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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)

**PROPOSED RIGHTS ISSUE OF 927,539,761 RIGHTS SHARES
ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY FIVE SHARES
HELD ON THE RECORD DATE**

Underwriter to the Rights Issue

HSBC 

THE RIGHTS ISSUE

The Board is pleased to announce that on 14 June 2010, the Company, the Underwriter, the Committed Shareholders and the Corporate Committed Shareholders entered into the Underwriting Agreement to implement the Rights Issue. The Company proposes to raise approximately HK\$696 million before expenses by issuing 927,539,761 Rights Shares at a price of HK\$0.75 per Rights Share by way of the Rights Issue, on the basis of two Rights Shares for every five Shares held on the Record Date.

* for identification purpose only

The Rights Issue will not be available to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder or an investor must be: (i) registered as a member of the Company on the register of members of the Company in Hong Kong at 5:00 p.m. on the Record Date; and (ii) not be an Excluded Shareholder.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe for, or procure the subscription for any Underwritten Shares not taken up by the Latest Time for Acceptance.

Under the Rights Issue, on the assumption that there is no change in the issued share capital of the Company before the completion of the Rights Issue, 927,539,761 Rights Shares would be allotted, representing 40% of the existing issued share capital of the Company as at the date of this announcement and 28.57% of the issued share capital of the Company as enlarged by the issue of 927,539,761 Rights Shares. The Rights Shares will have an aggregate nominal value of HK\$92,753,976.10.

As at the date of this announcement, the Committed Shareholders and the Corporate Committed Shareholders are directly or indirectly interested in a total of 958,782,800 Shares. The Company's total issued share capital is currently 2,318,849,403 Shares. Accordingly, the Committed Shareholders and the Corporate Committed Shareholders are, in aggregate, interested in approximately 41.35% of the Company's current issued share capital. Pursuant to the Underwriting Agreement, each of the Committed Shareholders and the Corporate Committed Shareholders has severally and irrevocably undertaken to the Company and the Underwriter, among other things:

- (a) to accept (or procure acceptance of), by 4:00 p.m. on the first day the Rights Issue is open the Rights Shares to be provisionally allotted to each of them pursuant to the terms of the Rights Issue (being in aggregate 383,513,120 Rights Shares); and
- (b) to procure that each of them will remain, as at 5:00 p.m. on the Record Date, as the registered Shareholder of the Shares held by them on the date of this announcement (being in aggregate 958,782,800 Shares).

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products.

The estimated net proceeds from the Rights Issue are approximately HK\$678 million (equivalent to a net price of approximately HK\$0.73 per Rights Share) which will be used for repayment of existing bank loans and general working capital of the Group.

Having considered other fund raising alternatives for the Group, including issuance of debt securities and Share placements and taking into account the benefit and costs of each alternative, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is conditional upon, among others, the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the section headed “Termination of the Underwriting Agreement” in this announcement below for further details.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 23 June 2010. The Rights Shares will be dealt with in their nil-paid form from Wednesday, 30 June 2010 to Thursday, 8 July 2010 (both days inclusive). Any Shareholders or other persons dealing in the Shares or in the Rights Shares in their nil-paid form up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be at 4:00 p.m. on Friday, 16 July 2010) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing the Shares or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company in Hong Kong at 5:00 p.m. on the Record Date, which is currently expected to be Thursday, 24 June 2010. In order to be registered as a member of the Company in Hong Kong at 5:00 p.m. on the Record Date, any transfer of Shares (together with the relevant title documents) must be lodged with the Registrar for registration by 4:30 p.m. on the Record Date.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

TERMS OF THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Two Rights Shares for every five Shares held on the Record Date by the Qualifying Shareholders
Number of Shares in issue as of the date of this announcement	:	2,318,849,403 Shares
Number of Rights Shares	:	927,539,761 Rights Shares
Subscription Price	:	HK\$0.75 per Rights Share
Number of Shares in issue immediately following the completion of the Rights Issue	:	3,246,389,164 Shares
Underwriter	:	The Hongkong and Shanghai Banking Corporation Limited
Number of Underwritten Shares to be underwritten by the Underwriter	:	All of the Rights Shares, excluding the aggregate of 383,513,120 Rights Shares which the Committed Shareholders and the Corporate Committed Shareholders have undertaken to accept pursuant to the Underwriting Agreement
Amount to be raised	:	Approximately HK\$696 million before expenses

Under the Rights Issue, on the assumption that there is no change in the issued share capital of the Company before the completion of the Rights Issue, 927,539,761 Rights Shares would be allotted, representing 40% of the existing issued share capital of the Company as at the date of this announcement and 28.57% of the issued share capital of the Company as enlarged by the issue of 927,539,761 Rights Shares. The Rights Shares will have an aggregate nominal value of HK\$92,753,976.10.

There are no outstanding options, warrants, convertible notes or other rights to subscribe for Shares as at the date of this announcement.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. To the extent reasonably practicable, the Company will send copies of the Prospectus to each of the Excluded Shareholders for their information only. Please take special note that the Company will send the provisional allotment letter and the form of application for excess Rights Shares to the Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder or an investor must be: (i) registered as a member of the Company on the register of members of the Company in Hong Kong at 5:00 p.m. on the Record Date; and (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company in its register of members in Hong Kong at 5:00 p.m. on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant title documents) for registration with the Registrar by 4:30 p.m. on the Record Date.

The last day for dealing in the Shares on a cum-rights basis is Tuesday, 22 June 2010. The Shares will be dealt with on an ex-rights basis from Wednesday, 23 June 2010.

The branch share registrar of the Company in Hong Kong is:

Tricor Tengis Limited
26/F
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

The latest time for payment for and acceptance of the Rights Shares is expected to be on 4:00 p.m. on Tuesday, 13 July 2010.

Qualifying Shareholders who take up their pro rata entitlement under the Rights Issue in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up his, her or its entitlement in full under the Rights Issue, his, her or its proportionate shareholding in the Company will be diluted.

Rights of the Excluded Shareholders

The Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to the Shareholders whose names appear on the register of members of the Company in Hong Kong at 5:00 p.m. on the Record Date but whose addresses are in places outside of Hong Kong, and if, having made such enquiry, the Directors consider that it is necessary or expedient not to extend the Rights Issue to these Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to the Excluded Shareholders and the Company will disclose the explanation for such exclusion in the Prospectus. The Company will only send the Prospectus to the Excluded Shareholders for their information.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

The Subscription Price

The Subscription Price is HK\$0.75 per Rights Share and is payable in full when a Qualifying Shareholder accepts the provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 50% to the closing price of HK\$1.51 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 51% to the average closing price of HK\$1.53 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 50% to the average closing price of HK\$1.51 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;

- (d) a discount of approximately 77% to the audited consolidated net asset value attributable to equity holders of the Company per Share (after taking into account minority interests) as at 31 December 2009 of approximately HK\$3.23; and
- (e) a discount of approximately 42% to the theoretical ex-rights price of HK\$1.29 based on the closing price of HK\$1.51 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined by the Directors with reference to the market price of the Shares under the prevailing market conditions and the current financial position of the Group. The Board considers that the Subscription Price is fair and reasonable.

Basis of provisional allotments

Two (2) Rights Shares (in nil-paid form) for every five (5) Shares held by Qualifying Shareholders at 5:00 p.m. on the Record Date. Any holdings (or balance of holdings) of less than five (5) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed “Fractional entitlements” below.

Fractional entitlements

The Company will not provisionally allot and issue fractions of Rights Shares in their nil-paid or fully-paid forms, and will not accept applications for any fraction of the Rights Shares.

The aggregate of fractions of the Rights Shares, in nil-paid form, will be provisionally allotted to the Underwriter or its nominee who shall, after dealing in the nil-paid Rights Shares commences but in any event before the Latest Time for Acceptance, effect or procure a sale of these nil-paid Rights Shares (or of so many thereof as the Underwriter or its nominee are able to sell) if a premium (net of expenses) can be obtained therefrom, and will account to the Company for any such net proceeds.

Any unsold fractions of the Rights Shares will be made available for excess applications by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Rights Shares.

Application for excess Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares. Application can be made by Qualifying Shareholders only and only by completing the excess application form for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis as far as practicable, and on the following principles:

- (a) preference will be given to applications for less than a board lot of excess Rights Shares where they appear to the Directors that such applications are made to round up odd lot holdings to whole lot holdings and that such applications are not made with the intention to abuse this mechanism (“**Top-Up Arrangement**”); and
- (b) subject to the availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to applicants of the excess Rights Shares based on a sliding scale with reference to the number of excess Rights Shares applied for by them (that is, applicants applying for a smaller number of excess Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas applicants applying for a larger number of excess Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of excess Rights Shares than those applying for a smaller number)).

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Registered Owner (including HKSCC Nominees Limited) is regarded as a single Shareholder according to the register of members of the Company. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Owner, or which are held in CCASS, should note that the Top-Up Arrangement will not be extended to them individually. Registered Nominee Companies are exempted from application tier requirements and it should be noted that it is the responsibility of each beneficial owner who holds securities through a Registered Nominee Company to comply with application tier requirements. Excess applications received from Registered Nominee Companies will be accepted by the Registrar even if their subscription for Rights Shares under the provisional allotment letter is not in full. Beneficial owners who hold their Shares through a Registered Nominee Company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to 4:30 p.m. on the Record Date.

Certificates for the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be despatched by ordinary post on or before Tuesday, 20 July 2010 to those persons who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares to the registered address or, in case of joint applicants, to the registered address of the applicant whose name first appears in the register of members of the Company in Hong Kong or, as the case may be, the transfer form, at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched on or before Tuesday, 20 July 2010 by ordinary post to the addresses as aforesaid at the respective applicants' own risks.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the date on which the Prospectus is despatched;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and, if required by and in compliance with the Listing Rules, the posting of the Prospectus to the Excluded Shareholder(s), if any, for information purpose only on or before the date on which the Prospectus is despatched;
- (c) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully paid forms by no later than the first day of their dealings in nil-paid form and fully paid form respectively; and
- (d) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms.

If any of the conditions of the Rights Issue is not fulfilled by or at the time and/or date specified therefor or, if no time or date is specified, the relevant date and time for fulfillment of the corresponding conditions as specified under the Underwriting Agreement, or such other date and time as may be agreed between the Underwriter and the Company or shall become incapable of being fulfilled on or before such time, or the Underwriting Agreement is terminated by the Underwriter by written notice to the Company pursuant to the terms of the Underwriting Agreement, the Rights Issue will not proceed.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid form. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 2,000, will be subject to the payment of stamp duty and other applicable fees in Hong Kong. Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

No part of the Shares for which listing or permission to deal is being or is proposed to be sought, is listed or dealt in on any other stock exchange.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the listing of and permission to deal in all the Rights Shares in both nil-paid and fully-paid form on the Stock Exchange being granted, the Rights Shares in both nil-paid and fully-paid form will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE UNDERWRITING AGREEMENT

Date: 14 June 2010 (after trading hours)

Parties

- (i) the Company;
- (ii) The Hongkong and Shanghai Banking Corporation Limited (as Underwriter);
- (iii) the Committed Shareholders; and
- (iv) the Corporate Committed Shareholders

The Underwriter is an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

The Committed Shareholders comprise Mr. Liu Xiaoming, Mr. Xu Zhouwen, Mr. Wang Tiegung and Mr. Kong Zhanpeng, all being Shareholders. Mr. Liu Xiaoming, Mr. Xu Zhouwen and Mr. Wang Tiegung are executive Directors, and Mr. Kong Zhanpeng is an ex-director of the Company and the chairman and an executive director of GSH.

Each of the Corporate Committed Shareholders is a company wholly-owned by one of the Committed Shareholders, namely LXM Limited (which is wholly-owned by Mr. Liu Xiaoming), Crown Asia Profits Limited (which is wholly-owned by Mr. Xu Zhouwen), Rich Mark Profits Limited (which is wholly-owned by Mr. Wang Tiegung) and Hartington Profits Limited (which is wholly-owned by Mr. Kong Zhanpeng).

Pursuant to the Underwriting Agreement, the Underwriter has agreed that, if any of the Underwritten Shares has not been taken up by the Latest Time for Acceptance, it will subscribe for or procure the subscription for all such Underwritten Shares not so taken up on the Closing Date.

The Company will pay the Underwriter an underwriting commission of an amount equal to 3% of the aggregate subscription price of the Underwritten Shares. In addition, at the sole and absolute discretion of the Company, the Company may also pay the Underwriter a discretionary bonus of up to 0.5% of the aggregate subscription price of the Underwritten Shares. The Directors (including the independent non-executive Directors) are also of the view that the underwriting commission is fair and reasonable.

Termination of the Underwriting Agreement

The Underwriter may by notice in writing to the Company given at any time before the Latest Time for Termination, terminate the Underwriting Agreement if:

- (a) there is any breach of any of the warranties or the undertakings contained in the Underwriting Agreement which comes to the knowledge of the Underwriter, or there has been a material breach on the part of the Company, the Committed Shareholders or the Corporate Committed Shareholders of any other provision of the Underwriting Agreement, or the Underwriter has cause to believe that any such material breach has occurred or may occur; or
- (b) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties are deemed to be given pursuant to the Underwriting Agreement, would have rendered any of those warranties untrue, incorrect or misleading; or
- (c) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or

- (d) the Company is required to produce a supplementary prospectus; or
- (e) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which, in the sole opinion of the Underwriter, is material in the context of the Rights Issue; or
- (f) permission to deal in and listing of all the Rights Shares (in their nil paid and fully paid forms) has been withdrawn by the Stock Exchange; or
- (g) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events likely to result in any change in, (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any declaration by the PRC, Hong Kong or the United States of a national emergency, any outbreak or escalation of hostilities, any acts of terrorism, or any other epidemics, calamity or crisis, in any of those places); or
 - (ii) the declaration of a banking moratorium by PRC, Hong Kong or United States authorities; or
 - (iii) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, the London Stock Exchange, the New York Stock Exchange or NASDAQ; or
 - (iv) any suspension of dealings in the Shares for a period of one business day or longer (other than pending publication of announcements in respect of the Rights Issue); or
 - (v) any new law or regulation or any change in existing laws or regulations,

the effect of which events or circumstances referred to in paragraph (g) above, individually or in the aggregate (in the sole opinion of the Underwriter): (A) is or may be materially adverse to, or prejudicially affects or may prejudicially affect, the Group or its prospects; or (B) is or may be material in the context of the Rights Issue; or (C) prejudicially affects or may prejudicially affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue.

Conditions of the Underwriting Agreement

The Rights Issue is conditional upon, among other conditions as mentioned above, the Underwriting Agreement becoming unconditional. The obligations of the Underwriter under the Underwriting Agreement are subject to certain conditions, including, among others:

- (a) permission to deal in and listing of all the Rights Shares (in their nil paid and fully paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil paid and fully paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (b) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (c) the fulfilment by the Company of its obligations under the Underwriting Agreement by the time specified in the Underwriting Agreement in connection with the making of the Rights Issue and the allotment of the Rights Shares;
- (d) the fulfilment by the Committed Shareholders and the Corporate Committed Shareholders of their obligations under the Underwriting Agreement by the time specified in the Underwriting Agreement;
- (e) the Company's compliance with and performance of all its undertakings and obligations under the Underwriting Agreement by the time specified in the Underwriting Agreement;
- (f) receipt by the Underwriter (in a form and substance satisfactory to the Underwriter) of all relevant documents to be provided by the times specified in the Underwriting Agreement;
- (g) no breach of any of the warranties contained in the Underwriting Agreement having come to the knowledge of the Underwriter;
- (h) the Underwriter not having any cause to believe that a breach of the warranties contained in the Underwriting Agreement has occurred or may occur; and
- (i) a matter not having arisen which might be expected to give rise to a claim, action, litigation, proceedings or investigations, demands, judgments or awards.

If the conditions of the Underwriting Agreement are not duly fulfilled and/or waived (where applicable) by the Underwriter, by the time and/or date specified in each case, or if the Latest Time of Termination occurs or will occur after 5:00 p.m. on Friday, 23 July 2010 (or such later date as the Underwriter may agree) or if the Underwriting Agreement shall be terminated as described in the paragraph headed “Termination of the Underwriting Agreement” above, none of the parties shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than antecedent breaches) provided that the Company shall remain liable to pay the Underwriter’s costs, fees and expenses in accordance with the Underwriting Agreement but the Company shall not be liable to pay to the Underwriter the underwriting commission thereunder.

If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Committed Shareholders’ and Corporate Committed Shareholders’ undertaking

As at the date of this announcement, the Committed Shareholders and the Corporate Committed Shareholders are directly or indirectly interested in a total of 958,782,800 Shares. The Company’s total issued share capital is currently 2,318,849,403 Shares. Accordingly, the Committed Shareholders and the Corporate Committed Shareholders are, in aggregate, interested in approximately 41.35% of the Company’s current issued share capital. Pursuant to the Underwriting Agreement, each of the Committed Shareholders and the Corporate Committed Shareholders has severally and irrevocably undertaken to the Company and the Underwriter, among other things:

- (a) to accept (or procure acceptance of), by 4:00 p.m. on the first day the Rights Issue is open the Rights Shares to be provisionally allotted to each of them pursuant to the terms of the Rights Issue (being in aggregate 383,513,120 Rights Shares); and
- (b) to procure that each of them will remain, as at 5:00 p.m. on the Record Date, as the registered Shareholder of the Shares held by them on the date of this announcement (being in aggregate 958,782,800 Shares).

Save for the undertaking from the Committed Shareholders and the Corporate Committed Shareholders, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

Restrictions on dealings

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter, and each Committed Shareholder and Corporate Committed Shareholder has undertaken to the Underwriter to procure, that:

- (a) except for the Rights Shares to be allotted and issued pursuant to the Rights Issue; or
- (b) with the prior written consent of the Underwriter,

from the date of the Underwriting Agreement up to 90 days after the Closing Date, the Company will not (i) allot or issue, or offer to allot or issue, or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares, any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, or (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares, or (iii) agree (conditionally or unconditionally) to enter into any such transaction with the same economic effect as any transaction described in (i) above or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

Pursuant to the Underwriting Agreement, each of the Committed Shareholders and Corporate Committed Shareholders has undertaken to the Company and the Underwriter that from the Latest Time for Acceptance until 90 days from the Closing Date, except with the prior written consent of the Underwriter, he/it will not and will procure that none of his/its nominees or companies controlled by him/it (including Corporate Committed Shareholder controlled by the Committed Shareholder) (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by the Committed Shareholder or the Corporate Committed Shareholder or such controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the completion of the Rights Issue is set out below:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming the Committed Shareholders and Corporate Committed Shareholders take up their respective entitlements but that no other Shareholder takes up any of the Underwritten Shares and all Underwritten Shares are taken up by the Underwriter	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
Committed Shareholders						
Liu Xiaoming	362,956,000 <i>(Note 1)</i>	15.65%	508,138,400	15.65%	508,138,400	15.65%
Xu Zhouwen	228,294,000 <i>(Note 2)</i>	9.85%	319,611,600	9.85%	319,611,600	9.85%
Wang Tieguang	181,692,800 <i>(Note 3)</i>	7.84%	254,369,920	7.84%	254,369,920	7.84%
Kong Zhanpeng	185,840,000 <i>(Note 4)</i>	8.01%	260,176,000	8.01%	260,176,000	8.01%
Public Shareholders						
The Underwriter	—	—	—	—	544,026,641	16.76%
Other public Shareholders	1,360,066,603	58.65%	1,904,093,244	58.65%	1,360,066,603	41.89%
Total	2,318,849,403	100.00%	3,246,389,164	100.00%	3,246,389,164	100.00%

Notes:

- 13,636,000 Shares of which is held by Mr. Liu Xiaoming, an executive Director, directly as beneficial owner, 349,320,000 Shares are owned by LXM Limited, a company incorporated in the BVI. The entire issued share capital of LXM Limited is beneficially owned by Mr. Liu Xiaoming.

2. 17,254,000 Shares of which is held by Mr. Xu Zhouwen, an executive Director, directly as beneficial owner, 211,040,000 Shares are owned by Crown Asia Profits Limited, a company incorporated in the BVI. The entire issued share capital of Crown Asia Profits Limited is beneficially owned by Mr. Xu Zhouwen.
3. 8,892,800 Shares of which is held by Mr. Wang Tieguang, an executive Director, directly as beneficial owner, 172,800,000 Shares are owned by Rich Mark Profits Limited, a company incorporated in the BVI. The entire issued share capital of Rich Mark Profits Limited is beneficially owned by Mr. Wang Tieguang.
4. 13,040,000 Shares of which is held by Mr. Kong Zhanpeng, an ex-director of the Company and the chairman and an executive director of GSH, directly as beneficial owner, 172,800,000 Shares are owned by Hartington Profits Limited, a company incorporated in the BVI. The entire issued share capital of Hartington Profits Limited is beneficially owned by Mr. Kong Zhanpeng.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products.

The estimated net proceeds from the Rights Issue are approximately HK\$678 million (equivalent to a net price of approximately HK\$0.73 per Rights Share) which will be used for repayment of existing bank loans and general working capital of the Group.

Having considered other fund raising alternatives for the Group, including issuance of debt securities and Share placements and taking into account the benefit and costs of each alternative, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The estimated expenses of the Rights Issue are about HK\$18 million, which include underwriting commission and professional fees payable to the financial advisers, lawyers, financial printer and other parties involved in the Rights Issue and will be borne by the Company.

EXPECTED TIMETABLE

2010

Last day of dealings in the Shares on a cum-rights basis	Tuesday, 22 June
First day of dealings in the Shares on an ex-rights basis	Wednesday, 23 June
Latest time for lodging transfers of Shares accompanied by the relevant title documents in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 24 June
Record Date for the Rights Issue	5:00 p.m. on Thursday, 24 June
Despatch of the Prospectus Documents	Monday, 28 June
First day of dealings in nil-paid Rights Shares	Wednesday, 30 June
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 5 July
Last day of dealings in nil-paid Rights Shares	Thursday, 8 July
Latest time for payment for and acceptance of the Rights Shares and application for excess Rights Shares	4:00 p.m. on Tuesday, 13 July
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Friday, 16 July
Announcement of results of the Rights Issue	Monday, 19 July
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before	Tuesday, 20 July
Share certificates of the Rights Shares to be posted on or before	Tuesday, 20 July
Dealing in fully-paid Rights Shares commences	Thursday, 22 July

All times specified in this announcement refer to Hong Kong local time. Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as appropriate.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

Save for the Rights Issue, there have been no funds raised on any issue of Shares in the 12 months immediately preceding the date of this announcement.

GENERAL

The Prospectus or Prospectus Documents, as appropriate, containing further information on the Rights Issue will be dispatched to Shareholders as soon as practicable. Shareholders and potential investors should exercise caution in dealing in the Shares.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, since the Rights Issue would increase the issued share capital of the Company by no more than 50%, the Rights Issue is not conditional upon approval by the Shareholders.

WARNING OF RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES

The Rights Issue is conditional upon, among others, the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the section headed “Termination of the Underwriting Agreement” in this announcement above for further details.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 23 June 2010. The Rights Shares will be dealt with in their nil-paid form from Wednesday, 30 June 2010 to Thursday, 8 July 2010 (both days inclusive). Any Shareholders or other persons dealing in the Shares or in the Rights Shares in their nil-paid form up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be at 4:00 p.m. on Friday, 16 July 2010) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing the Shares or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company in Hong Kong at 5:00 p.m. on the Record Date, which is currently expected to be Thursday, 24 June 2010. In order to be registered as a member of the Company in Hong Kong at 5:00 p.m. on the Record Date, any transfer of Shares (together with the relevant title documents) must be lodged with the Registrar for registration by 4:30 p.m. on the Record Date.

GENERAL

The Prospectus or the Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors or a duly authorized executive committee thereof
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date falling on the third business day after the Latest Time of Acceptance
“Committed Shareholders”	collectively, Mr. Liu Xiaoming, Mr. Xu Zhouwen and Mr. Wang Tieguang, all being executive Directors, and Mr. Kong Zhanpeng, being an ex-director of the Company and the chairman and an executive director of GSH
“Company”	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange

“Corporate Committed Shareholder(s)”	the company(ies) wholly-owned by each of the Committed Shareholders as referred to in the section headed “Shareholding structure of the Company” in this announcement, namely LXM Limited (which is wholly-owned by Mr. Liu Xiaoming), Crown Asia Profits Limited (which is wholly-owned by Mr. Xu Zhouwen), Rich Mark Profits Limited (which is wholly-owned by Mr. Wang Tiegung) and Hartington Profits Limited (which is wholly-owned by Mr. Kong Zhanpeng), through which each Committed Shareholder holds some of his Shares as at the date of this announcement
“Directors”	the directors of the Company
“Excluded Shareholders”	the Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses are in places outside of Hong Kong (and any Shareholders or Beneficial Owners who at that time are resident in places outside of Hong Kong) that, in the Directors’ opinion after making enquiries, it is necessary or expedient not to extend the Rights Issue to on account either of the legal restrictions under the laws of the respective places of their registered addresses or the requirements of the relevant regulatory body or stock exchange in the relevant places subject to limited exceptions to be disclosed in the Prospectus
“Group”	the Company and its subsidiaries
“GSH”	Global Sweeteners Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange and an indirect non-wholly owned subsidiary of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	14 June 2010, being the last trading day of the Shares on the Stock Exchange prior to the issue of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 July 2010 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the Rights Issue prospectus
“Prospectus Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Qualifying Shareholders”	the Shareholders other than the Excluded Shareholders whose names appear on the register of members of the Company in Hong Kong as at 5:00 p.m. on the Record Date
“Record Date”	5:00 p.m. on Thursday, 24 June 2010 or such other time and date the Underwriting may agree with the Company in writing, being the date by reference to which entitlements to the Rights Issue will be determined
“Registered Nominee Company(ies)”	nominee company(ies) whose name(s) appear(s) on the register of members of the Company including (but not limited to) HKSCC Nominees Limited
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorized custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	Tricor Tengis Limited, the Company’s Hong Kong branch Share registrar located at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares at the Subscription Price by way of rights to the Qualifying Shareholders on the terms pursuant to the Prospectus Documents and summarized in this announcement
“Rights Share(s)”	927,539,761 new Shares proposed to be allotted and issued by way of rights to the Qualifying Shareholders
“SFC”	the Securities and Futures Commission in Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.75 per Rights Share under the Rights Issue
“Top-up Arrangement”	arrangement in relation to the top-up of odd lots to whole lot holdings as described in the sub-paragraph (a) of the paragraph headed “Application for excess Rights Shares” in this announcement
“Underwriter”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution as defined in the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 14 June 2010 entered into between the Company, the Underwriter, the Committed Shareholders and the Corporate Committed Shareholders in relation to the Rights Issue
“Underwritten Shares”	544,026,641 Rights Shares, being all the Rights Shares less the 383,513,120 Rights Shares to be subscribed (or procured to be subscribed) by the Committed Shareholders or the Corporate Committed Shareholders pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Global Bio-chem Technology Group Company Limited
Cheung Kin Po
Company Secretary

Hong Kong, 14 June 2010

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

<i>Executive Directors:</i>	Mr. Liu Xiaoming, Mr. Zhouwen, Mr. Wang Tieguang
<i>Non-executive Director:</i>	Mr. Patrick Earl Bowe (Mr. Steven C Wellington as his alternate)
<i>Independent non-executive Directors:</i>	Mr. Lee Yuen Kwong, Mr Chan Man Hon, Eric, Mr. Li Defa