

Contact: Shiu Ka Yue/ Lorna Wong/ Bryan Bian  
Tel: 28016239 (90291865/ 90868623/ 96307030)

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Pages: 4

## GLOBAL BIO-CHEM REPORTED 1H 2010 NET PROFIT OF HK\$104 MILLION RIDING ON MARKET RECOVERY

Capitalising on the rebound in market demand and selling prices of various products, the performance of Global Bio-chem Technology Group Company Limited (“Global Bio-chem” or the “Company” stock code: 00809) and its subsidiaries (the “Group”) was back on track for the six months ended 30 June 2010.

The Group reported a net profit attributable to owners of the Company of HK\$104 million, as opposed to a net loss of HK\$91 million in the corresponding period last year. The Group’s consolidated revenue and gross profit in the first half of 2010 amounted to HK\$3.8 billion and HK\$625 million respectively, representing significant increases of 13 per cent and 75 per cent respectively from those of the corresponding period last year.

The enhanced performance was mainly attributable to the rise in the average selling prices of almost all of the products. The Group’s gross profit margin improved to 16 per cent during the period under review from 11 per cent of the first half of 2009.

The Board of directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009 same period: Nil).

Despite the relatively high corn price during the period, the improved selling price of the Group’s upstream products, including corn starch and other corn refined products, was able to offset the impact and allowed the upstream business to maintain a stable gross margin of 8 per cent. However, the revenue of the upstream business in the first half of 2010 decreased slightly, mainly due to increase in internal consumption of corn starch.

Revenue and gross profit of downstream products, including amino acids, polyol chemicals, modified starch, and corn sweeteners, in the first half of 2010, amounted to HK\$2.7 billion and HK\$539 million respectively, representing year-on-year increases of 15 per cent and 99 per cent respectively. The substantial increase in the revenue and gross profit was attributable to the rise of selling prices of the downstream products.

Amino acids remained the largest profit contributor to the Group during the period under review. The revenue and gross profit of amino acids in the first half of 2010 amounted to approximately HK\$1.7 billion and HK\$401 million respectively, representing decrease of 3 per cent and increase of 53 per cent respectively from those of the same period of 2009. The gross profit of amino acids for the period surged significantly due to sharp increase in the average selling price, and accounted for 64 per cent of the Group’s gross profit.

“Our major business – amino acids – had resumed its healthy condition. With the rise in market price, the gross margin of this segment had returned gradually to a satisfactory level, despite the

increasing cost of raw materials,” said Mr Liu Xiaoming, Co-chairman of Global Bio-chem.

Export of lysine products during the period reached 34,780 metric tonnes, benefiting from improvement in demand from overseas markets. Moreover, export sales accounted for 26 per cent of the Group’s total revenue, as compared to 15 per cent achieved under the challenging conditions during the first half of 2009.

Benefiting from the recovery of market prices of chemical products and crude oil price since the last quarter of 2009, the Group’s polyol chemicals division generated revenue of approximately HK\$347 million (2009 same period: HK\$166 million) and contributed gross profit of approximately HK\$30 million, against a gross loss of HK\$45 million in the same period of last year.

Owing to market recovery, the operating environment of sweeteners improved significantly in the first half of 2010. The sales volume and revenue of the sweeteners division increased by approximately 23 per cent and approximately 52 per cent respectively compared with those of the same period last year. As a result, the gross profit from this division rose to approximately HK\$97 million (2009 same period: HK\$49 million) during the period under review.

Although corn prices are expected to stay at a higher level throughout the year, the Group will adopt prudent measures to respond to corn price movement. The Group currently has sufficient corn stock to meet the needs of the Group’s operation until the next harvest season in October this year.

“Demand for lysine is expected to continue to grow in the coming year. Driven by strong market demand, the Group expects to fully utilise its production facilities and maintain market share. The Group will continue to develop its fermentation technology to further extend its amino acids product series, so that the Group will be able to cater to any new demand from the market,” added Mr Liu.

In July 2010, the Group completed a rights issue to raise net proceeds of HK\$676 million for the repayment of existing bank borrowings and as general working capital. The measures serve to strengthen the Group’s balance sheet.

Looking into the second half of 2010, Mr Xu Zhouwen, Co-chairman of Global Bio-chem said: “Although there are strong signs of improvement in market sentiment, we are well aware of the fact that the world economy is still undergoing a process of consolidation, which requires both close attention and swift reaction from a prudent corporation. Global Bio-chem will focus on entrenching its leading position in mainstream product markets, and concentrate its resources and effort in extending its market dominance, capitalising on its cutting edge production technology and massive operation scale.”

**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 chemicals. 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 also listed on the Main Board of the Stock Exchange of Hong Kong Limited.

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Through: CorporateLink Limited

**(Attached is the unaudited consolidated income statement for six months ended 30 June 2010)**

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

**Unaudited Condensed Consolidated Income Statement**

For the six months ended 30 June

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	<b>3,827,658</b>	3,396,310
Cost of sales	<b>(3,203,047)</b>	(3,038,450)
Gross profit	<u>624,611</u>	<u>357,860</u>
Other income	<b>50,345</b>	30,042
Selling and distribution costs	<b>(225,278)</b>	(180,484)
Administrative expenses	<b>(109,619)</b>	(121,550)
Other expenses	<b>(220)</b>	(14,361)
Finance costs	<b>(180,750)</b>	(156,007)
Share of profits of jointly controlled entities	<b>545</b>	2,839
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>159,634</b>	(81,661)
Income tax expense	<b>(27,586)</b>	7,539
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b><u>132,048</u></b>	<b><u>(89,200)</u></b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>104,087</b>	(90,532)
Minority interests	<b>27,961</b>	1,332
	<b><u>132,048</u></b>	<b><u>(89,200)</u></b>
<b>EARNINGS/(LOSS) PER SHARE</b>		
Basic	<b><u>HK 4.5 cents</u></b>	<b><u>HK(3.9 cents)</u></b>
Diluted	<b><u>NA</u></b>	<b><u>NA</u></b>