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GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03889)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June		
	2011	2010	Change %
Revenue (HK\$'Mn)	2,028	1,526	32.9
Gross profit (HK\$'Mn)	288	184	56.8
Profit before tax (HK\$'Mn)	130	80	62.4
Net profit attributable to owner of the Company (HK\$'Mn)	102	63	61.8
Basic earnings per share (HK cents)	8.90	5.68	56.7
Interim dividend per share (HK cents)	Nil	Nil	N/A

The board (“Board”) of directors (“Directors”) of Global Sweeteners Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2011 (“the Period”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
REVENUE			
Sales of goods	4	2,027,741	1,525,736
Cost of sales		<u>1,739,395</u>	<u>(1,341,793)</u>
Gross profit		288,346	183,943
Other income	4	14,387	14,223
Selling and distribution costs		(102,444)	(62,756)
Administrative expenses		(38,547)	(31,989)
Other expenses		(2,676)	1,295
Finance costs	5	(29,367)	(25,161)
Share of profits of jointly controlled entities		<u>399</u>	<u>545</u>
PROFIT BEFORE TAX	6	130,098	80,100
Income tax expense	7	<u>(26,523)</u>	<u>(16,201)</u>
PROFIT FOR THE PERIOD		<u>103,575</u>	<u>63,899</u>
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of financial statements of operations outside Hong Kong		<u>52,202</u>	<u>(257)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>155,777</u>	<u>63,642</u>
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		102,325	63,238
Non-controlling interests		<u>1,250</u>	<u>661</u>
		<u>103,575</u>	<u>63,899</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		154,261	62,981
Non-controlling interests		<u>1,516</u>	<u>661</u>
		<u>155,777</u>	<u>63,642</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	8	<u>HK8.90 cents</u>	<u>HK5.68 cents</u>
— Diluted	8	<u>HK8.90 cents</u>	<u>HK5.67 cents</u>
DIVIDEND PER SHARE	9	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

		30 June	31 December
		2011	2010
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,168,189	1,157,692
Prepaid land premiums		107,552	106,146
Deposits paid for acquisition of property, plant and equipment		15,956	5,439
Goodwill		183,538	183,538
Deferred tax assets		1,052	595
Breeding biological assets		9,003	7,535
Investments in jointly controlled entities	<i>10</i>	100,297	97,372
Total non-current assets		1,585,587	1,558,317
CURRENT ASSETS			
Inventories		583,853	585,981
Trade and bills receivables	<i>11</i>	488,556	503,246
Prepayments, deposits and other receivables		68,201	50,989
Trading biological assets		2,162	1,948
Due from jointly controlled entities		4,635	3,110
Due from the immediate holding company		21,086	21,086
Due from fellow subsidiaries		234,376	172,085
Cash and cash equivalents		463,182	377,559
Total current assets		1,866,051	1,716,004
CURRENT LIABILITIES			
Trade payables	<i>12</i>	61,347	122,850
Other payables and accruals		164,002	133,571
Interest-bearing bank and other borrowings		873,333	614,943
Due to the ultimate holding company		3,259	3,417
Due to fellow subsidiaries		194,402	128,466
Due to jointly controlled entities		—	17,299
Tax payable		9,875	3,997
Total current liabilities		1,306,218	1,024,543
NET CURRENT ASSETS		559,833	691,461

		30 June	31 December
		2011	2010
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		2,145,420	2,249,778
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		—	264,368
Deferred tax liabilities		62,205	58,498
Total non-current liabilities		62,205	322,866
Net assets		2,083,215	1,926,912
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>13</i>	114,981	114,948
Reserves		1,959,342	1,804,588
		2,074,323	1,919,536
Non-controlling interests		8,892	7,376
Total equity		2,083,215	1,926,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 are authorised for issue in accordance with a resolution of the directors (the “Directors”) passed on 29 August 2011.

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit 2403, Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong. The Group is involved in the manufacture and sale of corn refined products, corn-based sweetener products, and cattle breeding and beef selling. There were no changes in the nature of the Group’s principal activities during the period.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the “immediate holding company” or “Global Corn Bio-chem”), a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited (the “ultimate holding company”), a company incorporated in the Cayman Islands whose shares are also listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010. The Group has adopted the following new and revised HKFRSs for the first time for the current period’s financial statements.

HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2010</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation — Classification of Rights Issues</i>
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>

HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The adoption of these new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's interim condensed consolidated financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the interim condensed consolidated financial statements:

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ³
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interest in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

- (i) the corn refined products segment comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products;
- (ii) the corn based sweetener products segment comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose and maltodextrin; and
- (iii) the biological products segment comprises the breeding of cattle and sales of beef.

Management monitors the results of its 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 bank interest income and finance costs as well as corporate gains and expenses are excluded from such measurement.

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. The geographical information is another basis on which the Group reports its segment information.

(a) Business units information

	Corn refined products		Corn based sweetener products		Biological products		Total	
	Six months ended 30 June							
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	685,184	490,955	1,276,368	933,232	66,189	101,549	2,027,741	1,525,736
Intersegment sales	206,085	161,458	—	—	—	—	206,085	161,458
<i>Reconciliation:</i>								
Elimination of intersegment sales	(206,085)	(161,458)	—	—	—	—	(206,085)	(161,458)
Revenue	<u>685,184</u>	<u>490,955</u>	<u>1,276,368</u>	<u>933,232</u>	<u>66,189</u>	<u>101,549</u>	<u>2,027,741</u>	<u>1,525,736</u>
Segment results	<u>47,289</u>	<u>49,645</u>	<u>104,489</u>	<u>43,383</u>	<u>3,626</u>	<u>1,665</u>	<u>155,404</u>	<u>94,693</u>
<i>Reconciliation:</i>								
Bank interest income							572	339
Unallocated gains							13,815	14,430
Corporate and other unallocated expenses							(10,326)	(4,201)
Finance costs							(29,367)	(25,161)
Profit before tax							<u>130,098</u>	<u>80,100</u>

(b) Geographical information

	Mainland China		Regions other than Mainland China		Consolidated	
			Six months ended 30 June			
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	<u>1,900,330</u>	<u>1,457,078</u>	<u>127,411</u>	<u>68,658</u>	<u>2,027,741</u>	<u>1,525,736</u>

4. REVENUE AND OTHER INCOME

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 other income is as follows:

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Bank interest income	572	339
Sales of scrap and raw materials	7,708	6,535
Exchange gains	3,194	347
Government grants*	2,462	6,241
Others	451	761
	<u>14,387</u>	<u>14,223</u>

* Government grants during the current period represented the rewards for energy-saving technology retrofit to a subsidiary located in Mainland China and tax refund awarded to certain subsidiaries located in Mainland China for export sales.

5. FINANCE COSTS

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interest on bank loans:		
Wholly repayable within five years	23,265	21,280
Finance costs for discounted bills receivable	6,102	3,881
	<u>29,367</u>	<u>25,161</u>

6. PROFIT BEFORE TAX

The Group's profit from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials and consumables used	1,429,818	1,015,321
Depreciation	48,334	45,146
Amortisation of prepaid land premiums	2,731	3,009
Impairment/(write-back) of trade and bills receivables	2,463	(1,535)
Impairment/(write-off) of inventories to net realisable value	(1,494)	5,909
Employee benefits expense	30,578	20,884
	<u>1,491,730</u>	<u>1,091,535</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provisions for the period:		
Hong Kong profits tax	—	—
PRC corporate income tax	26,523	16,201
Tax charge for the period	<u>26,523</u>	<u>16,201</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

The statutory tax rate for all subsidiaries in Mainland China is 25% for the six months ended 30 June 2011 (2010: 25%).

During the current period, tax on the assessable profit of one (2010: one) PRC subsidiary had been calculated at 50% of the applicable prevailing tax rate in the PRC.

The tax rate of one (2010: one) subsidiary, which was granted the Technologically Advanced Enterprise status and was entitled to a lower applicable tax rate under Article 75 of the Detailed Rules and Regulation for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, shall be gradually transitioned to the new statutory tax rate within a period of five years. As a result, the subsidiary enjoyed the corporate income tax rates of 15% in 2007, 18% in 2008, 20% in 2009 and 22% in 2010 and is subject to the corporate income tax rates of 24% in 2011 and 25% in 2012.

No provision for income tax has been made for the remaining PRC subsidiaries of the Company as they did not generate any assessable profits for the current and prior periods.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The basic earnings per share for the period ended 30 June 2011 is calculated based on the consolidated profit for the period attributable to owners of the Company of approximately HK\$102,325,000 (2010: HK\$63,238,000) and the weighted average number of ordinary shares in issue during the period of 1,149,562,000 (2010: 1,112,797,000).

The calculation of the diluted earnings per share amount is based on the profit attributable to owners of the Company for the six months ended 30 June 2011 of approximately HK\$102,325,000 (2010: HK\$63,238,000) and the weighted average number of ordinary shares of 1,149,650,000 (2010: 1,115,202,000), being the weighted average number of ordinary shares of 1,149,562,000 (2010: 1,112,797,000) in issue during the period, as used in the basic earnings per share calculation, plus the weighted average of 88,000 (2010: 2,405,000) ordinary shares assumed to be issued at no consideration on the deemed exercise of the share options during the period.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

10. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Share of net assets	60,297	57,372
Loan to a jointly controlled entity	40,000	40,000
	<u>100,297</u>	<u>97,372</u>

The long term loan of HK\$40 million to a jointly controlled entity represents a quasi-equity loan which is stated at cost less impairment. The long term loan of HK\$40 million was unsecured, interest-free and will be repayable in 2101 or upon the liquidation, winding-up or dissolution of the jointly controlled entity, whichever is the earlier.

Particulars of the jointly controlled entities are as follows:

Name	Nominal value of paid-up share/ registered capital	Place of incorporation/ Registration and operations	Percentage of Ownership interest	Voting power and profit sharing	Principal activities
Global Bio-chem-Cargill (Holdings) Limited	HK\$1,000	Hong Kong	50	50	Investment holding
GBT-Cargill High Fructose (Shanghai) Co., Ltd.*	US\$3,000,000	Mainland China	50	50	Manufacture and sale of high fructose corn syrup

* Wholly-foreign-owned enterprise

All of the above investments in jointly controlled entities are indirectly held by the Company.

The following table illustrates the summarised financial information of the Group's jointly controlled entities:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Share of the jointly controlled entities' assets and liabilities:		
Current assets	71,614	68,962
Non-current assets	17,314	17,430
Current liabilities	(27,815)	(28,205)
Non-current liabilities	(816)	(815)
Net assets	<u>60,297</u>	<u>57,372</u>
	Six months ended 30 June 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Share of the jointly controlled entities' results:		
Revenue	37,312	36,262
Other income	316	534
Total expenses	37,628 (37,201)	36,796 (36,182)
Tax	(28)	(69)
Profit after tax	<u>399</u>	<u>545</u>

11. TRADE AND BILLS RECEIVABLES

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Trade receivables	405,199	360,000
Bills receivables	86,335	146,041
Impairment	<u>(2,978)</u>	<u>(2,795)</u>
Total	<u>488,556</u>	<u>503,246</u>

The Group normally allows credit terms of 90 days to established customers and credit terms of 180 days was allowed to four major customers with long term business relationship and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. Significant concentrations of risk exists where the Group has material exposures to trade receivables from one customer located in Mainland China which accounted for 12% of the total trade and bills receivables as at 30 June 2011 (31 December 2010: 17%).

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

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Within 1 month	203,658	233,224
1 – 2 months	125,805	96,234
2 – 3 months	75,181	55,397
Over 3 months	<u>83,912</u>	<u>118,391</u>
Total	<u>488,556</u>	<u>503,246</u>

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

	2011 (Unaudited) HK\$'000	2010 (Audited) HK\$'000
At 1 January 2011/1 January 2010	2,795	2,680
Impairment losses recognised	2,582	2,299
Impairment losses reversed	(119)	(1,866)
Exchange realignment	101	(318)
Amount written off as uncollectible	<u>(2,381)</u>	<u>—</u>
At 30 June 2011/31 December 2010	<u>2,978</u>	<u>2,795</u>

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

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Neither past due nor impaired	439,444	414,349
Less than 1 month past due	9,454	17,003
1 to 3 months past due	11,782	11,243
Over 3 months past due	<u>27,876</u>	<u>60,651</u>
Total	<u>488,556</u>	<u>503,246</u>

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 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. The Group does not hold any collateral or other credit enhancements over these balances.

12. TRADE PAYABLES

The Group normally obtains credit terms ranging 30 to 90 days from its suppliers, which are normally settled on a cash basis. The carrying amounts of trade payables approximate to their fair values.

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Within 1 month	37,918	105,262
1 – 2 months	13,501	11,532
2 – 3 months	2,917	941
Over 3 months	<u>7,011</u>	<u>5,115</u>
Total	<u>61,347</u>	<u>122,850</u>

13. SHARE CAPITAL

The following is a summary of the authorised share capital and the movements in the issued share capital of the Company:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Authorised:		
100,000,000,000 (31 December 2010: 100,000,000,000) ordinary shares of HK\$0.10 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
1,149,808,000 (31 December 2010: 1,149,478,000) ordinary shares of HK\$0.10 each	<u>114,981</u>	<u>114,948</u>

As at 30 June 2011, the issued and fully paid share capital is 1,149,808,000 with ordinary shares of HK\$0.10 each. The movement in the issued share capital during the period was as follows:

- (1) On 16 May 2011, the subscription rights attaching to 330,000 options were exercised at the subscription price of HK\$1.59 per share, resulting in the issue of 330,000 shares of HK\$0.10 each on 23 May 2011, for a total cash consideration, before expenses, of approximately HK\$525,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the production and sale of corn refined products, corn sweeteners, categorised into upstream and downstream products. Corn starch is then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup and maltose syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in retail business through launching of its own branded sweeteners and beef products direct to supermarket chains and end users.

BUSINESS ENVIRONMENT

The selling prices of the Group's products are affected by the prices of their raw materials (principally corn kernels and corn starch), the demand and supply of each of the products and their respective substitutes in the market and variety of product specifications.

During the six months ended 30 June 2011 (the "Period"), the average purchasing price of corn kernels increased by approximately 14.7% while the average selling price of corn starch increased by approximately 26.6% as compared to the corresponding period last year. While the price of cane sugar, a substitute of the Group's corn sweetener products, surged by approximately 40.0% during the Period as compared to the corresponding period last year.

FINANCIAL PERFORMANCE

The Group's consolidated revenue and gross profit for the Period increased by approximately 32.9% and 56.8% to approximately HK\$2,028 million and HK\$288 million, respectively (2010: HK\$1,526 million and HK\$184 million) when compared to the corresponding period in 2010. Such increase was mainly attributable to the increase in average selling prices and sales volume of the Group's products. As a result, the Group's net profit for the Period increased by approximately HK\$39 million to approximately HK\$102 million (2010: HK\$63 million) due to the Group's effort in expanding sales and cost control.

Upstream products

(Sales amount: HK\$685 million (2010: HK\$491 million))

(Gross profit: HK\$82 million (2010: HK\$45 million))

During the Period, the sales volume of corn starch and other corn refined products were approximately 136,000 metric tonnes ("MT") (2010: 123,000 MT) and 89,000 MT (2010: 76,000 MT), respectively. Internal consumption of corn starch was approximately 58,000 MT (2010: 59,000 MT), which was used as raw material for the production in Jinzhou and Shanghai production sites.

The operating environment of upstream products was thriving during the Period. The selling prices of corn starch and other corn refined products increased by approximately 26.6% and 18.1% to HK\$3,340 per MT and HK\$2,579 per MT (2010: HK\$2,638 and HK\$2,184) respectively as compared to the corresponding period last year. With the increase in corn purchasing price by 14.7% when compared to the corresponding period in 2010, the corn starch segment recorded a gross profit margin of approximately 21.9% (2010: 17.6%) while other corn refined products segment recorded a gross loss margin of approximately 7.8% (2010: 7.3%) during the Period.

Corn syrup

(Sales amount: HK\$759 million (2010: HK\$556 million))

(Gross profit: HK\$120 million (2010: HK\$66 million))

During the Period, the selling prices of glucose syrup and maltose syrup increased by approximately 37.7% and 32.8% respectively as compared to the corresponding period last year.

During the Period, internal consumption of glucose syrup for downstream production decreased by 9.8% to approximately 165,000 MT (2010: 183,000 MT) while the sales volume of glucose syrup and maltose syrup remained at approximately 125,000 MT (2010: 125,000 MT) and 113,000 MT (2010: 112,000 MT), respectively. However, with the significant increase in selling prices, the revenue for the sales of glucose syrup and maltose syrup grew by approximately 38.6% and 34.3% to approximately HK\$373 million (2010: HK\$269 million) and HK\$386 million (2010: HK\$287 million), respectively.

Despite the significant increase in raw material (corn starch) cost during the Period, glucose syrup and maltose syrup segments recorded gross profit margins of approximately 16.3% (2010: 11.3%) and 15.2% (2010: 12.3%) respectively as a result of the increase in their selling prices and effective cost control of the Company.

During the Period, the Group sold approximately 79,000 MT (2010: 86,000 MT) of glucose syrup to Global Bio-chem Technology Group Company Limited (“GBT”) and its subsidiaries excluding the Group (the “GBT Group”).

Corn syrup solid

(Sales amount: HK\$517 million (2010: HK\$377 million))

(Gross profit: HK\$81 million (2010: HK\$70 million))

The revenue of corn syrup solid increased by approximately 37.1% during the Period as a result of the increase in selling prices. Selling prices of crystallised glucose and maltodextrin increased by approximately 40.9% and 25.1% respectively, while sales volume of crystallised glucose decreased by approximately 19.0% to 96,000 MT (2010: 119,000 MT) and maltodextrin increased by approximately 43.0% to approximately 67,000 MT (2010: 46,000 MT). Consequently, the revenue of crystallised glucose and maltodextrin increased by approximately 14.1% and 78.9% respectively to approximately HK\$277 million (2010: HK\$243 million) and HK\$240 million (2010: HK\$134 million), respectively.

As a result of the drop in sales volume and the rise in raw material cost during the Period, crystallised glucose segment recorded a gross profit of approximately HK\$46 million (2010: HK\$54 million) with a gross profit margin of 16.6% (2010: 22.1%).

On the other hand, maltodextrin recorded a gross profit of approximately HK\$35 million (2010: HK\$17 million) with a gross profit margin of 14.8% (2010: 12.6%) during the Period. The increase in gross profit margin was mainly due to the increase in selling price and effective cost control.

During the Period, the Group sold approximately 65,000 MT (2010: 106,000 MT) of crystallised glucose to the GBT Group.

Retail business

(Sales amount: HK\$67 million (2010: HK\$102 million))

(Gross profit: HK\$5 million (2010: HK\$3 million))

For the beef business, the Company continued to focus on improving the gross profit margin by adjusting the product mix. During the Period, the gross profit of the beef business increased to approximately HK\$5 million (2010: HK\$3 million) with the revenue decreased by approximately 34.8% to HK\$67 million (2010: HK\$102 million). As a result, the gross profit margin increased to 7.9% (2010: 2.5%).

As at 30 June 2011, the Group had approximately 355 heads of cattle (31 December 2010: 410) in ranch including 355 heads of Angus beef cattle (31 December 2010: 330) and zero head of local cattle (31 December 2010: 80).

As at 30 June 2011, the Group has provided approximately HK\$90 million (31 December 2010: HK\$90 million) as general working capital for the cattle feedlot. On the other hand, the Group has invested approximately HK\$3 million for the improvement of current facilities and expansion of the barn, the construction of which was completed in April 2011. It is expected that capital expenditure amounted to approximately HK\$5 million will be incurred for the expansion of barn this year.

Export sales

During the Period, the Group exported approximately 21,000 MT (2010: 16,000 MT) of upstream corn refined products and 19,000 MT (2010: 11,000 MT) of corn sweeteners; their export sales amounted to approximately HK\$53 million (2010: HK\$33 million) and HK\$74 million (2010: HK\$36 million) respectively, representing approximately 6.3% (2010: 4.8%) of total revenue of the Group.

Other income, operating expenses, finance costs and income tax

Other income

During the Period, other income of the Group remained at approximately HK\$14 million (2010: HK\$14 million).

Selling and distribution costs

During the Period, the selling and distribution costs representing 5.1% (2010: 4.1%) of the Group's revenue increased by 63.2% to approximately HK\$102 million (2010: HK\$63 million) which is mainly attributable to the rise in transportation costs as a result of the highflying petroleum price and increase in packaging cost incurred by increased export sales volume.

Administrative expenses

The administrative expenses increased by 20.5% to approximately HK\$39 million (2010: HK\$32 million) but decreased to 1.9% (2010: 2.1%) to the Group's revenue due to stringent control of operating expenses.

Other operating expenses

During the Period, a provision amounted to approximately HK\$3 million for the doubtful debts with aging over one year was included in the Group's other operating expenses.

Finance costs

Finance costs of the Group increased by 16.7% to approximately HK\$29 million (2010: HK\$25 million) for the Period due to the increase in interest rate of PRC bank borrowings.

Income tax

During the Period, the overall effective tax rate of the Group during the Period remained at approximately 20.4% (2010: 20.2%).

Performance of joint ventures

As at 30 June 2011, the Group has one joint venture project with Cargill Inc. which is principally engaged in the manufacture and sale of high fructose corn syrup (“HFCS”). During the Period, the revenue of HFCS increased by 2.7% to approximately HK\$75 million (2010: HK\$73 million) mainly due to the increase in selling price by approximately 26.3% to HK\$3,488 per MT (2010: HK\$2,762 per MT). During the Period, the sales volume decreased by 19.2% to approximately 21,000 MT (2010: 26,000 MT). Gross profit decreased by 10.0% to approximately HK\$9 million (2010: 10 million) which is mainly attributable to increase in raw material cost by 22.5%. As a result, this joint venture recorded an operating profit of approximately HK\$1 million (2010: HK\$1 million) and share of profits by the Group amounted to approximately HK\$400,000 (2010: HK\$500,000).

Net profit attributable to shareholders

As a result of the increase in revenue and gross profit, the net profit attributable to shareholders for the Period increased by approximately 61.8% to approximately HK\$102 million (2010: HK\$63 million).

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

As at 30 June 2011, the Group had net borrowings of approximately HK\$410 million (31 December 2010: HK\$502 million). The decrease in net borrowings was mainly due to the increase in cash and cash equivalents of approximately HK\$86 million as a result of the cash inflow from operating activities.

Structure of interest bearing borrowings

As at 30 June 2011, the Group’s bank borrowings amounted to approximately HK\$873 million (31 December 2010: HK\$879 million), of which approximately 10.3% (31 December 2010: 11.4%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Period was approximately 6.7% (2010: 6.1%) per annum.

The percentage of interest bearing borrowings wholly repayable within one year and in the second to the fifth years were approximately 100.0% (31 December 2010: 70.0%) and nil (31 December 2010: 30.0%) respectively. The change in repayment pattern was mainly due to the reallocation of long term bank borrowings to short term bank borrowings during the Period.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. As at 30 June 2011, out of the amounts due from fellow subsidiaries, approximately HK\$186 million representing trade nature portion (31 December 2010: HK\$130 million) was taken into consideration in the calculation of trade receivables turnover days. During the Period, trade receivables turnover days decreased to approximately 60 days (31 December 2010: 69 days) as stringent control on credit terms has been applied. Meanwhile, the outstanding balances of approximately HK\$155 million (31 December 2010: HK\$92 million) as at 30 June 2011 arising from purchase transactions with the GBT Group were classified as amounts due to fellow subsidiaries. Such balances were considered as trade payables for the calculation of trade payables turnover days. During the Period, trade payables turnover days decreased to approximately 23 days (31 December 2010: 26 days) as part of the cash flow management. With the decrease in the inventory level of corn kernels of Jinzhou Yuancheng Bio-chem Technology Co., Ltd. as of 30 June 2011 to approximately 134,000 MT (31 December 2010: 195,000 MT), the inventories turnover days decreased to approximately 61 days (31 December 2010: 72 days) for the Period.

The current ratio and quick ratio as at 30 June 2011 decreased to approximately 1.43 (31 December 2010: 1.67) and 0.98 (31 December 2010: 1.10) due to the increase in short term bank borrowings of HK\$258 million as a result of reclassification of long term bank borrowings with repayable term fall within one year. Gearing ratios in terms of (i) bank borrowings to total assets, (ii) bank borrowings to equity and (iii) net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity were approximately 25.3% (31 December 2010: 26.9%), 41.9% (31 December 2010: 45.6%) and 19.3% (31 December 2010: 26.1%) respectively. The gearing ratio improved as a result of the cash inflow from operating activities which increased the cash and cash equivalents of approximately HK\$86 million. Interest coverage (i.e. EBITDA over finance costs) improved to approximately 7.2 times (2010: 6.1 times) during the Period. It is mainly attributable to the increase in EBITDA by 37.9% to approximately HK\$211 million (2010: HK\$153 million).

FOREIGN EXCHANGE EXPOSURE

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of business segments and overall foreign exchange risk profile and will consider appropriate hedging measures in future when necessary.

FUTURE PLANS AND PROSPECTS

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and a major player in global market. To achieve this objective, the Group will strive to enlarge its market share and diversify its product mix, as well as enhance its capability in developing high value-added products and new applications through in-house research and development and through strategic business alliances with prominent international market leaders.

As one of the largest corn sweetener producers in the PRC in terms of production capacity and production output, the Board believes that it is of utmost importance for the Group to maintain its leading position in the market by expanding its production capacity, and at the same time, expanding its sales network.

In view of business diversification, the launching of retailed packaged sweetener products and beef products were the Group's first step to extend its business line to the retail market. Currently these products are sold directly to consumers via nationwide supermarket chains in the PRC. The Group will continue to diversify its retail market product range in future through the launching of new products.

With respect to the raw material price fluctuation, it is always the Group's objective to secure our corn kernel supply at the lowest cost. To better utilise our current corn storage facilities and subject to market moves, the Group will explore possibilities to further reduce our corn cost and secure our corn supply with a more comprehensive corn procurement policy and network. To achieve this, the Group plans to establish a number of silos at corn originations to procure corn directly from local farmers. It is expected that such arrangement will further secure the quality and the abundant supply of corn kernel at the lowest cost.

As announced by the Company on 2 March 2011, the Company has been in discussions with an independent third party in relation to possible areas of strategic co-operation in corn processing and sweetener businesses within the PRC. As at the date of this announcement, negotiation is still in progress and no definitive or legally binding agreements have been reached between the Company and the independent third party.

EXPANSION OF PRODUCTION CAPACITY

The Board intends to establish new production facilities in the existing locations of the Group's production facilities and other locations in the PRC with an ultimate goal to increase its production capacity and market share. It is currently expected that the construction of these new production facilities will be undertaken by new subsidiaries of the Company or joint venture with third parties.

To secure raw material supply and match the Group's expansion in downstream corn sweeteners production in the future, the Group plans to build an additional 300,000 MT per annum ("mtpa") corn processing capacity in current Jinzhou corn refinery. Construction of this corn processing facility commenced in August this year and is expected to complete by the first quarter of 2012.

For the downstream expansion, in view of the pace of economic recovery and improved market sentiment, the Group decided to add a new HFCS 55 production facilities of 100,000 mtpa in Shanghai to cope with the huge demand growth in the region. Construction of this facility commenced in April and is expected to complete in October this year. In addition, the Group also plans to resume the construction of a new crystallised glucose production facility of 100,000 mtpa capacity, a maltodextrin production facility of 40,000 mtpa capacity and a new HFCS 55 production facility of 100,000 mtpa capacity in Jinzhou. Construction of these projects is expected to start in the fourth quarter of 2011 and the first quarter of 2012 respectively. Commercial production for these new capacities will commence in the second half the 2012 and the first half of 2013 respectively.

The Board estimates that substantial portion of the above expected capital expenditures will be incurred prior to the commencement of commercial production of each of these production facilities while the remaining amounts are expected to be settled within one year from the relevant dates of commencement of commercial production. The Board is of the view that the existing technology know-how of the Group is sufficient for such expansion. The expansion plans of the Group will be principally financed by the Group's internal resources and bank borrowings.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2011, the Group has approximately 1,300 full time employees in Hong Kong and the PRC. The Group emphasises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for enhancing production capability and development of new products. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Our staff benefits provided by the Group include mandatory fund, insurance schemes and performance related commission.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend in respect of the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPLIANCE WITH THE 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.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules throughout the Period.

In compliance with the Code, the Company has set up an audit committee and a remuneration committee of the Board. The Board considers the determination of the appointment and removal of Directors to be the Board’s collective decision and thus does not intend to adopt the recommended best practice of the Code to set up a nomination committee.

The Company has adopted a code of conduct regarding the Directors’ 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 (“Model Code”) as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code and the code of conduct throughout the Period.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls with written terms of reference in compliance with the code provisions of the Code. The Audit Committee comprises three independent non-executive Directors. The chairman of the Audit Committee is Mr. Chan Yuk Tong. The other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Gao Yunchun.

The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to review the Company’s financial reporting process, the effectiveness of internal controls, audit process and risk management.

The interim results of the Group for the Period have not been audited, but they have been reviewed by the Company’s auditors, Ernst & Young and the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.global-sweeteners.com under “Investor Relations”.

The Interim Report 2011 of the Company will be dispatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.global-sweeteners.com under “Investor Relations” in due course.

On behalf of the Board
Global Sweeteners Holdings Limited
Kong Zhanpeng
Chairman

Hong Kong, 29 August 2011

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Kong Zhanpeng, Mr. Zhang Fazheng, Mr. Xu Zhouwen, and Mr. Lee Chi Yung and three independent non-executive directors, namely Mr. Chan Yuk Tong, Mr. Gao Yunchun and Mr. Ho Lic Ki.

** for identification purposes only*