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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 2012

FINANCIAL HIGHLIGHTS

	Six months ended		Change %
	30 June		
	2012	2011	
	(Unaudited)	(Unaudited)	
Revenue (HK\$'Mn)	2,264	2,028	11.6
Gross profit (HK\$'Mn)	166	288	(42.4)
Profit/(loss) before tax (HK\$'Mn)	(100)	130	N/A
Net profit/(loss) attributable to owners of the parent (HK\$'Mn)	(107)	102	N/A
Basic earnings/(loss) per share (HK cents)	(7.01)	8.90	N/A
Interim dividend per share (HK cents)	Nil	Nil	N/A

The board (“Board”) of directors (“Directors”) of Global Sweeteners Holdings Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2012 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	4	2,263,853	2,027,741
Cost of sales		<u>(2,097,860)</u>	<u>(1,739,395)</u>
GROSS PROFIT		165,993	288,346
Other income and gains	4	35,767	14,387
Selling and distribution costs		(117,585)	(102,444)
Administrative expenses		(54,264)	(38,547)
Other expenses		(58,042)	(2,676)
Finance costs	5	(70,558)	(29,367)
Share of profits/(losses) of jointly controlled entities		(1,324)	399
PROFIT/(LOSS) BEFORE TAX	6	<u>(100,013)</u>	130,098
Income tax expense	7	<u>(11,093)</u>	<u>(26,523)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(111,106)</u>	<u>103,575</u>
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of financial statements of operations outside Hong Kong		—	52,202
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>(111,106)</u>	<u>155,777</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		(107,055)	102,325
Non-controlling interests		(4,051)	1,250
		<u>(111,106)</u>	<u>103,575</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		(107,055)	154,261
Non-controlling interests		(4,051)	1,516
		<u>(111,106)</u>	<u>155,777</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic	8	<u>HK(7.01) cents</u>	<u>HK8.90 cents</u>
— Diluted	8	<u>HK(7.01) cents</u>	<u>HK8.90 cents</u>
DIVIDEND PER SHARE	9	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

		30 June	31 December
		2012	2011
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,613,786	1,611,046
Prepaid land lease payments		225,277	209,405
Deposits paid for acquisition of property, plant and equipment		25,213	39,716
Goodwill		183,538	183,538
Other intangible assets		9,164	9,316
Prepayments, deposits and other receivables		7,825	8,435
Deferred tax assets		1,894	1,383
Breeding biological assets		9,463	9,007
Investments in jointly controlled entities	<i>10</i>	—	99,087
Total non-current assets		<u>2,076,160</u>	<u>2,170,933</u>
CURRENT ASSETS			
Inventories		1,459,193	1,165,611
Trade and bills receivables	<i>11</i>	584,792	782,681
Prepayments, deposits and other receivables		120,798	53,194
Trading biological assets		1,412	1,573
Due from jointly controlled entities		—	731
Due from the immediate holding company		21,086	21,086
Due from fellow subsidiaries		525,463	645,696
Cash and cash equivalents		554,380	496,816
Total current assets		<u>3,267,124</u>	<u>3,167,388</u>
CURRENT LIABILITIES			
Trade payables	<i>12</i>	134,120	60,752
Other payables and accruals		191,507	207,441
Interest-bearing bank borrowings		1,468,715	1,753,545
Due to fellow subsidiaries		557,468	522,725
Due to the ultimate holding company		29,506	24,896
Tax payable		32,505	28,480
Total current liabilities		<u>2,413,821</u>	<u>2,597,839</u>
NET CURRENT ASSETS		<u>853,303</u>	<u>569,549</u>

		30 June	31 December
		2012	2011
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,929,463</u>	<u>2,740,482</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		377,623	78,358
Deferred tax liabilities		103,721	98,063
Deferred income		<u>1,128</u>	<u>1,128</u>
Total non-current liabilities		<u>482,472</u>	<u>177,549</u>
Net assets		<u>2,446,991</u>	<u>2,562,933</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>13</i>	152,759	152,759
Reserves		<u>2,290,447</u>	<u>2,410,084</u>
		2,443,206	2,562,843
Non-controlling interests		<u>3,785</u>	<u>90</u>
Total equity		<u>2,446,991</u>	<u>2,562,933</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 are authorised for issue in accordance with a resolution of the Directors passed on 30 August 2012.

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 was 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.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

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 2011. The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</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 Amendments	Amendments to HKAS1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ³
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²

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

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The management is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant 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 engages in the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products;

- (ii) the corn based sweetener products segment engages in the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose and maltodextrin; and
- (iii) the biological products segment engages in 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/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) 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							
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	996,282	685,184	1,264,464	1,276,368	3,107	66,189	2,263,853	2,027,741
Intersegment sales	192,225	206,085	—	—	—	—	192,225	206,085
	<u>1,188,507</u>	<u>891,269</u>	<u>1,264,464</u>	<u>1,276,368</u>	<u>3,107</u>	<u>66,189</u>	<u>2,456,078</u>	<u>2,233,826</u>
<i>Reconciliation:</i>								
Elimination of intersegment sales							(192,225)	(206,085)
Revenue							<u>2,263,853</u>	<u>2,027,741</u>
Segment results	<u>(39,052)</u>	<u>47,289</u>	<u>53,200</u>	<u>104,489</u>	<u>(75,286)</u>	<u>3,626</u>	(61,138)	155,404
<i>Reconciliation:</i>								
Bank interest income							1,100	572
Unallocated gains							34,667	13,815
Corporate and other unallocated expenses							(4,084)	(10,326)
Finance costs							(70,558)	(29,367)
Profit/(loss) before tax							<u>(100,013)</u>	<u>130,098</u>

(b) Geographical information

	Mainland China		Regions other than Mainland China		Consolidated	
			Six months ended 30 June			
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	<u>2,167,638</u>	<u>1,900,330</u>	<u>96,215</u>	<u>127,411</u>	<u>2,263,853</u>	<u>2,027,741</u>

4. REVENUE, OTHER INCOME AND GAINS

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 and gains is as follows:

	Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Other income		
Bank interest income	1,100	572
Sales of scrap and raw materials	7,368	7,708
Exchange gains	1,181	3,194
Government grants*	728	2,462
Others	<u>1,039</u>	<u>451</u>
	11,416	14,387
Gains		
Gain on bargain purchase (note 10)	13,479	—
Exchange differences reclassified from reserves when the jointly controlled entities became subsidiaries (note 10)	12,582	—
Fair value loss of investments in jointly controlled entities (note 10)	<u>(1,710)</u>	<u>—</u>
	35,767	14,387

* Government grants during the period represented government rewards awarded to a subsidiary located in the Mainland China.

5. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans:		
Wholly repayable within five years	66,048	23,265
Finance costs for discounted bills receivable	4,510	6,102
	<u>70,558</u>	<u>29,367</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials and consumables used	1,753,402	1,429,818
Depreciation	69,928	48,334
Amortisation of prepaid land lease payments	3,672	2,731
Employee benefits expense	35,395	30,578
Foreign exchange differences, net	(1,181)	(3,193)
Impairment of trade and bills receivables	56,814	2,463
Write-down of inventories to net realisable value	15,700	1,552
Fair value loss of investments in jointly controlled entities	1,710	—
	<u>1,710</u>	<u>—</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provisions for the period:		
Hong Kong profits tax	—	—
PRC corporate income tax	11,093	26,523
Tax charge for the period	<u>11,093</u>	<u>26,523</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 2012 (2011: 25%).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic loss per share for the period ended 30 June 2012 is calculated based on the consolidated loss for the period attributable to owners of the parent of approximately HK\$107,055,000 (2011 profit: HK\$102,325,000) and the weighted average number of ordinary shares in issue during the period of 1,527,586,000 (2011: 1,149,562,000).

As the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the period ended 30 June 2012, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the period. Therefore, the diluted loss per share amount was equal to the basic loss per share amount for the period ended 30 June 2012.

The calculation of the diluted earnings per share amount for the period ended 30 June 2011 was based on the profit attributable to owners of the parent of approximately HK\$102,325,000 and on the number of ordinary shares of 1,149,650,000, being the weighted average number of ordinary shares of 1,149,562,000 in issue during the period, as used in the basic earnings per share calculation, plus the weighted average of 88,000 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 2012 (Six months ended 30 June 2011: Nil).

10. BUSINESS COMBINATION

On 30 March 2012, Global Sweeteners Investment Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement with Cargill, Incorporated ("Cargill Inc.") to acquire (i) the remaining 50% equity interests in Global Bio-chem-Cargill (Holdings) Limited ("Cargill HK"), who held 80% equity interest of GBT-Cargill High Fructose (Shanghai) Co., Ltd ("Cargill SH"); (ii) the remaining 10% equity interest in Cargill SH held by Cargill Investments (China) Ltd. ("Cargill China"); and (iii) the rights, interest and benefits of a promissory note in favor of Cargill Inc. in the principal amount of HK\$40 million due on 25 September 2101. The consideration for (i) and (iii) is HK\$26,661,858 while consideration for (ii) is HK\$6,314,714, which were all satisfied by cash. The consideration for (i) and (iii) was paid on 30 March 2012 while the consideration for (ii) shall be paid upon completion of the acquisition of the 10% equity interest in Cargill SH. Cargill HK and its subsidiary Cargill SH are engaged in manufacture and sale of high fructose corn syrup.

After the completion of (i) and (iii) on 30 March 2012, Cargill HK and Cargill SH, the former jointly controlled entities of the Company, became the subsidiaries of the Company.

This is regarded as a business combination achieved in stages. The Group accordingly remeasured its previously held equity interest in Cargill HK and Cargill SH at the acquisition-date at fair value and recognise the resulting loss of HK\$1,710,000 in the condensed consolidated statement of comprehensive income. The exchange differences of HK\$12,582,000 and revaluation surplus of HK\$419,000 recognised in the prior years' other comprehensive income have also been reclassified to the Group's profit and loss and the Group's retained profits, respectively, as would be required if the Group had disposed directly of the previously held equity interest.

The fair values of the identifiable assets and liabilities of Cargill HK and Cargill SH as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	28,520
Prepaid land lease payments	19,829
Inventories	862
Prepayments and other receivables	1,794
Due from fellow subsidiaries	319
Cash and bank balances	90,903
Dividend payable	(20,000)
Trade payable	(117)
Due to fellow subsidiaries	(957)
Other payables	(688)
Tax payable	(202)
Deferred tax liability	(3,959)
Due to shareholders	(1,456)
	<hr/>
Total identifiable net assets at fair value	114,848
Gain on bargain purchase recognised in other income and gains in the condensed consolidated statement of comprehensive income (<i>note 4</i>)	(13,479)
Fair value of non-controlling interest	(7,746)
Assignment of promissory note	1,456
	<hr/>
	95,079
	<hr/> <hr/>
Satisfied by:	
Cash	26,662
Fair value of investments in jointly controlled entities held before the acquisition	28,417
Loan to a jointly controlled entity*	40,000
	<hr/>
	95,079
	<hr/> <hr/>

* Loan to a jointly controlled entity represented a quasi-equity loan lent by the Group since the incorporation of the jointly controlled entity.

The fair values of other receivables as at the date of acquisition amounted to HK\$1,794,000. The gross contractual amounts of other receivables were HK\$1,794,000.

The Group incurred transaction costs of HK\$1,282,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of comprehensive income.

An analysis of the cash flows in respect of the acquisition of the remaining interests in the jointly controlled entities is as follows:

	<i>HK\$'000</i>
Cash consideration	(26,662)
Cash and bank balances acquired	<u>90,903</u>
Net inflow of cash and cash equivalents	
included in cash flows from investing activities	64,241
Transaction costs of the acquisition	
included in cash flows from operating activities	<u>(1,282)</u>
	<u><u>62,959</u></u>

Since the acquisition, Cargill HK and its subsidiary Cargill SH contributed nil to the Group's turnover and loss of HK\$1,250,000 to the consolidated loss for the period ended 30 June 2012.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the loss of the Group for the period would have been HK\$2,263,853,000 and HK\$112,430,000 respectively.

11. TRADE AND BILLS RECEIVABLES

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Trade receivables	555,212	535,421
Bills receivables	99,097	259,963
Impairment	(69,517)	(12,703)
Total	<u>584,792</u>	<u>782,681</u>

The Group normally allows credit terms of 90 days to established customers and credit terms of 180 days was allowed to three 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 15% of the total trade and bills receivables as at 30 June 2012 (2011: 7%).

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

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Within 1 month	218,353	322,207
1 – 2 months	172,385	190,508
2 – 3 months	90,212	40,431
Over 3 months	103,842	229,535
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Total	584,792	782,681
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The movements in provision for impairment of trade receivables are as follows:

	2012 (Unaudited) HK\$'000	2011 (Audited) HK\$'000
At 1 January 2012/1 January 2011	12,703	2,795
Impairment losses recognised	56,827	12,454
Impairment losses reversed	(13)	(278)
Amount written off as uncollectible	—	(2,439)
Exchange realignment	—	171
	<hr/>	<hr/>
At 30 June 2012/31 December 2011	69,517	12,703
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Neither past due nor impaired	537,327	596,151
Less than 1 month past due	7,220	83,813
1 to 3 months past due	13,843	30,002
Over 3 months past due	26,402	72,715
	<hr/>	<hr/>
Total	584,792	782,681
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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.

One subsidiary has pledged trade receivables of approximately HK\$27,687,000 (31 December 2011: trade receivables of HK\$28,067,000 and bills receivables of HK\$88,565,000 respectively) to secure bank loans.

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 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Within 1 month	96,647	45,130
1 – 2 months	21,275	6,210
2 – 3 months	2,418	7,145
Over 3 months	<u>13,780</u>	<u>2,267</u>
Total	<u><u>134,120</u></u>	<u><u>60,752</u></u>

13. SHARE CAPITAL

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

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Authorised:		
100,000,000,000 (31 December 2011: 100,000,000,000) ordinary shares of HK\$0.10 each	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>
Issued and fully paid:		
1,527,586,000 (31 December 2011: 1,527,586,000) ordinary shares of HK\$0.10 each	<u><u>152,759</u></u>	<u><u>152,759</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the production and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group's upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, and the corn kernels of which are purchased directly from corn origination silos for further cost savings.

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 the variety of product specifications.

With commodities prices in the People's Republic of China (the "PRC") remained at high level during the period under review (the "Period"), the average purchasing price of corn kernels increased by approximately 10.9% as compared to the corresponding period last year.

Nevertheless, the slow growing economy has kept the corn refined products prices at the trough. The PRC economy recorded its slowest growth rate since 2009 in the first half of 2012 as a result of the rise in production costs, the tightened property policy and the weak export. On the other hand, the pace of the global economic recovery remained slow and the European Union debt crisis has yet to be resolved, sentiment among buyers and manufacturers stayed conservative since the fourth quarter of 2011. In addition, the market is flooded with abundant supply of corn starch as a consequence of drastic expansions of corn refineries since 2009 with the PRC Government easing its monetary policy. The average selling price of corn starch remained low at approximately RMB3,320 per metric tonne ("MT") by the end of the Period.

Notwithstanding the challenging operating environment, the price of cane sugar, a substitute of the Group's corn sweetener products, maintained at approximately RMB6,400 per MT by the end of the Period.

As more cases of food contamination and food safety scandals in China have been reported, the risk of quality assurance has been brought to the attention of the Board. Since the beef business is not a core business of the Group, the Board is of the view that risks should be minimised in the operations of the beef business. As a result, the Group decided to slow down the development of the retail beef business by utilising its existing resources for beef business operations and avoiding sourcing cattle from outside market to better ensure food safety. Instead, the Group has been channeling resources to its core corn based business. On the other hand, in view of the dull operating environment, provisions have been made on long outstanding trade receivables and obsolete inventories, and the loss attributable to the retail beef business during the Period amounted to approximately HK\$75 million. Despite the provision in relation to the retail beef business, the Group will endeavour to recover these trade receivables.

With more than a decade's development, the Group has laid a solid foundation with a strong management team and a well-established sales and marketing network, backed up by an outstanding R&D and production team. In face of current poor market sentiment, the Group has proven itself the ability to withstand all the challenges.

With the expectation that the market will digest the excess capacity as global economy gradually revives, together with the Chinese government's effort in stimulating the economy, the Board is of the view that the operating environment in 2013 will improve. Leveraging on the Group's leading position in production capacity and market share, the Board believes that the Group will have a solid foundation to achieve better performance in 2013.

FINANCIAL PERFORMANCE

The Group's consolidated revenue increased by approximately 11.6% to approximately HK\$2,264 million (2011: HK\$2,028 million) while gross profit decreased by approximately 42.4% to HK\$166 million (2011: HK \$288 million) when compared to the corresponding period last year. The revenue increase was mainly attributable to the increase in average selling prices and sales volume. However, as a result of high production costs, weak market selling prices in contrast to the highflying raw material cost and the provisions made in relation to the retail beef business, the Group's net loss attributable to shareholders for the Period amounted to approximately HK\$107 million (2011: net profit HK\$102 million).

Upstream products

(Sales amount: HK\$996 million (2011: HK\$685 million))

(Gross profit: HK\$7 million (2011: HK\$82 million))

With respect to raw material prices fluctuations, it has always been one of the Group's main objectives to secure our corn kernel supply at the lowest cost. Subject to market movements, the Group will explore possibilities to better utilise our current corn storage facilities, further reduce corn costs and to secure our corn supply with a more comprehensive corn procurement policy and network. To achieve this, in the fourth quarter of year 2011, the Group established two silos at corn originations to procure corn directly from local farmers. It is expected that such arrangements will further secure the quality and abundant supply of corn kernel at the lowest cost.

During the Period, the revenue and gross profit of corn procurement business amounted to approximately HK\$84 million and HK\$1 million (2011: nil and nil) respectively. Internal consumption of corn kernels for upstream production during the Period amounted to approximately 62,000 MT.

On 17 November 2011, the Group completed the acquisition of Changchun Jincheng Corn Development Co., Ltd. ("Changchun Jincheng"), a corn refinery principally engaged in the manufacture and sale of corn starch and other corn refined products in Changchun, from a subsidiary of Global Bio-chem Technology Group Company Limited ("GBT" and, together with its subsidiaries other than the members comprising the Group and the Company's jointly-controlled entities, the "GBT Group").

After the completion of the acquisition of Changchun Jincheng, the Group secured the supply of corn starch for its corn sweeteners production facilities in Changchun and reduced reliance on the supply of corn starch from the GBT Group. With the vertical integration, the Group is now in a better position to apply effective quality control procedures and to monitor and control the production flows of both corn starch and corn sweeteners, thereby minimising the chances of bottlenecks or inventory pile-up, and related administrative costs.

During the Period, the sales volume of corn starch and other corn refined products were approximately 156,000 MT (2011: 136,000 MT) and 147,000 MT (2011: 89,000 MT) respectively. Internal consumption of corn starch was approximately 64,000 MT (2011: 58,000 MT), which was used as raw material for production in the Group's Changchun, Jinzhou and Shanghai production sites.

The average selling prices of corn starch remained flat at HK\$3,320 per MT (2011: HK\$3,340 per MT) while other corn refined products increased by approximately 3.7% to HK\$2,674 per MT (2011: HK\$2,579 per MT) as compared to the corresponding period last year. However, cost of sales increased by approximately 11.5% which was mainly attributable to the increase in raw material costs and other manufacturing costs as a result of inflationary pressure in the PRC. In addition, the average selling price of corn starch remained flat during the Period due to the stagnant corn starch market. Consequently, the corn starch segment recorded a gross profit margin of approximately 7.6% (2011: 21.9%) while other corn refined products segment recorded a gross loss margin of approximately 8.5% (2011: 7.8%) during the Period.

The lingering economic uncertainty since the fourth quarter of 2011 continued to affect the operating environment during the Period. As a result, the Group's upstream business has been in the mire in the first half of 2012. The Group anticipates that such situation will continue in the second half of 2012.

Nevertheless, with the Chinese government's attempt to stimulate growth with a moderate monetary and fiscal policy by cutting interest rates twice since June 2012, the management believes the operating environment will gradually improve starting from 2013.

Corn syrup

(Sales amount: HK\$875 million (2011: HK\$759 million))

(Gross profit: HK\$138 million (2011: HK\$120 million))

The Group successfully launched a new product – high fructose corn syrup 55 (“HFCS 55”), which is widely used by beverage manufacturers in substitution for cane sugar last year. The construction of a HFCS 55 production facility of 100,000 MT per annum (“mtpa”) in Shanghai completed in October 2011 and trial production commenced in December 2011.

On 30 March 2012, the Group entered into the agreement for acquisition of the remaining shareholding interest in the jointly controlled entities from Cargill, Incorporated. The acquired entities are principally engaged in the manufacture and sale of high fructose corn syrup 42 (“HFCS 42”) with an annual production capacity of 120,000 MT in Shanghai. The acquisition would enhance the Group’s operational efficiency and management flexibility over production planning and human resources deployment.

Since Shanghai Hao Cheng Food Development Co., Ltd. (“Haocheng”), one of the Group’s subsidiaries, has established a well-marketed brandname “Haocheng”, the Group decided to sell all sweeteners products produced in Shanghai under this brandname. As such, Haocheng sold 3,000 MT of HFCS 42 during the Period and the revenue of HFCS 42 amounted to approximately HK\$10 million with a gross profit and gross profit margin of approximately HK\$1 million and 14.1% (2011: nil and nil) respectively. For the new product HFCS 55, it recorded a sales volume and revenue of approximately 9,000 MT and HK\$34 million respectively during the Period with a gross profit and gross profit margin of approximately HK\$5 million and 14.0% (2011: nil and nil) respectively.

During the Period, the average selling price of glucose syrup decreased by approximately 4.6% while the sales volume increased to approximately 158,000 MT (2011: 125,000 MT) as compared to the corresponding period last year. Consequently, the revenue of glucose syrup grew by approximately 19.9% to approximately HK\$448 million (2011: HK\$373 million).

The average selling price of maltose syrup during the Period increased by approximately 2.5% while the sales volume remained at approximately 110,000 MT (2011: 113,000 MT) as compared to the corresponding period last year. As a result, the revenue of maltose syrup remained at approximately HK\$384 million (2011: HK\$386 million).

Internal consumption of glucose syrup for downstream production during the Period decreased to approximately 98,000 MT (2011: 165,000 MT) which was mainly attributable to the decrease in production volume of crystallised glucose.

Despite the significant increase in raw material price as compared to the corresponding period last year, glucose syrup and maltose syrup segments recorded gross profit margins of approximately 15.1% (2011: 16.3%) and 16.8% (2011: 15.2%) respectively.

During the Period, the Group sold approximately 54,000 MT (2011: 79,000 MT) of glucose syrup to the GBT Group.

Corn syrup solid

(Sales amount: HK\$389 million (2011: HK\$517 million))

(Gross profit: HK\$37 million (2011: HK\$81 million))

The revenue of corn syrup solid decreased by approximately 24.7% during the Period which was mainly attributable to the decrease in sales volume. The average selling price of crystallised glucose increased by approximately 38.1% while sales volume decreased by approximately 59.5% to 39,000 MT (2011: 96,000 MT). Consequently, the revenue of crystallised glucose decreased by approximately 44.1% to approximately HK\$155 million (2011: HK\$277 million).

During the Period, the average selling price of maltodextrin remained and the sales volume decreased by 2.9% to approximately 65,000 MT (2011: 67,000 MT). As a result, the revenue of maltodextrin decreased by approximately 2.4% to approximately HK\$234 million (2011: HK\$240 million).

As a result of the drop in sales volumes and the rise in raw material cost during the Period, crystallised glucose segment recorded a gross profit of approximately HK\$13 million (2011: HK\$46 million) with a gross profit margin of 8.1% (2011: 16.6%); while maltodextrin segment recorded a gross profit of approximately HK\$24 million (2011: HK\$35 million) with a gross profit margin of 10.3% (2011: 14.8%).

During the Period, the Group sold approximately 3,000 MT (2011: 65,000 MT) of crystallised glucose to the GBT Group.

Retail business

(Sales amount: HK\$3 million (2011: HK\$67 million))

(Gross loss: HK\$15 million (2011: Gross profit HK\$5 million))

As the Company has decided to slow down its retail beef business, this segment has recorded a revenue and gross loss of approximately HK\$3 million (2011: HK\$67 million) and HK\$15 million (2011: gross profit HK\$5 million) respectively.

Export sales

During the Period, the Group exported approximately 36,000 MT (2011: 21,000 MT) of upstream corn refined products and approximately 7,000 MT (2011: 19,000 MT) of corn sweeteners; their export sales amounted to approximately HK\$66 million (2011: HK\$53 million) and HK\$30 million (2011: HK\$74 million) respectively, representing approximately 4.3% (2011: 6.3%) 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 increased by approximately 148.6% to HK\$36 million (2011: HK\$14 million) which was mainly attributable to the gain on bargain purchase arising from the acquisition of the jointly-controlled entities of approximately HK\$13 million and exchange differences reclassified from reserves when the jointly controlled entities became subsidiaries of approximately HK\$13 million.

Selling and distribution costs

During the Period, the selling and distribution costs representing 5.2% (2011: 5.1%) of the Group's revenue increased by 14.8% to approximately HK\$117 million (2011: HK\$102 million) which is mainly attributable to the rise in transportation costs and packaging costs due to the highflying petroleum price and the increase in export sales volume.

Administrative expenses

Subsequent to the acquisition of Changchun Jincheng in November 2011 and the remaining shareholding interest in the jointly controlled entities in March 2012, the sales volume and number of headcounts of the Group increased. As a result, the administrative expenses representing 2.4% (2011: 1.9%) of the Group's revenue increased by 40.8% to approximately HK\$54 million (2011: HK\$39 million).

Other operating expenses

Other operating expenses including the provisions on trade receivable of the retail beef business amounted to approximately HK\$56 million.

Finance costs

During the Period, finance costs of the Group increased to approximately HK\$71 million (2011: HK\$29 million) due to the increase in interest rate in the PRC and the increase in bank borrowings of approximately HK\$749 million as a result of the acquisition of Changchun Jincheng in November 2011.

Income tax

Although the Group recorded a net loss during the Period, certain subsidiaries in PRC incurred net profit and were subject to PRC enterprise income tax. As a result, income tax expenses amounted to approximately HK\$11 million was provided (2011: HK\$27 million).

Net loss attributable to shareholders

As a result of the high production costs, weaker than expected market selling prices and provisions made in relation to the retail beef business, the Group recorded a net loss of approximately HK\$107 million (2011: net profit HK\$102 million) during the Period.

IMPORTANT TRANSACTION

Acquisition of jointly-controlled entities

On 30 March 2012, Global Sweeteners Investments Limited (“GSIL”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “SP Agreement”) with Cargill, Incorporated (“Cargill”) to acquire the entire shareholding (“SPV-HK Sale Interest”) owned by Cargill in Global Bio-chem-Cargill (Holdings) Limited (now known as Global Sweeteners HFCS (Holdings) Limited) (“SPV-HK”), the entire equity interest (“SPV-PRC Sale Interest”) held by Cargill Investments (China) Ltd. (“Cargill China”) in GBT-Cargill High Fructose (Shanghai) Co., Ltd. (now known as Shanghai Da Yi Food Co., Ltd.) (“SPV-PRC”) and the rights, interest and benefits of Cargill in respect of a promissory note in favour of Cargill in the principal amount to HK\$40 million due on 25 September 2101 (“Note Assignment Interest”, together with the SPV-HK Sale Interest and the SPV-PRC Sale Interest, the “Sale Interest”).

Under the SP Agreement, Cargill shall sell to GSIL the SPV-HK Sale Interest and procure Cargill China to sell to Datex Investments Limited (a wholly owned subsidiary of the Company) the SPV-PRC Sale Interest and assign to GSIL the Note Assignment Interest. The aggregate consideration for the Sale Interest amounted to approximately HK\$32,977,000.

Completion of the acquisition of the SPV-HK Sale Interest and the Note Assignment Interest have taken place immediately upon signing of the SP Agreement, and the acquisition of the SPV-PRC Sale Interest is still in progress and is expected to be completed in the second half of the year. After completion, SPV-HK and SPV-PRC will become wholly owned subsidiaries of the Company.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The Group’s net borrowings decreased slightly to approximately HK\$1,292 million (31 December 2011: HK\$1,335 million) as at 30 June 2012 as a result of the cash inflow from operating activities of approximately HK\$56 million.

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 2012, out of the amounts due from fellow subsidiaries, approximately HK\$350 million representing the trade nature portion (31 December 2011: HK\$470 million) was taken into consideration in the calculation of trade receivables turnover days. During the Period, the trade receivables turnover days decreased to approximately 75 days (31 December 2011: 104 days) which was mainly attributable to the stringent control on credit terms that has been applied. Subsequent to the end of the reporting period, approximately HK\$378 million of trade and bills receivables was settled.

Meanwhile, the outstanding trade related balances of approximately HK\$495 million (31 December 2011: HK\$452 million) as at 30 June 2012 arising from the 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 increased to approximately 55 days (31 December 2011: 49 days) as part of the cash flow management.

Due to the increase in the inventory level of corn kernels in Jinzhou Yuancheng Bio-Chem Technology Co., Ltd., Changchun Jincheng and the two corn origination silos to approximately 479,000 MT (31 December 2011: 372,000 MT), the inventory turnover days had increased to approximately 127 days for the Year (31 December 2011: 110 days).

The current ratio as at 30 June 2012 increased to approximately 1.35 (31 December 2011: 1.22) and quick ratio decreased to approximately 0.75 (31 December 2011: 0.77) due to the decrease in short term bank borrowings as a result of refinancing HK\$300 million of short term borrowings to long term ones. Gearing ratios in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 52.8% (31 December 2011: 52.1%). Gearing ratio remained at similar level due to the stringent control over operating cash flows during the Period. Interest coverage (i.e. EBITDA over finance costs) decreased to approximately 0.6 times (2011: 7.2 times) as a result of decrease in EBITDA to approximately HK\$44 million (2011: HK\$210 million) for the Period and increase in finance costs by 140.3% to approximately HK\$71 million (2011: HK\$29 million).

Structure of interest bearing borrowings

As at 30 June 2012, the Group's bank borrowings amounted to approximately HK\$1,846 million (31 December 2011: HK\$1,832 million), of which approximately 3.8% (31 December 2011: 4.4%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Period increased to approximately 7.2% (2011: 6.7%) per annum as a result of the increase in the PRC interest rate.

The percentage of interest bearing borrowings wholly repayable within one year or on demand and in the second to the fifth years were approximately 79.5% (31 December 2011: 95.7%) and 20.5% (31 December 2011: 4.3%) respectively. The change in repayment pattern was mainly due to reallocation of short term bank borrowings to long term bank borrowings during the Period.

As the Group's usual cost control measures, the Group generally procures corn kernels, being the raw material for corn starch, during the period from October to April each year to meet the production requirement during the period from May to September each year. Since it is in line with the PRC government's policy to support agricultural companies, local banks had offered short term bank borrowings to Changchun Jincheng for financing the purchase of corn kernels. The short term bank borrowings of Changchun Jincheng as at 30 June 2012 amounted to approximately HK\$876 million. In light of the market demand of the Group's products and given that the Group's inventory of corn kernels are generally consumed during the period from May to September each year, it is

expected that the Group will be able to generate income from the sales of the end products and repay these short term bank borrowings. Besides, the Group has been able to maintain a healthy level of working capital and current assets, with net cash inflows from operating activities amounted to approximately HK\$56 million during the Period (2011: HK\$140 million), and the current ratio of approximately 1.35 as at 30 June 2012 (31 December 2011: 1.22). In the long run, the Group targets to lower the gearing ratio to 40% in five years.

FOREIGN EXCHANGE EXPOSURE

Since 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 the global market. To achieve this objective, the Group will strive to enlarge its market share, diversify its product mix, and enhance its capability in developing high value-added products and new applications through in-house research and development and strategic business alliance 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 in terms of production capacity and market share.

EXPANSION OF PRODUCTION CAPACITY

In terms of capacity expansion for the Group's long term strategy, the Board intends to establish new production facilities in the proximities of the Group's current production facilities and in other PRC locations. It is expected that the construction of these new production facilities will be undertaken by new subsidiaries of the Company or joint ventures with third parties.

To secure raw material supplies and match with the Group's expansion in downstream corn sweeteners production in future, the Group commenced construction in building an additional 300,000 mtpa corn processing capacity in current Jinzhou corn refinery in August 2011 which is expected to complete by the fourth quarter of 2012.

The Board estimates that substantial portion of the above expected capital expenditures will be incurred prior to the commencement of commercial production of the 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.

In light of a slowdown of the global economy, the Directors are of a prudent view that the Company should continue to observe market movements and assess from time to time the need and feasibility of capacity expansion.

USE OF PROCEEDS FROM THE COMPANY'S TDR ISSUE

As announced by the Company on 18 March 2010, it was the Board's then intention to use the net proceeds from the issue of the Taiwan depository receipts ("TDR Issue") for the working capital of the Group's high end beef products business. The net proceeds received by the Company from the TDR Issue were about HK\$184 million, of which about HK\$90 million had been used for the working capital for the Group's high end beef products business.

In view of the increasing food safety awareness in the PRC, the Board has decided to slow down the retail beef business after evaluating the potential risk and the current market sentiment. The Board is more inclined to directing more resources to the Group's core corn based businesses. As such, in order to better utilise the cash resources of the Group, the Board has resolved on 20 March 2012 to change the proposed use of the unused net proceeds of about HK\$94 million received from the TDR Issue to the use as general working capital of the Group. As of the date of this announcement, all of the amount of about HK\$94 million has been utilised as general working capital of the Group.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2012, the Group has approximately 1,550 full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, hence has placed great emphasis on the recruitment of qualified and experienced personnel to enhance Group's production capability and products innovation. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industrial practice. Staff benefits provided by the Group include mandatory fund, insurance schemes and performance related commissions.

INTERIM DIVIDEND

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

PURCHASES, 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 CORPORATE GOVERNANCE CODE AND MODEL CODE

The Company is committed to ensuring high standard of corporate governance for the interests of shareholders and devotes considerable effort in identifying and formalising best practices.

In the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2012 (including CG Code provisions with effect from 1 April 2012).

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”). Based on specific enquiry of the Directors, all Directors have confirmed to the Company that they have complied with the required standard set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of the Company (the “Corporate Governance Committee”) was established in accordance with the requirements of the CG Code for the purposes of reviewing the Company’s policies and practices on corporate governance and providing supervision over the Group’s compliance with relevant requirements under the CG Code, or other laws, regulations, rules and codes as may be applicable to the Group. The Corporate Governance Committee comprises one executive Director and two independent non-executive Directors. The chairman of the Corporate Governance Committee is Mr. Chan Yuk Tong. The other members of the Corporate Governance Committee are Mr. Ho Lic Ki and Mr. Lee Chi Yung.

The Corporate Governance Committee reviewed the Company’s policies and practices on corporate governance, and considered that the Company has complied with all code provisions in the CG Code (including CG Code provisions with effect from 1 April 2012) during the six months ended 30 June 2012.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) was established in accordance with the requirements of the CG 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 CG Code provisions. 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 have been reviewed by the Company’s auditors, Ernst & Young, and the Audit Committee.

OTHERS

As announced jointly by the Company and GBT on 20 August 2012, Mr. Xu Zhouwen (“Mr. Xu”), an executive Director, passed away on 20 August 2012. Mr. Xu was one of the founders of the Group and the GBT Group. In his capacity as a member of the Board, Mr. Xu had made tremendous contributions to the Company’s strategic development and product innovation. His in-depth knowledge in biochemical products manufacturing technology and extensive experience in China’s corn refining industry had laid a solid foundation for the Group’s business development. Though the decease of Mr. Xu would not have material impact on the Group’s operation, it is a huge loss to the Company to lose a capable and energetic leader as Mr. Xu. The Board would like to express their condolence and sincere appreciation to Mr. Xu for his past invaluable contributions and services to the Group.

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 2012 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, 30 August 2012

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Kong Zhanpeng, Mr. Zhang Fazheng 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*