements to the attendance at the annual general meeting.

Shareholders are reminded that in order to qualify for the attendance at the annual general meeting, they must ensure that all transfers accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Share 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 21 May 2013.

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.

Pursuant to code provision A.1.1 of the Corporate Governance Code (including the code provisions as set out in the Corporate Governance Code and Corporate Governance Report with effect from 1 April 2012) (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to the unavailability of the Directors, the fourth regular board meeting of the Company was held on 8 January 2013.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be performed by different individuals. The Company did not have any officer with the title "chief executive officer" but Mr. Liu Xiaoming is currently taking up the role of chairman and undertaking the function as chief executive officer, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring effective and efficient decision making and management control.

Pursuant to code provision A.6.7 of the CG Code, the independent non-executive Directors should also attend general meetings. Due to other business engagements, an independent non-executive Director could not attend the annual general meeting of the Company held on 8 May 2012 and there were other Directors present to enable the Board to develop a balanced understanding of the views of the shareholders at the annual general meeting of the Company.

Save for the aforementioned deviation from the CG Code, the Board considered that the Company has complied with the code provisions in the CG Code throughout the year ended 31 December 2012.

In compliance with the CG Code, the Company has set up an audit committee, a remuneration committee, a nomination committee and a corporate governance committee with clearly defined written terms of reference adopted in compliance with the CG Code.

The Company has adopted a code of conduct regarding the Director's securities transactions on terms no less exacting than the required standard set out in 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.

Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standard set out in the code of conduct and the Model code throughout the Year, except that Mr. Zhang Fusheng, a former executive Director, had dealt with shares of the Company during the Year, including during the blackout period prior to the publication of the annual results of the Company for the year ended 31 December 2011, without first notifying in writing any of the then co-chairmen of the Board (being the Directors designated by the Board for the purpose of the Model Code) and obtaining a dated written acknowledgement prior to such dealings in shares, which constituted breaches of paragraphs A3(a) and B8 of the Model Code. The Company will reiterate and remind the Directors from time to time in respect of the relevant rules and requirements in relation to Directors' dealing in securities in order to ensure the compliance of the code of conduct and the Model Code.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG 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 namely Mr. Lee Yuen Kwong (the chairman of the committee), Mr. Chan Man Hon, Eric, and Mr. Li Defa.

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 Group's annual results for the Year have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2012 annual general meeting of the Company will be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 23 May 2013 at 3:00 p.m. Notice of the 2012 annual general meeting will be pubished 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.hkexnews.hk) and the Company (www.globalbiochem.com) in due course.

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

Hong Kong, 27 March 2013

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

Executive Directors:	*Mr. Liu Xiaoming, Ms. Wang Guifeng and Ms. Xu Ziyi*
Independent non-executive Directors:	*Mr. Chan Man Hon, Eric, Mr. Lee Yuen Kwong and Mr. Li Defa*