GLOBAL BIO-CHEM MAKES TECHNOLOGICAL BREAKTHROUGH USING CORN TO PRODUCE “ENVIRONMENTAL FRIENDLY” POLYOL PRODUCTS

Global Bio-chem Technology Group Company Limited (“Global Bio-chem” or the “Company” stock code: 0809) today held a seminar on “New Alternative To Petroleum in Polyol Production” with the aim of introducing the new technology of using corn, a low-cost, renewable resource, to substitute petroleum in producing polyol products. Speakers include representatives from Global Bio-chem, International Polyol Chemicals, Inc. (“IPCI”) and Mitsui & Co., Ltd. (“Mitsui”). The seminar was attended by over 200 audiences including members from the industry, institutional investors, analysts and the general public.

Polyol is a collective name of a group of chemical products. These include ethylene glycol, propylene glycol, butanediol, methanol and ethanol etc. Polyol products are widely used in today industries such as textile, plastic, chemical, pharmaceuticals and cosmetics, which are closely related to our daily life.

“At present, polyol is mainly refined from petroleum and therefore using corn as raw materials is a significant technological breakthrough. Successful application of this technology will help relieve the oil shortage problem and ease environmental concern since it causes much less pollution compared to the traditional way of polyol production”, said Mr Terry Brix, President of IPCI.

The seminar focused on the mechanism of how corn can be used to produce polyol products. Corn starch is first extracted from corn and saccharified to glucose and then hydrogenated to sorbitol. Sorbitol would be used to produce polyol products through chemical processes. Traditional way of polyol production is using petroleum for fractional distillation into naphtha, which is then being put through a series of chemical reactions to produce the same end products.

A joint venture company has been established by Global Bio-chem and IPCI for feasibility study and pilot operation of the new technology. The pilot plant with designed annual production capacity of 10,000 metric tonnes commenced its trial run in July 2004. The plant is able to produce approximately 2,200 metric tonnes of ethylene glycol and 5,200 metric tonnes of propylene glycol from 10,000 metric tonnes of sorbitol. While operation has been running smoothly, the Company expected the production capacity can reach an actual output of over 20,000 metric tonnes per annum as indicated from the pilot run results.
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The results also proved that using corn instead of petroleum in making polyol would greatly reduce the production cost. Comparing petroleum with corn as raw materials, the investment ratio for a polyol facility with an annual production capacity of 10,000 metric tonnes is 4:1, while the consumption ratio of raw materials for producing 10,000 metric tonnes of polyol is 8:1.5.

"Current global demands for ethylene glycol and propylene glycol are approximately 14 million metric tonnes and 3 million metric tonnes. China is one of the major importers of both of these products. In 2003, the country's demands were over 2.5 million and 0.13 million respectively. It is estimated that the demands for ethylene glycol and propylene glycol in China in 2005 will reach 4.5 million metric tonnes and 0.18 million metric tonnes respectively," added Mr Xu Zhouwen, Co-Chairman of Global Bio-chem.

“We have overcome various technical problems to become the pioneer to produce polyol from renewable corn in China. We believe our polyol products will offer the chemical industry and polyol end users an environmentally friendly and low cost alternative to petroleum-made polyol products. Also, the polyol project will further enhance the advantage of our vertical integration production process and product portfolio. In view of the market potential and our competitive edge, we are confident that the polyol project will make great contribution to the Company,” said Mr Liu Xiaoming, Co-Chairman of Global Bio-chem.

About Global Bio-chem Technology Group Company Limited
Global Bio-chem is listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2001 and is principally engaged in the manufacture, research and development of corn-based biochemical products in the 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 Changchun in Jilin Province, Jinzhou in Liaoning Province and Shanghai in the PRC, Global Bio-chem employs approximately 2,000 employees and is the largest vertically integrated corn-based biochemical product manufacturer in Asia with an annual corn processing capacity of 1.8 million metric tonnes. It is also the largest lysine producer in the PRC, and one of the major lysine producers in the world with an annual capacity of 120,000 metric tonnes. Global Bio-chem will raise its lysine production capacity to 240,000 metric tonnes per annum by the first half of 2005.

About International Polyol Chemicals, Inc.
International Polyol Chemicals, Inc. was founded in Washington State, United States in 1985. Since the 1980's it has started research on the biochemical technology of polyol production and owns over 35 licensed technologies in United States.

About Mitsui & Co., Ltd.
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Mitsui & Co., Ltd. is a public company and its common stocks are listed on the stock exchanges of Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Luxemburg, Amsterdam and Frankfurt and its American depositary receipts are traded over the counter of the NASDAQ national market system. Mitsui and its overseas offices are engaged in the business of the worldwide trading of various commodities. It is also engaged in the development of financing and investing arrangements, the assistance in the procurement of raw materials and equipment, the introduction of new technologies and processes for manufacturing and the coordination of finished goods transportation and marketing, and acts as an intermediary between buyers and sellers that want to import, export or engage in offshore or domestic trading activities.

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