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## GLOBAL BIO-CHEM REPORTED MODEST NET PROFIT FOR THE YEAR AS PERFORMANCE REBOUNDED IN 2H 2009

Given that the market recovery momentum continues since the second half of 2009, Global Bio-chem Technology Group Company Limited (“Global Bio-chem” or the “Company” stock code: 00809) and its subsidiaries (the “Group”) sees continuous improvement in its operating environment and is optimistic about the outlook for 2010. Despite incurring a net loss in the first half of 2009, the Group reported a modest net profit for the year of HK\$14 million for the year ended 31 December 2009. However, after taking into account the minority interests, the Group reported a loss attributable to owners of the Company of HK\$15 million. The revenue and gross profit for the year amounted to HK\$7,838 million and HK\$1,057 million respectively.

The decline in operating results was mainly attributable to significant decrease in the average selling prices of various products and lower sales volume of certain businesses due to the challenging operating environment in 2009.

“2009 was by far the most challenging year for the Group since its listing. However, the Group’s operations had started to rebound since the second half from rock bottom in the first half, with improvement in both sales volume and selling prices of various products. The Group’s overall operating performance in early 2010 surpassed that of the same period in 2009, indicating a positive trend for the current year,” said Mr Liu Xiaoming, Co-chairman of Global Bio-chem.

The board of directors of Global Bio-chem did not propose any final dividend for the year ended 31 December 2009 (2008: HK 1.0 cents).

Although the average selling prices of the Group’s upstream products and some of its downstream products gradually rebounded in the second half of 2009, the Group’s average selling prices for the full year of 2009 were inevitably depressed by approximately 10 per cent year on year. The revenue and gross profit of upstream products, including corn starch, gluten meal and other corn refined products, amounted to HK\$2,354 million and HK\$286 million respectively, representing a year-on-year decrease of 15 per cent and 19 per cent respectively.

Revenue and gross profit of downstream products, including amino acids, corn sweeteners, modified starch and polyol chemical products, in 2009, amounted to HK\$5,348 million and HK\$770 million respectively, representing a year-on-year decrease of 10 per cent and 44 per cent respectively.

As for the Group's major business – amino acids, the Group had increased the sales volume by approximately 37 per cent from that of 2008. The Group concentrated sales and marketing efforts in the domestic market, as overseas markets slumped during the year. The revenue and gross profit of amino acid products, mostly lysine products, in 2009 amounted to approximately HK\$3,606 million and approximately HK\$652 million, representing a decrease of 1 per cent and 35 per cent from those of 2008. The significant decline in gross profit was mainly due to a 22 per cent year-on-year drop in average selling prices. With the recovery in both market price and export sales starting from the fourth quarter of the year, together with continuous stable demand from both domestic and international markets, it is expected that the amino acid business will improve in 2010.

The Group's polyol chemicals business displayed poor performance, affected by a few unfavourable factors including the slip of crude oil price and high market inventories of imported chemicals, which caused the price of related chemicals to plunge to rock bottom. As a result, the polyol chemicals division operated at a low utilisation rate and generated a revenue of approximately HK\$655 million, representing a significant drop from HK\$1,027 million in 2008 and reported a gross loss of approximately HK\$75 million (2008: gross profit of HK\$163 million). A provision of closing inventories of polyol chemical products amounting to approximately HK\$91 million had been made.

The operating environment of sweeteners in the first half of 2009 remained severe after the outbreak of melamine-tainted food incident in PRC and the global financial crisis in 2008. The sales volume and revenue of the sweeteners division dropped by approximately 16 per cent and 15 per cent respectively, as compared with those of 2008. However, the demand and selling prices picked up rapidly since the second half of 2009. As a result of a relatively stable average selling price and tight cost control, the gross profit of the sweetener division declined only by approximately 3 per cent year on year.

Looking into 2010, Mr Xu Zhouwen, Co-chairman of Global Bio-chem said: "The operating environment, particularly in the PRC, has been gradually improving since the end of 2009. We are optimistic about the Group's performance in the near future as over 80 per cent of its income is generated from businesses in the PRC. The Group will strive to maximise the return to shareholders by executing prudent strategies in maintaining its leading position and market share, and enhancing the product portfolio of the Group's various high value-added businesses."

**About Global Bio-chem**

Global Bio-chem has been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 2001. The Group is principally engaged in the manufacture and sale, research and development of corn-based biochemical products in the People's Republic of China ("PRC"). Its products are sold in the PRC and other countries in Asia, Europe, America and Africa. Headquartered in Hong Kong and with its production facilities based in various provinces in the PRC, Global Bio-chem is the largest vertically integrated corn-based biochemical product manufacturer in Asia with an annual corn processing capacity of 3.4 million metric tonnes. The Group is a leading lysine manufacturer in the world with an annual fermentation capacity of 460,000 metric tonnes. The Group is one of the pioneers in applying corn starch as raw material for the commercial production of polyol chemical products. Global Bio-chem is also the parent company of Global Sweeteners Holdings Limited, one of the largest corn sweeteners producers in the PRC, which is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

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Issued by: Global Bio-chem Technology Group Company Limited  
Through: CorporateLink Limited

**(Attached with: Audited Consolidated Income Statement  
for the year ended 31 December 2009)**

**Global Bio-chem Technology Group Company Limited**  
**(Stock Code: 00809)**

**Audited Consolidated Income Statement**

For the year ended 31 December

	<b>2009</b>	2008
	<b>HK\$'000</b>	(Restated) HK\$'000
<b>REVENUE</b>	<b>7,838,301</b>	8,687,939
Cost of sales	<b>(6,781,781)</b>	(6,954,397)
Gross profit	<b>1,056,520</b>	1,733,542
Other income and gains	<b>86,811</b>	197,620
Excess over the cost of a business combination	—	23,703
Selling and distribution costs	<b>(434,978)</b>	(532,950)
Administrative expenses	<b>(264,951)</b>	(284,974)
Other expenses	<b>(74,241)</b>	(80,275)
Finance costs	<b>(307,169)</b>	(359,438)
Share of profits of jointly controlled entities	<b>3,312</b>	5,677
<b>PROFIT BEFORE TAX</b>	<b>65,304</b>	702,905
Income tax expense	<b>(51,349)</b>	(30,090)
<b>PROFIT FOR THE YEAR</b>	<b>13,955</b>	672,815
<b>Profit/(loss) attributable to:</b>		
Owners of the Company	<b>(14,978)</b>	621,777
Minority interests	<b>28,933</b>	51,038
	<b>13,955</b>	672,815
<b>DIVIDENDS</b>		
Interim	—	34,783
Proposed final	—	23,188
	—	57,971
<b>(LOSS)EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		
Basic	<b>HK(0.6) cents</b>	HK26.8 cents
Diluted	<b>N/A</b>	N/A