大成糖業控股有限公司*

Global Sweeteners Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03889

ANNUAL REPORT

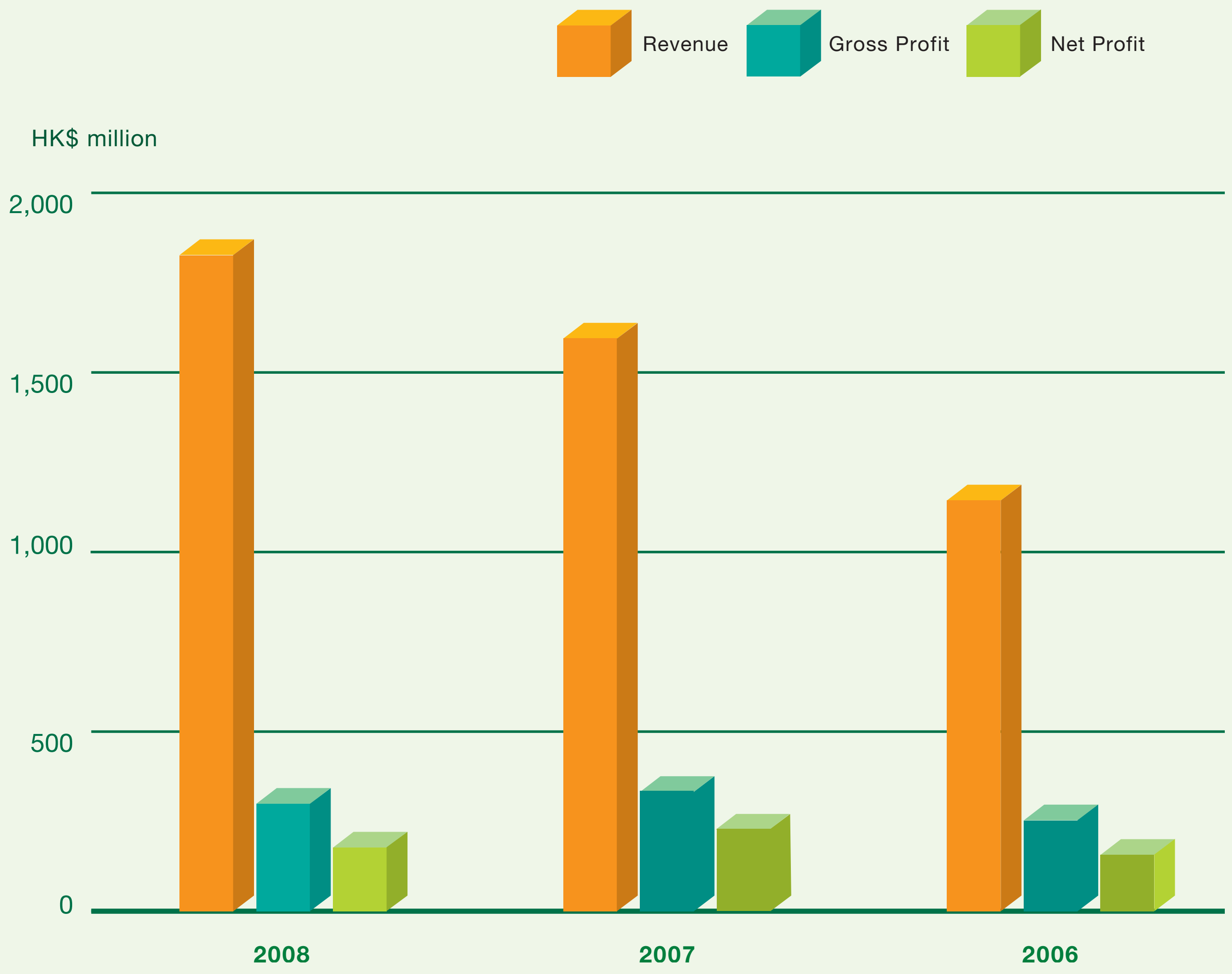
2008

*For identification purpose only

CONTENTS

FINANCIAL HIGHLIGHTS

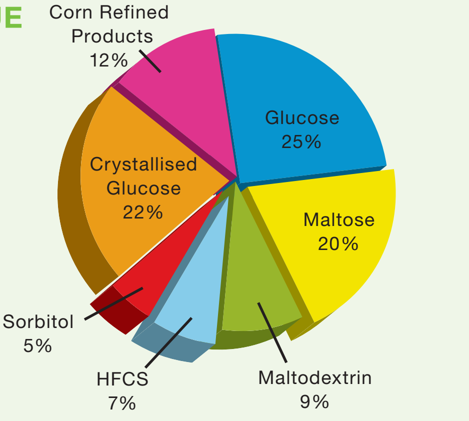
(HK$ million)	**2008**	2007	Change%
Revenue	**1,826**	1,595	14.5
Gross profit	**300**	335	(10.5)
Profit before tax	**177**	229	(22.7)
Net profit from ordinary activities attributable to shareholders	**154**	194	(20.3)
Basic earnings per share (HK cents)	**14.8**	18.5	(20.0)
Dividend per share			
— Interim (HK cents)	**Nil**	Nil	N/A
— Proposed final (HK cents)	**Nil**	Nil	N/A



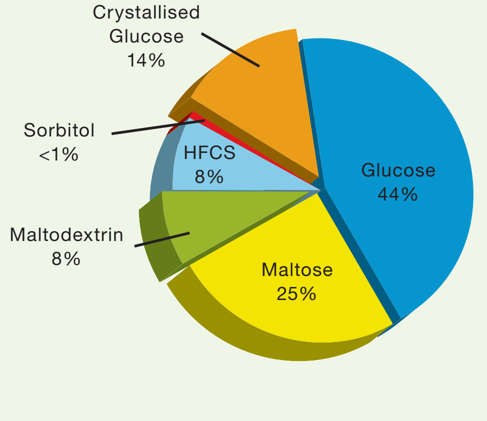
FINANCIAL HIGHLIGHTS *(continued)*

REVENUE AND GROSS PROFIT ANALYSIS

REVENUE

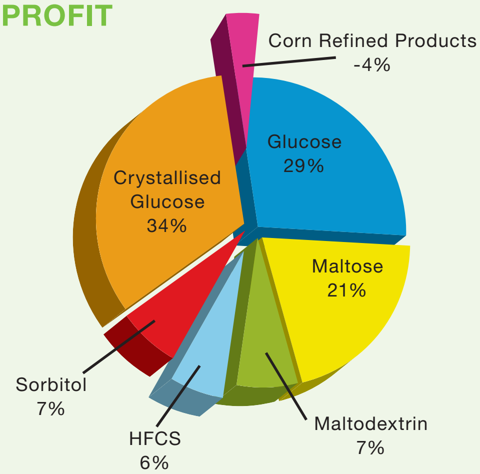


2008

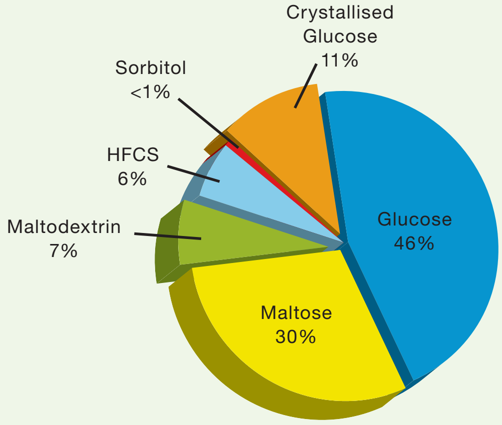


2007

GROSS PROFIT

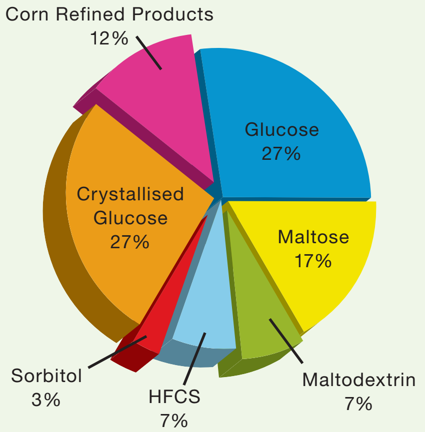


2008

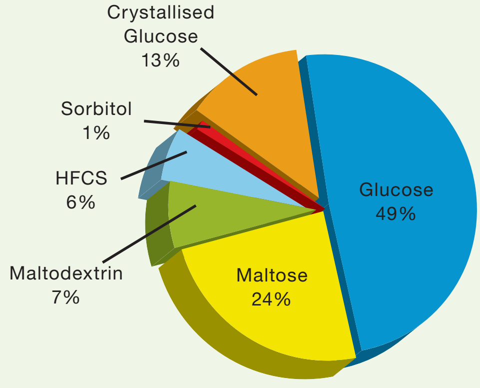


2007

SALES VOLUME



2008



2007

MESSAGE TO SHAREHOLDERS

Dear fellow shareholders,

The Group's consolidated revenue for the year ended 31 December 2008 increased by 14.5 per cent to approximately HK$1,826 million. Such increase was mainly attributable to the newly acquired upstream business. However, affected by the adverse business environment in the second half of the year, the upstream business posted a gross loss in the fourth quarter of 2008, while sales volume and revenue of glucose syrup and maltose syrup reduced during the year. The Group's net profit attributable to shareholders of the Company for the year under review decreased by 20.3 per cent to approximately HK$154 million when compared with the previous year.

The market environment in 2008 was very challenging, especially in the second half of the year, when global economic recession set in, bringing about the decrease in demand for various types of products of the Group. On the other hand, the outbreak of the melamine-tainted food incidents related to the dairy products, eggs and relevant food products produced in Mainland China during the year also struck a blow to consumers' confidence in those products, which severely affected the business of manufacturers of relevant food products. Notwithstanding these adversities, the Group seized market opportunities to expand and consolidate its business through merger and acquisition. These include achieving vertical integration by expanding to upstream business; and buying out the remaining interests in the sorbitol project from its joint venture partners, thereby ensuring the Group's flexibility in formulating long term development plan for its sorbitol business. The newly added production capacity will also provide strong support to the Group's future business expansion. In addition, the launch of packaged consumable sweetener products also marked the Group's penetration into retail business, which will enlarge the Group's customer base.

With respect to the upstream business, to secure a reliable supply of its principal raw material – corn starch – and to lay the foundation for future expansion and vertical integrated production, Global Sweeteners acquired from its parent company, Global Bio-chem, the entire interest in Jinzhou Yuancheng in June 2008. Jinzhou Yuancheng is principally engaged in the manufacture and sale of corn starch and corn refined products. It has a production capacity of approximately 420,000 mtpa of corn starch and 180,000 mtpa of corn refined products. After the completion of the acquisition in September, Global Sweeteners integrated into upstream operations, thereby supplying corn starch as raw material to its new 200,000 mtpa glucose/maltose syrup production plant in Jinzhou (which will commence commercial production in the second quarter of 2009) and the production lines in Shanghai. Benefiting from the acquisition, the Group is able to secure a reliable raw material supply and exercise more efficient cost control. Although the upstream business posted a gross loss in the fourth quarter of 2008 as a result of the global economic downturn and melamine-tainted food incidents, the Group believes the acquisition will be of long-term interest to the Group through vertical integration.

During the year under review, the enhancement of the Group's utilisation rate of corn syrup solids production facilities such as crystallised glucose and maltodextrin led to lower unit costs and thus improved the gross profit of corn syrup solids. On the other hand, the drop in the sales of glucose and maltose syrup was attributable to the decrease in demand from food and beverage industry and product selling prices, as well as the increase in internal consumption as a result of enhanced utilisation rate of the Group's crystallised glucose and sorbitol production facilities. Sales volume of HFCS slightly increased by 7.7 per cent during the year; however, gross profit was squeezed with lower sugar prices.

The sales volume and revenue of sorbitol for the year increased by 572.1 per cent and 695.7 per cent respectively as compared with those of the previous year. Such increases were attributable to the recovery of the sorbitol market and its selling prices during the year. The Group captured this opportunity and raised the utilisation rate of the sorbitol plant. In addition, with the acquisition of the remaining 49 per cent interest in the sorbitol project from its joint-venture partner, the Mitsui Group, in early 2008, the sorbitol project became a wholly-owned subsidiary of the Group. As such, the entire revenue from the sorbitol business was consolidated in the Group's financial statements after the acquisition completed in early 2008.

MESSAGE TO SHAREHOLDERS *(continued)*

The Group's aggregate production capacity of sweetener products amounted to 1,220,000 MT in 2008. Notwithstanding the global economic recession and customers' prudent attitude towards procurement since the second half of the year under review, the Group was still able to keep its overall capacity utilisation rate at over 90 per cent for the year of 2008.

As a key player in the PRC corn sweeteners market, Global Sweeteners started to expand its overseas market strategically since 2008. During the year, the Group sold corn sweetener products to countries such as the Philippines, Singapore, South Korea and Turkey. Export volume of corn sweetener products amounted to 21,000 MT.

Global Sweeteners began expanding its business line further to the retail market in the year under review. The Group launched retail packaged consumable sweetener products to the market during the year. The Group set up a sales office in Shanghai and started to launch its products under self-owned brand, *Life Essentials*, in September 2008, targeting at hotels and restaurants. Going forward, the Group plans to distribute *Life Essentials* products directly to end users via retail sales channels such as supermarkets and chain stores. As this business does not require heavy investment nor high operation costs, the Group expects it to break even in 2009.

OUTLOOK

It is anticipated that the Group will face bigger challenges ahead as beverages and food processing companies will continue to strengthen their cost control and reduce their inventory of raw material amid the uncertainties in the global economic environment.

However, the Group expects that orders from the beverages and food processing customers will gradually return to normal in the second half of 2009, while demand for the Group's crystallised glucose and maltodextrin will remain stable.

The 200,000 mtpa glucose/maltose syrup project in Jinzhou was completed at the end of December 2008, and commenced trial run in the first quarter of 2009. Following the completion of the aforementioned project, the Group's production capacity of glucose/maltose syrup was increased to 820,000 mtpa. Furthermore, during the year, the Group started the construction of a crystallised glucose production line (with sorbitol production capability after modification conducted) in the second half of 2008. After completion in the second quarter of 2009. This new production line, which is expected to be completed in the second quarter of 2009, will add 40,000 mtpa to either the Group's crystallised glucose capactity to 240,000 mtpa or its sorbitol capacity to 100,000 mtpa.

Taking advantage of its existing production capacity, the Group will continue to consolidate its leadership in the PRC sweeteners market, while expanding its market share in the neighbouring countries, especially those major Asian economies, which are scarce in sugar resources, such as Japan and South Korea.

To achieve a better-balanced business portfolio and to increase source of revenue, the Group will continue to expand its existing business along the production chain. In addition to the retailing business, the Group has also set up a trading company, with an aim to engage in food-related business. It marks the extension of the Group's business from pure manufacturing to trading and retailing, which have less capital expenditure requirement.

Among the proceeds of HK$657 million raised from the IPO in 2007, HK$119 million has been utilised for the construction of a new plant in Jinzhou, and approximately HK$22 million for the construction of an additional crystallised glucose production line in Changchun and approximately HK$135 million for the repayment of the bank borrowings of Changchun Dihao Foodstuff Development Co., Ltd.

MESSAGE TO SHAREHOLDERS *(continued)*

To cope with market volatility caused by the financial tsunami, the Group's management believes it would be the best for the Company to improve the cash flows utilisation efficiency, reduce unnecessary interest expenses and adjust its development strategy according to market situation. Therefore, in March 2009, the Group announced the change in use of the unutilised proceeds of HK$331 million raised from the 2007 IPO, originally designated for the construction of new facilities and acquisition as stated in the prospectus of the Company, to general working capital and/or for the repayment of bank borrowings. Nevertheless, the Group will continually carry out prudent reviews of its business development. The Group does not plan to have any significant capital expenditures in 2009. We believe by maintaining strong cash position and further reduction on overall operational cost, the Group could effectively weather the impact of the financial crisis.

Kong Zhanpeng
Chairman

23 April 2009

MAJOR EVENTS 2008

FEBRUARY

Acquired the 49% interest in the sorbitol business from our joint venture partner, the Mitsui Group. As a result, the sorbitol business became a wholly-owned subsidiary of Global Sweeteners.

JUNE

A subsidiary, *Corn Essence*, was established in Shanghai, for the development of our retail business.

Signed a S&P Agreement with the parent company, Global Bio-chem, to acquire Jinzhou Yuancheng, a corn refinery in Jinzhou.

SEPTEMBER

Successfully launched our retail brand, *Life Essentials*, at the "World of Food China" Exhibition in Shanghai.

Completion of the acquisition of Jinzhou Yuancheng.

DECEMBER

Construction of a 200,000 mtpa glucose/maltose syrup plant in Jinzhou completed, adding up to the Group's total sweeteners production capacity to 1,220,000 mpta.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Sweeteners Holdings Limited (the "Company"), its subsidiaries (collectively referred to as the "Group) and its jointly-controlled entities are 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 three categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup ("HFCS")), corn syrup solid (crystallised glucose and maltodextrin) and sugar alcohol (sorbitol).

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.

The operating environment since the second half of the year under review (the "Year") has been very challenging, especially with the outbreak of melamine-tainted food incident in China and the global financial tsunami. It has imposed pressure on the selling prices and quantity of products sold by the Group, especially during the fourth quarter of the Year.

During the Year, the average price of corn kernels increased by 3.7% while the average selling price of corn starch decreased by 6.6% as compared to the previous year. The situation aggravated when the average selling price of corn starch plummeted by 12.3% in the fourth quarter of the Year comparing to the average of the first three quarters of the Year. As a result, the profitability of the upstream products was put under pressure. On the other hand, the quantity sold for corn sweeteners during the fourth quarter of the Year dropped by 31.2% as compared to the corresponding period in the previous year in response to the poor market sentiment.

FINANCIAL PERFORMANCE

The Group's consolidated revenue for the Year increased by approximately 14.5% to approximately HK$1,826 million (2007: HK$1,595 million) when compared to the previous year. Such increase was mainly attributable to the acquisition of the entire interest in a joint venture, namely, Changchun Dacheng Polyols Co., Ltd. ("CDP") and an enterprise in Jinzhou, namely, Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng"). However, the gross profit for the Year dropped by 10.5% to approximately HK$300 million (2007: HK$335 million), which was mainly caused by a gross loss of approximately HK$12 million generated by Jinzhou Yuancheng. Consequently, the Group's net profit for the Year decreased by approximately HK$40 million or approximately 20.3% to approximately HK$154 million (2007: HK$194 million).

Upstream products

(Sales amount: HK$216 million (2007: Nil))
(Gross loss: HK$12 million (2007: Nil))

On 24 September 2008, the Group completed the acquisition of Jinzhou Yuancheng, a corn refinery principally engaged in the manufacture and sale of corn starch and other corn refined products, from two subsidiaries 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, "GBT Group").

During the Year, the sales volume of corn starch and other corn refined products were approximately 69,000 metric tonnes ("MT") (2007: Nil) and 38,000 MT (2007: Nil) respectively. Internal consumption of corn starch was approximately 49,000 MT (2007: Nil), which was used as raw material for the production in Jinzhou and Shanghai.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

A gross loss margin of approximately 13.4% (2007: Nil) was recorded for the sales of corn starch while a gross profit margin of approximately 5.8% (2007: Nil) was recorded for the sales of other corn refined products. The gross loss of corn starch was mainly caused by the drop in market price of corn starch in the fourth quarter of the Year.

Nevertheless, the corn starch market has recovered since end of the first quarter of 2009. Corn starch price has rebounded from HK$1,910 to HK$2,360 since mid-March 2009. The management believes this will improve the operating environment of Jinzhou Yuancheng.

Corn syrup

(Sales amount: HK$959 million (2007: HK$1,228 million))
(Gross profit: HK$170 million (2007: HK$274 million))

During the Year, the sales volume of glucose syrup and maltose syrup decreased by 42.6% and 25.0% respectively while sales volume of HFCS increased by approximately 7.7% as compared to the previous year.

Internal consumption of glucose syrup increased to approximately 344,000 MT (2007: 193,000 MT) or by approximately 78.4% due to the enhancement of utilisation rate of crystallised glucose and sorbitol production facilities during the Year. As a result, the sales volume of both glucose syrup and maltose syrup decreased by approximately 42.6% and 25.0% respectively to approximately 233,000 MT and 152,000 MT (2007: 406,000 MT and 202,000 MT) respectively. Consequently, the revenue of glucose syrup and maltose syrup dropped by 34.6% and 10.0% to approximately HK$455 million (2007: HK$696 million) and HK$364 million (2007: HK$405 million) respectively. The revenue of HFCS, on the other hand, grew by approximately 9.4% to approximately HK$140 million (2007: HK$128 million) during the Year with increased sales volume by 7.7% and average selling price by 1.5%.

Notwithstanding the decrease in the cost of corn starch which is the Group's principal raw material, the melamine-tainted food incidents and the global financial tsunami have adversely affected the demand for sweetener products and thus the production volume in the fourth quarter of the Year dropped by 24.4% as compared to the same period of 2007. This significantly increased the unit production cost of glucose syrup and maltose syrup by 18.8% and 31.8% respectively.

Under these circumstances, the gross profit margin for the sales of glucose syrup and maltose syrup declined from approximately 21.9% and 24.5% to approximately 19.4% and 17.7% respectively. While the drop in the gross profit margin of glucose syrup and maltose syrup was due to the increase in unit production cost for the fourth quarter of the Year. The gross profit margin of HFCS also dropped from 17.6% to 12.3% which was due to the low cane sugar price in China during the Year as there is a substitution effect between HFCS products and cane sugar.

During the Year, the Group sold approximately 22,000 MT of glucose syrup (2007: 84,000 MT) to GBT Group.

Corn syrup solid

(Sales amount: HK$563 million (2007: HK$355 million))
(Gross profit: HK$122 million (2007: HK$61 million))

The revenue of corn syrup solid increased substantially by approximately 58.6% during the Year, as a result of the increase in selling price of crystallised glucose and maltodextrin by 14.3% and 6.4% respectively and the increase in sales volume of crystallised glucose and maltodextrin by 120.2% and 12.1% respectively. Consequently, the revenue of crystallised glucose and maltodextrin increased by approximately 82.1% and 19.3% respectively to approximately HK$405 million (2007: HK$223 million) and HK$158 million (2007: HK$133 million) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

With the increased sales volume, the gross profit of corn syrup solid grew substantially by 100.3%. During the Year, crystallised glucose recorded a gross profit of approximately HK$102 million (2007: HK$38 million) with a gross profit margin of 25.2% (2007: 17.1%). The enhancement of gross profit margin was mainly due to higher utilisation rate of the production facility and thus lowered the unit production cost. While for maltodextrin, as the cost of production increased in a faster rate than its selling price, the gross profit of maltodextrin dropped by approximately 13.7% to approximately HK$20 million (2007: HK$23 million), despite the increase in sales volume.

During the Year, the Group sold approximately 213,000 MT of crystallised glucose (2007: 39,000 MT) to the GBT Group.

Sugar alcohol

(Sales amount: HK$88 million (2007: HK$11 million))
(Gross profit: HK$20 million (2007: HK$0.3 million))

The revenue of sugar alcohol increased by 695.7% to approximately HK$88 million (2007: HK$11 million) while the gross profit increased approximately 6.5 times to approximately HK$20 million (2007: HK$0.3 million). Such increase in revenue and gross profit was a result of the enhancement of the utilisation rate of the sorbitol production lines. The sorbitol business has gone through the bottom of its business cycle and the price of sorbitol rebounded starting from the fourth quarter of 2007. The Group re-commenced the production of sorbitol and gradually increased the production volume. On the other hand, in February 2008, the Company acquired the entire 49% interest of the sorbitol business from the joint venture partners; and upon its completion, 100% of the sorbitol revenue was consolidated. As a result, the sales volume of sorbitol attributable to the Group increased to approximately 27,000 MT (2007: 4,000 MT) during the Year. With higher selling price and lower cost due to economies of scale, gross profit margin for sorbitol increased substantially to 22.5% (2007: 2.7%).

During the Year, the Group sold approximately 6,000 MT of sorbitol (2007: 5,000 MT) to the GBT Group.

Export sales

The Group started exporting its sweetener products directly to overseas countries such as the Philippines, Nigeria, South Korea and Peru in February 2008. Upon the completion of the acquisition of Jinzhou Yuancheng in September 2008, the Group also added upstream corn refined products in its export sales. During the Year, the Group exported approximately 12,000 MT (2007: Nil) of upstream corn refined products and 21,000 MT (2007: Nil) of corn sweeteners; the total export sales amounted to approximately HK$32 million (2007: Nil) and HK$69 million (2007: Nil) respectively.

Operating expenses and income tax

Due to the increase in sales volume and number of headcount of the Group, the operating expenses (other than finance costs) increased by 68.0%. The ratio of such operating expenses to turnover increased to 7.7% (2007: 5.3%), resulting mainly from the increase in selling expenses of approximately HK$32 million and administrative expenses of approximately HK$14 million for the establishment of the head office in Hong Kong since September 2007.

Finance costs of the Group increased to approximately HK$40 million (2007: HK$24 million) for the Year due to the increase in bank borrowings amounted to approximately HK$315 million as a result of the acquisition of Jinzhou Yuancheng.

Since 1 January 2008, the income tax rate for each of the subsidiaries and jointly-controlled entities decreased to 25% (2007: 33%). Meanwhile due to the increase in operating profit of one of the subsidiaries which is still entitled to full exemption from enterprise income tax in accordance with the prevailing income tax arrangement in the PRC, the overall effective tax rate of the Group decreased to approximately 12.8% (2007: 15.4%).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Performance of joint venture

As at 31 December 2008, the Group has one joint venture project with Cargill Inc., which is principally engaged in the manufacture and sale of HFCS. During the Year, this joint venture recorded an operating profit of approximately HK$10 million (2007: HK$14 million).

Net profit attributable to shareholders

As a result of the decrease in overall gross profit and the increase in selling and distribution costs, the net profit attributable to shareholders for the Year decreased by approximately 20.3% to approximately HK$154 million (2007: HK$194 million).

IMPORTANT TRANSACTIONS

Acquisition of minority interests in a joint venture for the production of sorbitol products

As announced by the Company on 10 January 2008, the Group entered into a sale and purchase agreement on 8 January 2008 with Mitsui & Co., Ltd., Mitsui & Co. (H.K.) Ltd. and Nikken Fine Chemicals Co., Ltd. to acquire from them their respective entire interests in Global Sorbitol (H.K.) Company Limited (formerly known as Global-Nikken (H.K.) Company Limited) (principally engaged in the production and sale of sorbitol products) at an aggregate cash consideration of US$2,450,000, which was payable by the Group upon completion. As Mitsui & Co., Ltd. and Mitsui & Co. (H.K.) Ltd. were substantial shareholders of Global-Nikken (H.K.) Company Limited before completion of the acquisition and hence, Mitsui & Co. Ltd. and Mitsui & Co. (H.K.) Ltd. were connected persons of the Company. As such, the acquisition constituted a connected transaction of the Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The completion of the acquisition took place in February 2008 and as a result of the acquisition, Global Sorbitol (H.K.) Company Limited became a wholly-owned subsidiary of the Company. As a result, negative goodwill amounted to approximately HK$24 million was recognised in the Group's consolidated income statement for the Year.

The Directors believe that the acquisition will strengthen the operational efficiency and management flexibility on the Group's overall production planning and human resources deployment.

Acquisition of a corn refinery

As announced by the Company on 4 July 2008, the Group entered into a sale and purchase agreement on 27 June 2008 with Global Corn Investments Limited and Changchun Dacheng Industrial Group Co., Ltd., both of which were wholly-owned subsidiaries of GBT (the controlling shareholder of the Company), to acquire their respective entire interests in Jinzhou Yuancheng (which is principally engaged in the manufacture and sale of corn starch and other corn refined products) at an aggregate consideration of HK$520 million. The consideration was payable by way of cash amounted to HK$156 million upon completion and the balance was payable by way of issuing of an unsecured loan note amounted to HK$364 million to GBT Group upon completion, which shall be due and repayable at the fifth anniversary of the date of issuance or early repayable at any time at the sole discretion of the Group and bearing an interest rate of 6% per annum payable on a semi-annual basis. Pursuant to the Listing Rules, the acquisition constituted a major and connected transaction of the Company. The completion took place in September 2008, upon which Jinzhou Yuancheng became a wholly-owned subsidiary of the Company.

The Directors believe that the acquisition will enable the Group to secure a stable supply of corn starch for its production whilst achieving significant procurement cost savings in the long run. As at 31 December 2008, the loan note has been fully repaid and the outstanding unpaid consideration amounted to HK$100 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The Group had net borrowings of approximately HK$166 million (31 December 2007: net cash HK$381 million) as at 31 December 2008 which was mainly due to the increase in bank borrowings amounted to approximately HK$315 million as a result of the acquisition of Jinzhou Yuancheng.

Structure of interest bearing borrowings

As at 31 December 2008, the Group's bank borrowings amounted to approximately HK$622 million (31 December 2007: HK$525 million), of which 32.1% (31 December 2007: 57.0%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Year remained at the similar level of approximately 6% (2007: 6%) per annum.

The percentage of interest bearing borrowings wholly repayable within one year and in the second to the fifth years were approximately 54.9% (31 December 2007: 29.8%) and 45.1% (31 December 2007: 70.2%) respectively. The change in repayment pattern mainly resulted from reallocation of certain long term bank borrowings to short term amounted to approximately HK$200 million during the Year.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships. As at 31 December 2008, out of the amounts due from fellow subsidiaries, approximately HK$23 million representing the trade nature portion (31 December 2007: HK$131 million) was taken into consideration in the calculation of trade receivables turnover days. During the Year, the trade receivables turnover days were improved to approximately 56 days (31 December 2007: 81 days) due to better credit control by the subsidiaries. Meanwhile, the outstanding balances of approximately HK$21 million as at 31 December 2008 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 Year, trade payables turnover days increased to approximately 21 days (31 December 2007: 11 days) as higher raw material level was maintained, which was in line with the change in inventory turnover days.

The inventory turnover days had lengthened from approximately 15 days for the year ended 31 December 2007 to approximately 60 days for the Year which was mainly attributable to the inventory level of the newly acquired Jinzhou Yuancheng, which amounted to approximately HK$141 million.

The current ratio and the quick ratio as at 31 December 2008 dropped to approximately 1.32 (31 December 2007: 2.79) and 1.02 (31 December 2007: 2.69) respectively due to the increase in short term borrowings as a result of the acquisition of Jinzhou Yuancheng amounted to approximately HK$90 million, repayment of long term bank borrowings amounted to HK$100 million and certain long term bank borrowings amounted to HK$200 million has been reallocated to short term during the 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 23.1% (31 December 2007: 24.0%), 40.8% (31 December 2007: 41.0%) and net debts 10.9% (31 December 2007: net cash 29.7%) respectively. The gearing ratio remained at similar level except for net debts to equity which was changed from net cash since the bank borrowings increased by HK$315 million as a result of the acquisition of Jinzhou Yuancheng. Interest coverage (i.e. EBITDA over finance costs) reduced to approximately 7.0 times (2007: 11.9 times) mainly due to increase in bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FOREIGN EXCHANGE EXPOSURE

Although most of the operations were carried out in the PRC in which transactions were denominated in Renminbi, the Directors consider that there is no material unfavourable exposure to foreign exchange fluctuation and there will be sufficient cash resources denominated in Hong Kong dollars for future dividends. During the Year, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 31 December 2008.

FUTURE PLANS AND PROSPECTS

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and then 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 Directors believe 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.

Expansion of production capacity

During the Year, the Group completed the construction of a new glucose production facility of 200,000 metric tonnes per annum ("mtpa") in Jinzhou (the "Jinzhou Facility"). Trial production commenced in December 2008. While in Changchun, the construction of a crystallised glucose production line (with sorbitol production capability after modification conducted) (the "Changchun Facility") commenced in the second half of 2008 and is expected to be completed by the end of second quarter of 2009. The new production line will add 40,000 mtpa to either the Group's crystallised glucose capacity to 240,000 mtpa or sorbitol capacity to 100,000 mtpa.

The Directors estimate that substantial portion of the above expected capital expenditures for the Changchun Facility has been incurred prior to the commencement of commercial production of each of the production facilities while the remaining amounts are expected to be settled within one year from the relevant commencement dates. The Jinzhou Facility has been financed by the IPO proceeds. The expansion plan of the Group in Changchun has been principally financed by the internal resources of the Group and the Directors are of the view that the existing technology know-how of the Group is sufficient for such expansion.

On 6 March 2009, the Company announced that, in light of the current market condition and the slowdown of the world economy, the Directors have resolved to change the intended use of the unutilised net proceeds of HK$331 million raised from the initial public offering of the Company's shares in September 2007 to general working capital of the Company and/or repayment of bank borrowings. The Directors are of the view that such arrangement will reduce the finance cost of the Group and increase the Group's flexibility in financial management. Accordingly, the projects set out in the section headed "Future plans and use of proceeds" of the Prospectus of the Company dated 10 September 2007 ("Prospectus") will be postponed in view of the current market condition. The Company will continue to observe the market movements and review from time to time the need and feasibility of capacity expansion.

In the long run, the Directors intend to establish new production facilities at 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. The construction of these new production facilities will be undertaken by new subsidiaries of the Company or joint ventures with third parties.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Retail market

During the Year, the Group expanded its business line to the retail market and certain self-owned branded retail packaged consumable sweetener products were launched. During the Year, the Group incurred marketing expenses of approximately HK$900,000. It is expected that such marketing expense for 2009 will be around HK$1 million.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

Net proceeds of approximately HK$657 million were raised from the initial public offering of the Company's shares in September 2007. As at the date of this report, the Group utilised a total of approximately HK$119 million of the proceeds for the construction of a new glucose production plant in Jinzhou, approximately HK$22 million for the construction of an additional crystallised glucose production line in Changchun and approximately HK$135 million for the repayment of bank borrowings. Other than that, the Group also utilised a total of approximately HK$50 million of the proceeds for working capital in Hong Kong. The remaining proceeds at 31 December 2008 were placed on short term deposits with licensed banks in Hong Kong. As announced by the Company on 6 March 2009, the board of Directors (the "Board") has recently evaluated the impact of the global economic recession and its impact on the Group's business. The Board has also evaluated the necessity and timing for expansion of the Group's production facilities and the availability of cooperation and acquisition opportunities. Given the current market conditions and the slowdown of the world economy, the Board considers it a better option to minimise further capital expenditure arising from expansion of the Group's production facilities. In addition, the Group has not been successful in identifying suitable acquisition targets for the production of HFCS products as outlined in the section headed "Future plans and use of proceeds" in the Prospectus.

In light of the foregoing, in order to better utilise the cashflow and to minimise unnecessary interest expenses of the Group, the Board resolved to reallocate about HK$331 million of the net proceeds from the IPO originally designated for the construction of new production facilities in Changchun and Jinzhou; and for the acquisition and/or construction of HFCS production facilities to general working capital of the Group and/or repayment of bank borrowings. The Board are of the opinion that such arrangement of the unutilised proceeds will increase the Company's flexibility in its financial management.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2008, the Group had approximately 1,130 full time employees in Hong Kong and the PRC. The Group emphasises the importance of human resource 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. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related commission.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Kong Zhanpeng, aged 45, is the executive Director and Chairman of the Company and is responsible for the Group's overall corporate development and management. Mr. Kong is one of the founders of the parent company, Global Bio-chem Technology Group Company Limited ("GBT") in 1994. He has over 13 years of extensive experience in the industry and corporate development and management. Mr. Kong holds a bachelor's degree in textile engineering and a diploma in international trade from the China Textile University.

Mr. Zhang Fazheng, aged 59, was appointed as an executive Director in June 2008 and was appointed as the chief executive officer of the Group on 6 February 2009. Mr. Zhang is responsible for overseeing the Group's operation management and product development. Mr. Zhang graduated from Jilin Finance and Trade College in 1992, majoring in corporate accounting and he has over 20 years of experience in the management of production plant. Mr. Zhang is the father of Mr. Zhang Fusheng, an executive Director. Mr. Zhang joined the Group in 1998.

Mr. Zhang Fusheng, aged 36, an executive Director, is responsible for the sales and marketing of the Group. Mr. Zhang graduated from the Commerce Department of Jilin University, majoring in business administration. He was accredited as one of the Ten Outstanding Youth Entrepreneur by Changchun City in 2004. Mr. Zhang joined the Group in October 2004. Mr. Zhang is the son of Mr. Zhang Fazheng, an executive Director.

Ms. Wang Guifeng, aged 58, an executive Director, is responsible for overseeing the finance and accounting functions of the Group's business in the PRC. Ms. Wang graduated from Changchun Vocational University in 1983, majoring in industrial accountancy. She is a member of the Chinese Institute of Certified Public Accountants with over 18 years of experience in accounting and financial resources management. Ms. Wang joined the Group in June 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yuk Tong, aged 46, holds a Bachelor's degree in Commerce from the University of Newcastle in Australia and a Master's degree in Business Administration from the Chinese University of Hong Kong. He has more than 20 years of experience in auditing, accounting, management consultancy and financial advisory services. Mr. Chan is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Chan was appointed as an independent non-executive Director in June 2008. Mr. Chan is as an executive director of Asia Cassava Resources Holdings Limited, and an independent non-executive director of each of Jia Sheng Holdings Limited (formerly known as Carico Holdings Limited), Daisho Microline Holdings Limited, BYD Electronics (International) Company Limited, Kam Hing International Holdings Limited and Sichuan Xinhua Winshare Chainstore Co., Ltd., the shares of these companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Mr. Chan is also an independent non-executive director of Anhui Conch Cement Company Limited, the shares of which are listed on both the Main Board of the Stock Exchange and the Shanghai Stock Exchange. He has been appointed as an executive director of Vitop Bioenergy Holdings Limited, a company listed on the Hong Kong Stock Exchange, during the period from 30 September 2005 to 25 February 2008 and has been redesignated as a non-executive director since 25 February 2008. Mr. Chan has also been an independent non-executive director of each of Luks Group (Vietnam Holdings) Company Limited (formerly known as Luks Industrial (Group) Limited) and China Pipe Group Limited (formerly known as World Trade Bun Kee Limited), all of which are listed companies in Hong Kong, during the period from 30 September 2004 to 1 December 2005 and from 1 January 2007 to 3 July 2007, respectively.

Ms. Fung Siu Wan Stella, aged 53, is the Managing Director of Fook Ming Tong Chinese Medical Centre. Ms. Fung obtained a post-diploma qualification in International Business Management at Seneca College, Toronto in 1991, and became a member of the Hong Kong Securities Institute in 1998. She has been an independent non-executive director of Yardway Group Limited (from 15 September 2004 to 11 October, 2007) and Neo-Neon Holdings Limited (from 20 November 2006 to 10 March, 2009), companies which securities are listed on the Main Board of the Stock Exchange. Ms. Fung was appointed as an independent non-executive Director in August 2007. She ceased to be the independent non-executive Director of the Company upon her retirement by rotation from the Board at the annual general meeting of the Company held on 22 May, 2008.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Gao Yunchun, aged 44, is the vice president of Jilin Petrochemical Design and Research Institute. Mr. Gao graduated from Tianjin University with a bachelor degree in chemical engineering in 1987 and has about 10 years of experience in the field of chemical engineering and corn refinery industry. Mr. Gao was appointed as an independent non-executive Director in August 2007.

Mr. Ho Lic Ki, aged 60, completed the Chinese Senior Bankers Program offered by the University of Washington, Seattle, the US in cooperation with the Bank of China (Hong Kong) in 1991 and obtained a Foundation Diploma in Management from the University of Hong Kong in 1994. Mr. Ho has about 40 years of experience in banking, finance and asset management. Mr. Ho was appointed as an independent non-executive Director in August 2007.

Mr. Yan Man Sing Frankie, aged 51, is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants. Mr. Yan obtained a professional diploma in accountancy from the Hong Kong Polytechnic University in 1983 and has over 10 years of experience in financial management and corporate governance. Mr. Yan was appointed as an independent non-executive Director in August 2007.

SENIOR MANAGEMENT

Ms. Ge Yanping, aged 40, is responsible for production and quality control management of the Group's production plants in Shanghai. Ms. Ge graduated from Teachers' College to Jilin Normal University in 2005, majoring in Chinese literature. Ms. Ge joined the Group in October 1999. Ms. Ge resigned as executive Director of the Company on 17 December 2008 due to her intention to focus her effort on the production and quality control management of the Group.

Mr. Lee Chi Yung, aged 34, is the financial controller and company secretary of the Company. He graduated from the City University of Hong Kong with a Bachelor's degree (with honors) in accountancy in 1996. He is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Lee joined the Group in August 2007. He has over 8 years of experience in accounting and finance.

Ms. Li Xiaoming, aged 51, is responsible for managing the daily operations of Changchun Dihao and Dihao Crystal. Ms. Li graduated from Northeast School of Engineering in 1980, majoring in metallic material. Ms. Li joined the Group in January 1999. She has over 9 years of experience in production.

Mr. Li Yingkui, aged 43, is the general manager of Jinzhou Yuancheng. Mr. Li graduated from Dalian Transport University in 1987, majoring in Professional in Machinery Manufacturing Technique. Mr. Li joined GBT in 1999 and engaged in the management of various business including corn sweeteners, modified starch and also corn refinery. Mr. Li became general manager of Jinzhou Yuancheng in May 2007. He has over 9 years' experience in corn refinery industry.

CORPORATE GOVERNANCE REPORT

Global Seeeteners Holdings Limited (the "Company") is committed to ensuring high standards of corporate governance in the interests of shareholders and devoting considerable effort to identify and formalise best practices.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2008, the Company has fully complied with all code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules.

In compliance with the Code, the Company has set up an audit committee and a remuneration committee of the board ("the Board") of directors (the "Directors"). 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.

In light of various amendments to the Listing Rules, particularly Appendix 14 thereto, which became effective on 1 January 2009, on 23 April 2009, the Company adopted the code provisions set out in the Code ("New CG Code") contained in Appendix 14 to the Listing Rules with retrospective effect from 1 January 2009.

THE BOARD

Members' Attendance of Board and Committee Meetings for the year 2008.

	Meetings Attended and Held		
	Board Meeting	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Kong Zhanpeng	7/7		2/2
Zhang Fazheng*	3/3		
Zhang Fusheng	6/7		
Wang Guifeng	6/7		
Ge Yanping**	3/6		
Independent non-executive Directors			
Chan Yuk Tong*	3/3	1/1	
Fung Siu Wan Stella***	2/3	1/1	
Gao Yunchun	3/7	0/2	2/2
Ho Lic Ki	6/7	2/2	
Yan Man Sing Frankie	5/7	2/2	1/2

* appointed on 1 June 2008
** resigned on 17 December 2008
*** resigned on 22 May 2008

As of the date of this report, the Board comprises eight Directors, being four executive Directors and four independent non-executive Directors. There is no relationship (including financial, business, family or other material/relevant relationship) between any of the Directors, except that Mr. Zhang Fazheng is the father of Mr. Zhang Fusheng. Details of the biographies of each individual Directors and their range of specialist experience and expertise are set out on page 15 to 16 of this report.

CORPORATE GOVERNANCE REPORT *(continued)*

The Company and its subsidiaries (collectively referred to as the "Group") believes that its independent non-executive Directors comprise a good mix of financial management, accounting and industry experts. The Board believes that such composition is ideally qualified to advise the management team on future strategic development, financial and other statutory requirements, and to act as guardians of shareholders' interest. The Board evaluates the independence of all independent non-executive Directors on an annual basis and has received written confirmation from each independent non-executive Director regarding his/her independence. As of the date of this report, the Board considers that all independent non-executive Directors to be independent.

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operation and financial performance. Measures were taken to ensure that the Board is supplied in a timely manner with all necessary information in a form and of quality appropriate to enable it to discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Specific topics discussed at these quarterly Board meetings include: overall strategy; major acquisitions and disposals; annual budgets; interim and annual results; recommendations on Directors' appointment(s) or reappointment(s); matters relating to share capital; approval of major capital projects; dividend policies; and other significant operational and financial matters. All businesses transacted at individual Board meetings are recorded in the minutes of each meeting. All Board members have access to the advice and services of the company secretary. If necessary, Directors also have recourse to external professional advice at the Group's expense. During the intervals between Board meetings, individual Directors are provided with appraisals of all major changes that may affect the Group's businesses.

The Board decides on corporate strategies, approves overall business plans and supervises the Group's financial performance, management and organisation on behalf of the shareholders. Specific tasks that the Board delegates to the Group's management include the preparation of annual and interim accounts for the Board's approval; implementation of strategies approved by the Board; monitoring of operating budgets; implementation of internal controls procedures; and ensuring of compliance with relevant statutory requirements and other rules and regulations.

All new Directors, if any, will be briefed about the duties, responsibilities and obligations as a director of a listed company. Newly-appointed Directors are also encouraged to discuss with the chairman any additional information or training they may require, to more effectively discharge their duties.

In accordance with the articles of association of the Company, every member of the Board shall retire by rotation at the annual general meeting of the Company at least once every three years. The retiring Directors shall be eligible for re-election at the same annual general meeting.

The Board considers that the Group has sufficient and appropriate liability insurance to cover its Directors and senior management team against any legal liability arising from their performance of their duties.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Kong Zhanpeng is the Chairman of the Company. He is mainly responsible for providing leadership and directions to the Board while other executive Directors and senior management are responsible for overseeing the development and operation of the Group in Mainland China. The Company did not have any officer with the title "chief executive officer" until Mr. Zhang Fazheng was appointed as the Chief Executive Officer of the Group on 6 February 2009. During the Year, the duties of a chief executive officer are substantially undertaken by the executive Directors and senior management of the Company.

CORPORATE GOVERNANCE REPORT *(continued)*

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from 1 September 2007, except for Mr. Chan Yuk Tong who was appointed as an independent non-executive Director with effect from 1 June 2008. The terms of all independent non-executive Directors are renewable automatically for successive term of two years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company at any time during the then existing term.

DIRECTORS' REMUNERATION

During the Year, Directors' remuneration is as follows:

	2008 HK$'000	2007 HK$'000
Fees	1,100	360
Other emoluments:		
Salaries, allowances and benefits in kind	4,275	1,798
Performance related bonuses	2,980	2,500
Pension scheme contributions	12	13
	8,367	4,671

According to the Directors' service contracts, each of the executive Directors is entitled to a basic salary to an annual increment after 1 January 2009 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of the financial year of the Company. For the year ended 31 December 2008, the aggregate amount of the bonuses payable to the executive Directors was equivalent to 1.9% (2007: 1.3%) of the net profit from ordinary activities attributable to shareholders.

(a) Independent Non-executive Directors

The fees paid to independent non-executive Directors during the Year were as follows:

	2008 HK$'000	2007 HK$'000
Chan Yuk Tong*	140	—
Fung Siu Wan Stella**	120	80
Gao Yunchun	240	80
Ho Lic Ki	240	80
Yan Man Sing Frankie	360	120
	1,100	360

* appointed on 1 June 2008
** resigned on 22 May 2008

There were no other emoluments payable to the independent non-executive Directors during the Year (2007: Nil).

CORPORATE GOVERNANCE REPORT *(continued)*

(b) Executive Directors

	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension Scheme contributions HK$'000	Total remuneration HK$'000
2008				
Executive Directors:				
Kong Zhanpeng	2,760	2,500	12	5,272
Zhang Fazheng*	210	—	—	210
Zhang Fusheng	360	—	—	360
Wang Guifeng	600	480	—	1,080
Ge Yanping**	345	—	—	345
	4,275	2,980	12	7,267
2007				
Executive Directors:				
Kong Zhanpeng	920	2,500	4	3,424
Zhang Fusheng	120	—	—	120
Wang Guifeng	600	—	—	600
Ge Yanping	158	—	9	167
	1,798	2,500	13	4,311

* appointed on 1 June 2008
** resigned on 17 December 2008

The Directors meet at least once every year to review the nomination procedures and the process and criteria adopted by the Board to select and recommend candidates for directorship.

During the meeting, the Board would review the structure, size and composition (including the skills, knowledge and experience) of the Board, identified suitable individuals to become Board members, assess the continual independence of independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations and consider and recommend the re-election of the retiring Directors.

In selecting a suitable candidate to become a member of the Board, the Board will consider various criteria such as education, qualification, experience and reputation of such candidate.

During the Year, one Board meeting was held in relation to the nomination and appointment of Directors. The Directors who have attended the meeting were Mr. Kong Zhanpeng, Mr. Zhang Fusheng and Ms. Wang Guifeng.

CORPORATE GOVERNANCE REPORT *(continued)*

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the ''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 accounting period covered by the annual report. In light of various recent amendments to the Listing Rules, particularly the Model Code, on 23 April 2009, the Company adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code.

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. In light of various amendments to the Listing Rules, a revised written terms of reference of the Audit Committee by reference to the code provisions of the New CG Code were adopted on 23 April 2009 with retrospective effect from 1 January 2009. The Audit Committee comprises four independent non-executive Directors. The chairman of the Audit Committee is Mr. Yan Man Sing Frankie. The other members of the Audit Committee are Mr. Chan Yuk Tong, 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 Audit Committee held two meetings in 2008.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing internal controls and financial reporting matters, and has reviewed the audited annual financial statements of the Group for the year ended 31 December 2008.

INTERNAL CONTROL

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's internal control systems and reviewing of its effectiveness. The role of the Group's management is to implement all Board policies on risk and control.

The Group's internal control systems are designed to provide reasonable protection of the Group's assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems also ensure that accounting records are sufficiently accurate for the preparation of financial information used for operation and for reporting purposes. The Group has adopted proper procedure with duly assigned levels of authority in areas of financial, operational and compliance controls and risk management to ensure that its assets and resources remain secure at all times.

The role of the Audit Committee is, through discussion with management and engagement of external consultants, to review the effectiveness of internal control systems, including financial, operational and compliance controls and risk management functions, and to report to the Board any significant risk issues.

In September 2008, the Board has engaged Grant Thornton Certified Public Accountants to conduct a review of the effectiveness of the system of internal control of the Group and report any weaknesses identified and recommending means for improvement to the Audit Committee. The Board has conducted a review of the effectiveness of the Group's internal control system based on the assessment of the Audit Committee and Grant Thornton.

CORPORATE GOVERNANCE REPORT *(continued)*

REMUNERATION COMMITTEE

The members of the remuneration committee include an executive Director, Mr. Kong Zhanpeng and two independent non-executive Directors, Mr. Yan Man Sing Frankie and Mr. Gao Yunchun. Mr. Kong Zhanpeng is the chairman of the remuneration committee. The duties of the remuneration committee are, among others, to make recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

In 2008, the remuneration committee held two meetings to review and approve the Directors' and senior management's remuneration packages.

REMUNERATION POLICY

The primary objective of the Group's remuneration policy is to retain and motivate executive Directors by linking their remuneration with the Group's performance and to evaluate their remuneration against corporate goals, so that the interests of the executive Directors are aligned with those of shareholders. No Director is allowed to approve his or her own remuneration.

CONTINUING CONNECTED TRANSACTIONS EXECUTIVE COMMITTEE

The CCT Executive Committee comprises two executive Directors, namely Mr. Zhang Fusheng and Ms. Wang Guifeng, responsible for monitoring, review and management of the continuing connected transactions (the "CCT") between the Group on one part and GBT and its subsidiaries (other than the Group and the Company's jointly controlled entities) (collectively, the "GBT Group"). The main duties of the CCT Executive Committee are to prepare continuing connected transactions report and submitted to CCT Supervisory Committee on regular basis.

In 2008, the CCT Executive Committee held twelve meetings.

CCT SUPERVISORY COMMITTEE

The CCT Supervisory Committee comprising four independent non-executive Directors was established by the Board to supervise the CCT Executive Committee. The main responsibilities of the CCT Supervisory Committee, among others, are:

(1) to devise and revise detailed rules and guidelines ("Prescribed Guidelines") from time to time for the CCT Executive Committee to follow in order to ensure that the continuing connected transactions with GBT Group will be entered into in accordance with the respective agreements entered into between the Group and the GBT Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the shareholders as a whole. The Board adopted the initial Prescribed Guidelines on 3 September 2007 in respect of the purchase of corn starch from the GBT Group by the Group, and sales of sorbitol and corn sweeteners by the Group to the GBT Group on, which include, among others, procedures to be taken by the CCT Executive Committee before the Group may enter into the actual purchase orders for the acquisitions of corn starch from the GBT Group, or to accept the sales orders from the GBT Group for the sales of sorbitol and corn sweeteners to the GBT Group (the "Proposed Sale and Purchase");

(2) to review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to the execution of the Proposed Sale and Purchase as to whether they have been proceeded with in accordance with the pre-approvals (the "CCT Quarterly Report");

CORPORATE GOVERNANCE REPORT *(continued)*

(3) in respect of the provision of utility services (the "Utility Services") by the GBT Group to the Group, to review the CCT Quarterly Report from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the previous quarter, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group, and to recommend the Board to take action in recovering any excessive fees charged by the GBT Group; and

(4) to report its findings during its review of the CCT Quarterly Report to the Board and to give recommendations to the Board to ensure that the transactions will be entered into in the interests of the Group and the shareholders as a whole.

A summary of the Prescribed Guidelines adopted by the Board and prevailing during the Year (subject however to various amendments thereto adopted on 16 September 2008 as mentioned below) is set out below:

(1) in respect of purchase of corn starch from the GBT Group

- (i) CCT Executive Committee shall summarise the principal commercial terms for the proposed purchase ("Proposed Purchase") as quoted by the GBT Group, including the specifications and quantity of the product required, the unit, purchase price, the payment and other commercial terms;

- (ii) CCT Executive Committee shall obtain quotations and other major commercial terms (including credit terms offered) for supply of corn starch of comparable specifications and quantities from such number of independent suppliers to be stipulated by the CCT Supervisory Committee from time to time; and

- (iii) in respect of Changchun Dihao Foodstuff Development Co., Ltd. whereby corn starch is to be purchased from the GBT Group in slurry form:

  - (A) CCT Executive Committee shall obtain quotations and other major commercial terms (including credit terms offered) for supply of corn starch in slurry form of comparable quantities and specifications from a number of independent suppliers to be stipulated by the CCT Supervisory Committee from time to time; and

  - (B) CCT Executive Committee should conduct a detailed analysis (with supporting evidence):

    - (a) if the quotations for supply of corn starch in slurry form obtained from those independent suppliers are exclusive of any of transportation, storage and/or insurance cost, such additional cost to be incurred by the Group (whether by itself or through independent third party service providers); and

    - (b) with reference to the findings from the above, whether the quotation given by the GBT Group in respect of the Proposed Purchase has been determined by reference to the then market price of the corn starch as reduced by such amount of costs saved, and whether such amount of costs saved are not less than the estimated cost to be incurred by the Group (whether by itself or through third parties suppliers/service providers) had the Group obtained the corn starch from independent suppliers.

(2) in respect of sales of corn sweeteners and sorbitol to the GBT Group, before giving a quotation to the GBT Group for the proposed sale ("Proposed Sale") of the Group's products to the GBT Group:

- (i) CCT Executive Committee shall obtain market information regarding the prevailing market price of corn sweeteners and sorbitol of comparable specifications and quantities;

CORPORATE GOVERNANCE REPORT *(continued)*

(ii) if there is insufficient information on market price available, CCT Executive Committee shall make a detailed analysis of the price and other major commercial terms recently offered by the Group to independent third party purchasers for sales of products for comparable specifications and quantities; and

(iii) where the above market pricing information or the selling price offered to third party purchasers relate to corn sweeteners and sorbitol of different specifications, CCT Executive Committee shall make a detailed analysis as to how the proposed quotation for the Proposed Sale should be determined with reference to the above market pricing information or the selling price offered to third party purchasers to ensure that the proposed selling price of the product with such particular specifications is fair and reasonable and on normal commercial terms;

(3) CCT Executive Committee must make an application ("Application") to the CCT Supervisory Committee containing the above information and confirming that (i) all the above procedures have been complied with, and (ii) the Proposed Purchase or the Proposed Sale will be entered into in accordance with the terms and conditions of the relevant master agreements in respect of the Proposed Sale and Purchase (which, together with the master agreement in respect of the Utility Services, the "Master Agreements"). The CCT Executive Committee may only proceed with the Proposed Sale or the Proposed Purchase after obtaining the approval by the CCT Supervisory Committee. The CCT Executive Committee will need to comply with the above procedures and seek the CCT Supervisory Committee's approval in respect of any proposed change to the terms of the Proposed Sale or the Proposed Purchase again.

In order to adopt procedures for monitoring the sales agency services to be provided by the GBT Group pursuant to the sales agency agreement entered into between Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng") and the GBT Group following the completion of the acquisition of Jinzhou Yuancheng by the Group on 16 September 2008, the CCT Supervisory Committee had recommended certain revisions to the Prescribed Guidelines, including that the CCT Quarterly Report should also set out the basis as to how the fees have been charged by the GBT Group during the half-year period ended 30 June or 31 December each year for the said sales agency services, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group. In addition, the auditors of the Group are also to be engaged to review the continuing connected transactions with the GBT Group (other than the sales agency services from the GBT Group) on a quarterly basis, and the said sales agency services from the GBT Group on a semi-annual basis, and shall report to CCT Supervisory Committee the result of their review in compliance with the requirements under Rule 14A.38 of the Listing Rules. The revised Prescribed Guidelines were approved by the Board on 16 September 2008.

In 2008, four meetings were held by the CCT Supervisory Committee to review the CCT Quarterly Reports submitted by the CCT Executive Committee in respect of the Proposed Sale and Purchase and the Utility Services entered into by the Group with the GBT Group during the Year. Details of findings have been published on 11 June 2008, 11 August 2008, 13 November 2008 and 18 February 2009. As reported by the CCT Supervisory Committee, (i) the Proposed Sale and Purchase conducted during the Year were in line with the Prescribed Guidelines; (ii) the fees charged by the GBT Group in respect of the Utility Services and the sales agency services rendered during the Year had been charged in accordance with the relevant Master Agreement or, as the case may be, the relevant sales agency agreement; and (iii) there was no other matter that needs to be brought to the attention of the shareholders of the Company.

CORPORATE GOVERNANCE REPORT *(continued)*

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the accounts for the year ended 31 December 2008, the Directors have selected suitable accounting policy and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made judgments and estimates that are appropriate, and prepared the accounts on the going concern basis.

The Group has announced its annual and interim results in a timely manner within the limits of 4 months and 3 months respectively after the end of the relevant period, as laid down in the Listing Rules.

AUDITORS' REMUNERATION

For the year ended 31 December 2008, HK$1,860,000 was incurred as remuneration to Ernst & Young for the provision of audit services and audit related remuneration of HK$445,000 was paid to other certified public accountant firms for the provision of audit services of the subsidiaries of the Company located in Mainland China. During the Year, the following amounts were paid as remuneration to Ernst & Young and other certified public accountant firms for the provision of non-audit related services to the Group:

	HK$'000
Taxation	15
Others	1,434
Total	1,449

COMMUNICATION WITH SHAREHOLDERS

The Group establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports, information on the Stock Exchange, a corporate website, and general and investor meetings held either face-to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of Directors. Details of the proposed resolutions are contained in the circular.

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 December 2008.

The auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31 December 2008.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), incorporating its share of each jointly-controlled entity, for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in the manufacture and sale of corn refined products and corn based sweetener products. Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 38 to 94.

No dividend was recommended by the board of directors (the "Board") in respect of the year ended 31 December 2008.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING ("IPO")

The proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2007, after deduction of related issuance expenses, amounted to approximately HK$657 million. These proceeds were partly applied during the year ended 31 December 2008 in accordance with the proposed applications set out in the Company's listing prospectus dated 10 September 2007 (the "Prospectus"), as follows:

— approximately HK$135 million was used for the repayment of bank loans borrowed by a subsidiary located in Changchun;

— approximately HK$119 million was used for the construction of new production facilities in Jinzhou;

— approximately HK$50 million was used for the general working capital; and

— approximately HK$22 million was used for the construction of new production facilities in Changchun.

The remaining proceeds at 31 December 2008 were placed on short term deposits with licensed banks in Hong Kong.

Subsequent to the balance sheet date, on 6 March 2009, the Company announced that, the Board has recently evaluated the impact of the global economic recession and its impact on the Group's business. The Board has also evaluated the necessity and timing for expansion of the Group's production facilities and the availability of cooperation and acquisition opportunities. Given the current market conditions and the slowdown of the world economy, the Board considers it a better option to minimise further capital expenditure arising from expansion of the Group's production facilities. In addition, the Group has not been successful in identifying suitable acquisition targets for the production of HFCS products as outlined in the section headed "Future plans and use of proceeds" in the Prospectus.

REPORT OF THE DIRECTORS *(continued)*

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING ("IPO") *(continued)*

In light of the foregoing, in order to better utilise the cashflow and to minimise unnecessary interest expenses of the Group, the Board resolved to reallocate about HK$331 million of the net proceeds from the IPO originally designated for construction of new production facilities in Changchun and Jinzhou; and for the acquisition and/or construction of HFCS production facilities to general working capital of the Group and/or repayment of bank borrowings. The Board are of the opinion that such arrangement of the unutilised proceeds will increase the Company's flexibility in its financial management.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the year ended 31 December 2008 and the published combined financial information of the Group for the five years ended 31 December 2004, 2005, 2006 and 2007, as extracted from the audited financial statements and the Prospectus, is set out on page 95.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

There were no movements in either the Company's authorised or issued share capital during the year. Details of movements in the Company's share capital and share options during the year are set out in note 27 and note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

REPORT OF THE DIRECTORS *(continued)*

DISTRIBUTABLE RESERVES

At 31 December 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) ("Companies Law") of the Cayman Islands, amounted to approximately HK$524,756,000. Under the Companies Law of the Cayman Islands, the share premium account of the Company of approximately HK$574,473,000 as at 31 December 2008 is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 48% of the total sales for the year and sales to the largest customer included therein accounted for 21% of the total sales of the year. Purchases from the Group's five largest suppliers accounted for 73% of the total purchases for the year, and purchases from the largest supplier included therein accounted for 54% of the total purchases of the year.

Except for Global Bio-chem Technology Group Company Limited and its subsidiaries (the "GBT Group") and Mr. Kong Zhanpeng (the director of the Company), no other directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or supplies.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Kong Zhanpeng	
Zhang Fazheng	(Appointed on 1 June 2008)
Zhang Fusheng	
Wang Guifeng	
Ge Yanping	(Resigned on 17 December 2008)

Independent non-executive directors:

Chan Yuk Tong	(Appointed on 1 June 2008)
Fung Siu Wan Stella	(Resigned on 22 May 2008)
Gao Yunchun	
Ho Lic Ki	
Yan Man Sing Frankie	

In accordance with articles 108(A) of the Company's articles of association, Ms. Wang Guifeng and Mr. Zhang Fusheng, both being executive directors, and Mr. Yan Man Sing Frankie, being independent non-executive directors, will retire by rotation at the forthcoming annual general meeting on 29 May 2009. Ms. Wang Guifeng and Mr. Zhang Fusheng, being eligible, will offer themselves for re-election at the annual general meeting, while Mr. Yan Man Sing Frankie will not offer himself for re-election.

The Company has received annual confirmations of independence pursuant to rule 3.13 of the Listing Rules from Mr. Chan Yuk Tong, Mr. Gao Yunchun, Mr. Ho Lic Ki and Mr. Yan Man Sing Frankie as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 15 to 16 of the annual report.

REPORT OF THE DIRECTORS *(continued)*

DIRECTORS' SERVICE CONTRACTS

Three of the executive directors, Mr. Kong Zhanpeng, Mr. Zhang Fusheng and Ms. Wang Guifeng have entered into service contracts with the Company for a term of three years which commenced on 1 September 2007. One of the executive directors, Mr. Zhang Fazheng has entered into a service contract with the Company for a term of three years which commenced on 1 June 2008. Each of the executive directors is subject to termination by either party giving not less than three months' written notice.

Three of the independent non-executive directors, Mr. Ho Lic Ki, Mr. Gao Yunchun and Mr. Yan Man Sing Frankie, have entered into appointment letters with the Company for a term of two years which commenced on 1 September 2007. One of the independent non-executive directors, Mr. Chan Yuk Tong has entered into an appointment letter with the Company for a term of two years which commenced on 1 June 2008. Each of the independent non-executive directors is subject to termination by either party giving not less than three months' written notice.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save that Mr. Kong Zhanpeng, an executive Director, was indirectly interested in the contracts made between the Group and the GBT Group as disclosed in the paragraph headed "Continuing connected transactions and connected transaction" of this report by virtue of his interest in GBT, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme became effective on 3 September 2007 and, unless otherwise cancelled or amended, will remain in force 10 years from that date.

REPORT OF THE DIRECTORS *(continued)*

SHARE OPTION SCHEME *(continued)*

Eligible participants of the Scheme include the following:

(i) any employee of proposed employee (whether full time of part time) of the Group or any entity ("Invested Entity") in which any member of the Group holds any equity interest;

(ii) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other groups or classes or participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group.

And for the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to substantial shareholder of the Company, or an independent non-executive director or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination under the Scheme.

During the year, 8,172,000 share options had been granted and at the balance sheet date, the Company had 8,172,000 share options outstanding under the Scheme. No share option was exercised, lapsed or cancelled during the year.

Further details of the Scheme are disclosed in note 29 to the financial statements.

REPORT OF THE DIRECTORS *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLING SHARES

At 31 December 2008, the interests and share positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong ("SFO")) of the directors and chief executive of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein ("Model Code"), or which are required pursuant to the Model Code for Securities Transactions by directors of Listed Issuers to be notified to the Company and the Stock Exchange are as follows:

Name of director	The Company/ name of associated corporation	Capacity/nature of interest	Number and class of securities held *(Note 1)*	Percentage of the relevant class of issued share capital of the Company/ associated corporation
Kong Zhanpeng	Global Bio-chem Technology Group Company Limited ("GBT")	Beneficial owner	13,040,000 ordinary shares of HK$0.10 each (L)	0.56
	GBT	Interest of a controlled corporation	172,800,000 ordinary shares of HK$0.10 each (L) *(Note 2)*	7.45

Notes:

1. The letter "L" represents the director's interests in the shares and underlying shares of the Company or its associated corporation.

2. These shares are held by Hartington Profits Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Kong Zhanpeng.

Saved as disclosed above, as at the date of this report, none of the directors and the chief executive of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required to be notified to the Company and the Stock Exchange by the Model Code for Securities Transactions by directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors Interest and Short Positions in Shares and Underlying Shares" above, at no time during the year were rights to acquired benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or any person in whose shares and debentures any directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS *(continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLING SHARES

At 31 December 2008, so far as is known to the directors, the following persons (other than the directors) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares held *(Note 1)*	Percentage of Company's issued share capital
Global Corn Bio-chem Technology Company Limited ("Global Corn Bio-chem")	Beneficial owner	700,500,000 shares of HK$0.10 each (L)	67.03
Global Bio-chem Technology Group Company Limited ("GBT")	Interest of a controlled corporation *(Note 2)*	700,500,000 shares of HK$0.10 each (L)	67.03

Notes:

1. The letter "L" denotes the person's interest in the share capital of the Company.

2. These shares are registered in the name of Global Corn Bio-chem, which is a wholly-owned subsidiary of GBT. Therefore, GBT is deemed to be interested in all the shares in which Global Corn Bio-chem is interested according to the SFO.

Saved as disclosed above, no person, other than the directors and chief executive of the Company has, as of the date of this report, registered an interest or short position in the shares or underlying shares of the Company that is required to be disclosed pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

During the year, the Group had continuing connected transactions and a connected transaction that needed to be disclosed in compliance with the requirements under Chapter 14A of the Listing Rules.

Continuing connected transactions

During the year, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Sales to and purchase from the GBT Group

Members of the GBT Group are the Group's suppliers and customers. During the year, the Group had the following continuing connected transactions with the GBT Group:

Supply of sorbitol

Pursuant to the sorbitol master purchase agreement dated 7 May 2007, the GBT Group has been sourcing sorbitol from Changchun Dacheng Polyols Co., Ltd. (formerly known as Changchun Dacheng Nikken Polyols Co., Ltd.) (''CDP'') a company wholly-owned by Global Sorbitol (H.K.) Company Limited (formerly known as Global Nikken (H.K.) Company Limited) (''Global Sorbitol (Hong Kong)'') as one of the principal production materials for production of its polyol products. During the Year, sales of sorbitol by CDP to the GBT Group amounted to HK$25 million. Global Sorbitol (Hong Kong) became a wholly owned subsidiary of the Company from 18 February 2009.

REPORT OF THE DIRECTORS *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Sales to and purchase from the GBT Group *(continued)*

Sourcing of utilities services

Pursuant to the two utilities master supply agreements dated 3 September 2007, the GBT Group provided utility services including electricity, water, steam and wastewater treatment services to all of its subsidiaries at Changchun, including the Group's production plants at Changchun. During the Year, amounts payable by the Group and CDP in respective of provisions of these utilities services by the GBT Group amounted to HK$87 million.

Purchase of corn starch

Pursuant to the corn starch master purchase agreement date 3 September 2007, the Group has been sourcing corn starch either in the form of starch powder or starch slurry, from the GBT Group as one of the principal production materials for the Group's production. During the Year, purchase of corn starch from the GBT Group by the Group (excluding Global Bio-chem-Cargill (Holdings) Limited and GBT-Cargill High Fructose (Shanghai) Co., Ltd.) amounted to HK$689 million.

Supply of corn sweeteners

Pursuant to the corn sweeteners master sales agreement dated 3 September 2007, the GBT Group has been sourcing corn sweeteners from the Group as one of the principal production materials for the production of its amino acid and polyol products. During the Year, sales of corn sweeteners by the Group to the GBT Group amounted to HK$369 million.

Sales agency service

Pursuant to the sales agency agreement dated 24 September 2008 ("Sales Agency Agreement"), the GBT Group has been providing sales agency service to Jinzhou Yuancheng, a wholly owned subsidiary of the Company, for the sale of corn starch and other co-products. During the Year, the fee paid by Jinzhou Yuancheng for the sales agency service amounted to HK$1 million.

The GBT Group holds in aggregate 67% interest in the share capital of the Company. The above transactions constituted continuing connected transactions under Chapter 14A of the Listing Rules.

The GBT Group are the Group's suppliers and customers. During the year, the Group had purchased corn starch from the GBT Group amounting to approximately HK$662 million and sold corn sweeteners and sorbitol to the GBT Group for aggregate sums of approximately HK$326 million and HK$22 million, respectively. The utility costs charged by the GBT Group to the Group amounted to approximately HK$87 million for the year. The agency fee charged by the GBT Group to the Group amounted to approximately HK$1 million. The GBT Group holds in aggregate 67.03% interest in the share capital of the Company. The above transactions constituted continuing connected transactions under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (iv) the aggregate consideration charged by the Group in respect of the continuing connected transactions during the year had not exceeded the respective caps as set out in the Prospectus. The auditors of the Company have confirmed that the continuing connected transactions have complied with the matters as set out in Rule 14A.38 of the Listing Rules.

Other than the aforementioned continuing connected transactions, the related party transactions disclosed in note 34 to the financial statements are either exempted connected continuing transactions or non-exempted continuing connected transactions which have complied with the requirement of Chapter 14A of the Listing Rules, saved for the sales commission paid to a related company

REPORT OF THE DIRECTORS *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Connected transaction

Acquisition of remaining interests in a joint venture for Sorbitol production of sorbitol products

As announced by the Company on 10 January 2008, the Group entered into a sale and purchase agreement on 8 January 2008 with Mitsui & Co., Ltd., Mitsui & Co. (H.K.) Ltd. and Nikken Fine Chemicals Co., Ltd. to acquire from them their respective entire interests in Global Sorbitol (H.K.) Company Limited (formely know as Global-Nikken (H.K.) Company Limited) (principally engaged in the production and sale of sorbitol products) at an aggregate cash consideration of US$2,450,000, which was payable by the Group upon completion. As Mitsui & Co., Ltd. and Mitsui & Co. (H.K.) Ltd. were substantial shareholders of Global Sorbitol (H.K.) Company Limited before completion of the acquisition and hence, Mitsui & Co. Ltd. and Mitsui & Co. (H.K.) Ltd. were connected persons of the Company. As such, the acquisition constituted a connected transaction of the Company pursuant to the Listing Rules. The completion of the acquisition took place in February 2008 and as a result of the acquisition, Global Sorbitol (H.K.) Company Limited became a wholly-owned subsidiary of the Company. As a result, negative goodwill amounted to approximately HK$24 million was recognised in the Group's consolidated income statement for the year.

The directors believe that the acquisition will strengthen the operational efficiency and management flexibility on the Group's overall production planning and human resources deployment.

Acquisition of Jinzhou Yuancheng for production of corn refined products

As announced by the Company on 4 July 2008, the Group entered into a sale and purchase agreement on 27 June 2008 with Global Corn Investments Limited and Changchun Dacheng Industrial Group Co., Ltd., both of which were wholly-owned subsidiaries of GBT (the controlling shareholder of the Company), to acquire their respective entire interests in Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng") (which is principally engaged in the manufacture and sale of corn starch and other corn refined products) at an aggregate consideration of HK$520 million. The consideration shall be payable by way of cash amounted to HK$156 million upon completion and the balance shall be payable by way of issuing of an unsecured loan note amounted to HK$364 million to GBT Group which shall be due and repayable at the fifth anniversary of the date of issuance, or early repayable at any time at the sole discretion of the Group, and bearing an interest rate of 6% per annum payable on a semi-annual basis. Pursuant to the Listing Rules, the acquisition constituted a major and connected transaction of the Company. On 13 August 2008, an extraordinary general meeting of the Company was convened and the shareholders have approved the acquisition. The completion took place in September 2008, upon which Jinzhou Yuancheng became a wholly-owned subsidiary of the Company.

The directors believe that the acquisition will enable the Group to secure a stable supply of corn starch for its production whilst achieving significant procurement cost savings in the long run.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this report, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

REPORT OF THE DIRECTORS *(continued)*

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Mr. Kong Zhanpeng, an executive Director, is interested in approximately 7.45% of the issued share capital of GBT through his interest in Hartington Profits Limited. The GBT Group is engaged in, among other things, the production and sale (the "Excluded Business") of corn starch, steepwater liquid, corn oil, germ cake, corn fibre feed, corn gluten meal, corn gluten feed pellets and other co-products ("Co-Products"). Pursuant to a non-compete undertaking given by GBT and Global Corn Bio-chem dated 3 September 2007 in favour of the Group (as supplemented by a waiver executed by the Company to GBT and Global Corn Bio-chem dated 24 September 2008), the GBT Group is restricted from engaging in any business that may compete with the business of the Group from time to time.

The Group is principally engaged in the manufacture and sale of various corn sweeteners, which are classified into three categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup), corn syrup solid (crystallised glucose and maltodextrin) and sugar alcohol (sorbitol). The production and sale of corn starch and Co-Products are not the core business of the Group and the management team of the Group is independent from the management team of the GBT Group. The core business of the Group is not dependent or otherwise rely on the sales of corn starch and/or the Co-products, and since Mr. Kong Zhanpeng does not hold any directorship or managerial position in the GBT Group and is not involved in the management and operation of the GBT Group (including the Excluded Business), the Directors consider that the Group is capable of carrying on its own business independently of, and at arm's length from, the Excluded Business.

In order to facilitate the Group's sale of corn starch and Co-Products to its customers at arm's length from the GBT Group's Excluded Business and protect the Group from any possible direct and indirect competition from the GBT Group in respect of the Excluded Business, Jinzhou Yuancheng, a wholly-owned subsidiary of the Company, and Global Corn Bio-chem have entered into the Sales Agency Agreement on 24 September 2008. Under the Sales Agency Agreement, Jinzhou Yuancheng has appointed Global Corn Bio-chem (for itself and on behalf of the GBT Group) as its exclusive agent for the sale of the Co-products and corn starch in excess of its internal consumption from time to time produced by Jinzhou Yuancheng from 24 September 2008 to 31 December 2010, subject to renewal by Jinzhou Yuancheng. Under the Sales Agency Agreement, the GBT Group would use its best endeavours to procure the sale and marketing of the Co-products and corn starch as exclusive agent of Jinzhou Yuancheng, and would sell the Co-products and corn starch produced by Jinzhou Yuancheng in priority to any Co-products and corn starch produced by any members of the GBT Group (other than those goods produced by Global Corn or any member of the GBT Group for sales in Jilin and Heilongjiang Provinces of the PRC). Jinzhou Yuancheng would reimburse the GBT Group's for its costs for the performance of its obligations under the Sales Agency Agreement, and there would not be any other agency fee payable to the GBT Group for the services rendered.

During the year and up to the date of this report, save as disclosed above, no director of the Company is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Kong Zhanpeng
Chairman

Hong Kong
23 April 2009

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Global Sweeteners Holdings Limited set out on pages 38 to 94, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT *(continued)*

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

23 April 2009

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**1,826,248**	1,595,054
Cost of sales		**(1,526,632)**	(1,260,400)
Gross profit		**299,616**	334,654
Other income and gains	5	**32,597**	20,783
Excess over the cost of a business combination	30	**23,703**	—
Selling and distribution costs		**(80,063)**	(47,607)
Administrative expenses		**(61,201)**	(36,500)
Other expenses		**1,705**	(17,953)
Finance costs	7	**(39,240)**	(24,356)
PROFIT BEFORE TAX	6	**177,117**	229,021
Tax	10	**(22,747)**	(35,355)
PROFIT FOR THE YEAR		**154,370**	193,666
Attributable to:			
Equity holders of the Company	11	**154,370**	193,666
Minority interests		**—**	—
		154,370	193,666
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	12	**HK$0.148**	HK$0.185
Diluted	12	**HK$0.148**	N/A

CONSOLIDATED BALANCE SHEET

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,262,569	568,394
Prepaid land premiums	15	112,201	28,711
Deposits paid for acquisition of property, plant and equipment and land premiums		5,176	2,151
Goodwill	16	183,538	149,950
Deferred tax assets	26	987	—
Long term loan to a jointly-controlled entity	18	40,000	40,000
Total non-current assets		1,604,471	789,206
CURRENT ASSETS			
Inventories	19	249,995	51,282
Trade receivables	20	255,179	225,237
Prepayments, deposits and other receivables	21	59,823	34,285
Due from jointly-controlled entities	18	1,305	26,141
Due from the immediate holding company	34	21,085	21,085
Due from fellow subsidiaries	34	45,456	130,634
Tax recoverable		11,133	—
Cash and cash equivalents	22	455,553	905,599
Total current assets		1,099,529	1,394,263
CURRENT LIABILITIES			
Trade payables	23	65,942	35,968
Other payables and accruals	24	104,397	56,462
Interest-bearing bank borrowings	25	341,573	156,250
Due to fellow subsidiaries	34	139,866	3,432
Due to a related company	34	86	55
Due to the ultimate holding company	34	168,539	54,284
Due to jointly-controlled entities	18	44	4,179
Due to the immediate holding company	34	—	180,338
Tax payable		10,346	8,564
Total current liabilities		830,793	499,532
NET CURRENT ASSETS		268,736	894,731
TOTAL ASSETS LESS CURRENT LIABILITIES		1,873,207	1,683,937

CONSOLIDATED BALANCE SHEET *(continued)*

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	25	**280,899**	368,750
Due to a venturer of a jointly-controlled entity	18	**20,000**	20,000
Deferred tax liabilities	26	**46,784**	14,719
Total non-current liabilities		**347,683**	403,469
Net assets		**1,525,524**	1,280,468
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	27	**104,500**	104,500
Reserves	28(a)	**1,421,024**	1,175,968
Proposed final dividend	13	**—**	—
Total equity		**1,525,524**	1,280,468

Kong Zhanpeng
Director

Zhang Fusheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Attributable to equity holders of the Company							
	Issued share capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2007	–	–	3,750	32,258	20,262	–	301,182	357,452
Revaluation surplus, net of deferred tax charge of HK$3,252,500 (notes 14 and 26)	–	–	8,503	–	–	–	–	8,503
Exchange realignment	–	–	–	1,683	40,191	–	–	41,874
Total income and expenses directly recognised in equity	–	–	8,503	1,683	40,191	–	–	50,377
Profit for the year	–	–	–	–	–	–	193,666	193,666
Share subscription and placement	104,500	574,473	–	–	–	–	–	678,973
Transfer from retained profits	–	–	–	22,902	–	–	(22,902)	–
At 31 December 2007 and 1 January 2008	104,500	574,473*	12,253*	56,843*	60,453*	–*	471,946*	1,280,468
Exchange realignment	–	–	–	–	88,694	–	–	88,694
Total income and expenses directly recognised in equity	–	–	–	–	88,694	–	–	88,694
Profit for the year	–	–	–	–	–	–	154,370	154,370
Equity-settled share option arrangement	–	–	–	–	–	1,992	–	1,992
Transfer from retained profits	–	–	–	20,546	–	–	(20,546)	–
At 31 December 2008	104,500	574,473*	12,253*	77,389*	149,147*	1,992*	605,770*	1,525,524

Certain subsidiaries which were established in the PRC are required to transfer 10% of their profits after tax calculated in accordance with the PRC accounting regulations to their respective statutory reserve funds until they reaches 50% of their respective registered capital, upon which any further appropriation is at the directors' recommendation. Such reserve may be used to reduce any losses incurred by the subsidiaries or may be capitalised as paid-up capital of the subsidiaries.

* These reserves accounts comprise the consolidated reserves of the Group of HK$1,421,024,000 on the consolidated balance sheet at 31 December 2008 (2007: HK$1,175,968,000).

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		177,117	229,021
Adjustments for:			
Finance costs	7	39,240	24,356
Excess over the cost of a business combination	30	(23,703)	—
Bank interest income	5	(10,427)	(9,490)
Gain on disposal of items of property, plant and equipment	6	—	(72)
Depreciation	6	54,864	36,395
Amortisation of prepaid land premiums	6	2,029	1,038
Expensed listing expenditures		—	21,874
Equity-settled share option arrangement	29	1,992	—
Impairment losses reversed of trade receivables	6	(1,705)	—
Write down/(write back) of inventories to net realisable value	6	3,948	(6,190)
Operating profit before working capital changes		243,355	296,932
Decrease/(increase) in inventories		(20,528)	23,954
Decrease/(increase) in trade receivables		125,905	(127,131)
Increase in prepayments, deposits and other receivables		(14,602)	(12,339)
Increase in trade payables		10,832	16,591
Increase/(decrease) in other payables and accruals		(25,801)	332
Decrease in amounts due from fellow subsidiaries		13,985	203,996
Decrease/(increase) in amounts due from jointly-controlled entities		22,766	(9,228)
Increase/(decrease) in amounts due to fellow subsidiaries		17,821	(148,566)
Increase/(decrease) in amounts due to jointly-controlled entities		(1,246)	1,246
Increase/(decrease) in an amount due to a related company		31	(520)
Cash generated from operations		372,518	245,267
Interest received		10,427	9,490
Overseas taxes paid		(16,654)	(27,227)
Net cash inflow from operating activities		366,291	227,530

CONSOLIDATED CASH FLOW STATEMENT *(continued)*

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash inflow from operating activities		**366,291**	227,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(141,568)**	(72,076)
Proceeds from disposal of items of property, plant and equipment		**721**	1,687
Business combination	30	**(286,590)**	—
Net cash outflow from investing activities		**(427,437)**	(70,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from initial public offering		**—**	657,099
New bank loans		**362,921**	545,833
Repayment of bank loans		**(756,179)**	(213,510)
Repayment of other loans		**—**	(24,779)
Interest paid		**(39,240)**	(24,356)
Decrease/(increase) in amounts due from fellow subsidiaries		**(12,532)**	16,766
Decrease/(increase) in amounts due from jointly-controlled entities		**4,126**	(2,641)
Decrease in an amount due to the immediate holding company		**—**	(22)
Decrease in an amount due to the ultimate holding company		**(66,083)**	(216,651)
Increase/(decrease) in amounts due to jointly-controlled entities		**(2,889)**	423
Increase/(decrease) in amounts due to fellow subsidiaries		**66,087**	(41,722)
Net cash inflow/(outflow) from financing activities		**(443,789)**	696,440
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(504,935)**	853,581
Cash and cash equivalents at beginning of year		**905,599**	43,153
Effect of foreign exchange rate changes, net		**54,889**	8,865
CASH AND CASH EQUIVALENTS AT END OF YEAR		**455,553**	905,599
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**455,553**	905,599

BALANCE SHEET

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	17	520,936	513,163
Total non-current assets		520,936	513,163
CURRENT ASSETS			
Due from the immediate holding company	34	11,800	126,054
Due from subsidiaries	34	591,474	279,611
Prepayments, deposits and other receivables	21	236	1,613
Cash and cash equivalents	22	208,951	527,470
Total current assets		812,461	934,748
CURRENT LIABILITIES			
Interest-bearing bank borrowings	25	200,000	—
Other payables and accruals	24	5,237	5,656
NET CURRENT ASSETS		607,224	929,092
TOTAL ASSETS LESS CURRENT LIABILITIES		1,128,160	1,442,255
NON-CURRENT LIABILITIES			
Financial guarantee contracts		5,217	—
Interest-bearing bank borrowings	25	—	300,000
Net assets		1,122,943	1,142,255
EQUITY			
Issued capital	27	104,500	104,500
Reserves	28(b)	1,018,443	1,037,755
Proposed final dividend	13	—	—
Total equity		1,122,943	1,142,255

Kong Zhanpeng
Director

Zhang Fusheng
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2008

1. CORPORATE INFORMATION

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 Group was involved in the manufacture and sale of corn refined products and corn based sweetener products.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 24 August 2007. Further details of the Reorganisation are set out in the Prospectus. The shares of the Company were listed on the Stock Exchange on 20 September 2007.

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, a company incorporated in the Cayman Islands whose shares are also listed on the main board of the Stock Exchange.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain property, plant and equipment at fair value as further explained below. These financial statements are presented in Hong Kong dollars ("HK$").

The financial statements for the year ended 31 December 2007 had been prepared using the principle of merger accounting in accordance with Accounting Guideline 5 *"Merger Accounting for Common Control Combinations"* issued by the HKICPA, as if the Reorganisation had been completed as at the beginning of the year presented because the Company's acquisition of the companies then comprising the Group should be regarded as a business combination under common control as the Company and all companies then comprising the Group were and are ultimately controlled by the ultimate holding company before and after the Reorganisation.

The Group was regarded as a continuing entity resulting from the Reorganisation under common control. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2007 had been prepared as if the current group structure had been in existence throughout the prior year presented.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries (collectively referred to as the "Group") and its share of each jointly-controlled entity for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and* HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(b) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 12 Service Concession Arrangements

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) HK(IFRIC)-Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standard* [2]
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosure — Improving disclosures about financial instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) — Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded derivatives* [5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate* [1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation* [4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [6]

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfers of assets from customers received on or after 1 July 2009
* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures *(continued)*

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated income statement. Any subsequent revaluation surplus is credited to the consolidated income statement to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold buildings	2%
Plant and machinery	6.7%
Leasehold improvements, furniture, office equipment and motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Construction in progress represents plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land premiums/land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of futures recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic, or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the consolidated income statement.

Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 to those granted on or after 1 January 2005.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in the retirement benefits schemes (the "PRC RB Schemes") operated by the respective local municipal governments in provinces of Mainland China that the group companies operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to the consolidated income statements as they become payable in accordance with the rules of the PRC RB Schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation rate is based on the actual cost of the related borrowings. All other borrowing costs are recognised as expenses in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and a jointly-controlled entity are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries and a jointly-controlled entity are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and a jointly-controlled entity which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of leasehold buildings

In the absence of current prices in an active market for similar properties, the Group considers information by reference to the valuation performed by an independent valuer based on the open market value basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

3. SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2008 was HK$183,538,000 (2007: HK$149,950,000). More details are given in note 16 to the financial statements.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the corn refined products segment comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products; and

(b) the corn based sweetener products segment comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corm syrup, crystallised glucose, maltodextrin and sorbitol.

Intersegment sales and transfers are transacted either with reference to the selling prices used for sales made to third parties at the then prevailing market prices or on a cost plus mark-up basis.

For the year ended 31 December 2007, no segment information had been disclosed because over 90% of the Group's operation related to the manufacture and sale of corn based sweetener products and over 90% of the Group's products were sold to customers located in Mainland China.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

4. SEGMENT INFORMATION *(continued)*

(a) Business segments

The following table presents revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Group	Corn refined products		Corn based sweetener products		Eliminations		Consolidated	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Segment revenue:								
Sales to external customers	183,848	–	1,642,400	1,595,054	–	–	1,826,248	1,595,054
Intersegment sales	109,857	–	–	–	(109,857)	–	–	–
Total	293,705	–	1,642,400	1,595,054	(109,857)	–	1,826,248	1,595,054
Segment results	(24,181)	–	231,721	266,370	–	–	207,540	266,370
Unallocated revenue							32,597	20,783
Unallocated expenses							23,780	(33,776)
Profit from operating activities							216,357	253,377
Finance costs							(39,240)	(24,356)
Profit before tax							177,117	229,021
Tax							(22,747)	(35,355)
Profit for the year							154,370	193,666
Attributable to:								
Equity holders of the Company							154,370	193,666
Minority interests							–	–
							154,370	193,666
Assets and liabilities								
Segment assets	864,735	–	1,272,057	1,425,263	–	–	2,136,792	1,425,263
Due from jointly-controlled entities							41,305	66,141
Unallocated assets							525,903	692,065
Total assets							2,704,000	2,183,469
Segment liabilities	79,394	–	438,468	372,345	–	–	517,862	372,345
Interest-bearing bank borrowings							622,472	525,000
Unallocated liabilities							38,142	5,656
Total liabilities							1,178,476	903,001
Other segment information:								
Capital expenditure, including payment of land premiums	11,219	–	141,024	71,309	–	–	152,243	71,309
Depreciation	8,555	–	46,309	36,395	–	–	54,864	36,395
Amortisation of prepaid land premiums	528	–	1,501	1,038	–	–	2,029	1,038
Impairment losses reversed of trade receivables	–	–	(1,705)	–	–	–	(1,705)	–
Write-down/(write-back) of inventories to net realisable value	3,948	–	–	(6,190)	–	–	3,948	(6,190)
Excess over the cost of a business combination	–	–	23,703	–	–	–	23,703	–

NOTES TO FINANCIAL STATEMENTS

31 December 2008

5. 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 revenue, other income and gains is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Revenue		
Sale of goods	1,826,248	1,595,054
Other income and gains		
Bank interest income	10,427	9,490
Net profit arising from sale of packing materials and by-products	9,983	9,201
Government grants*	9,769	—
Others	2,418	2,092
	32,597	20,783

* Government grants represented sundry tax refunds awarded to certain subsidiaries located in Mainland China according to the notice of local tax bureau on an annual basis.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group	
		2008	2007
	Notes	HK$'000	HK$'000
Raw materials and consumables used		1,292,739	1,117,696
Depreciation	14	54,864	36,395
Amortisation of prepaid land premiums	15	2,029	1,038
Auditors' remuneration		1,360	1,374
Employee benefits expenses, including direct labour costs as recorded in the cost of sales:			
Wages and salaries		32,219	17,922
Directors' remuneration		8,367	4,671
Pension scheme contributions		941	1,645
		41,527	24,238
Foreign exchange differences, net		334	(299)
Impairment losses reversed of trade receivables		(1,705)	—
Write-down/(write-back) of inventories to net realisable value		3,948	(6,190)
Gain on disposal of items of property, plant and equipment		—	(72)

NOTES TO FINANCIAL STATEMENTS

31 December 2008

7. FINANCE COSTS

	Group 2008 HK$'000	Group 2007 HK$'000
Interest on bank borrowings wholly repayable within five years	31,722	24,328
Finance costs for discounting notes receivable	7,518	28
	39,240	24,356

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Notes	Group 2008 HK$'000	Group 2007 HK$'000
Fees	(a)	1,100	360
Other emoluments:	(b)		
Salaries, allowances and benefits in kind		4,275	1,798
Performance related bonuses		2,980	2,500
Pension scheme contributions		12	13
		7,267	4,311
		8,367	4,671

According to the directors' service contracts, each of the executive directors, upon completion of every 12 months of services, is entitled to a management bonus. In addition, executive directors with special contributions to the Group may be entitled to special bonus. The aggregate amount of the bonuses payable to all the executive directors for any financial year may not exceed 5% of the consolidated net profit from ordinary activities attributable to shareholders in respect of that financial year. For the year ended 31 December 2008, the aggregate amount of the bonuses payable to the executive directors was equivalent to approximately 1.9% (2007: 1.3%) of the net profit from ordinary activities attributable to shareholders.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2008 HK$'000	2007 HK$'000
Mr. Chan Yuk Tong (Appointed on 1 June 2008)	140	—
Ms. Fung Siu Wan Stella (Resigned on 22 May 2008)	120	80
Mr. Gao Yunchun	240	80
Mr. Ho Lic Ki	240	80
Mr. Yan Man Sing Frankie	360	120
	1,100	360

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

(b) Executive directors

	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2008				
Executive directors:				
Mr. Kong Zhanpeng	2,760	2,500	12	5,272
Mr. Zhang Fazheng (Appointed on 1 June 2008)	210	—	—	210
Mr. Zhang Fusheng	360	—	—	360
Ms. Wang Guifeng	600	480	—	1,080
Ms. Ge Yanping (Resigned on 17 December 2008)	345	—	—	345
	4,275	2,980	12	7,267
2007				
Executive directors:				
Mr. Kong Zhanpeng	920	2,500	4	3,424
Mr. Zhang Fusheng	120	—	—	120
Mr. Wang Guifeng	600	—	—	600
Mr. Ge Yanping	158	—	9	167
	1,798	2,500	13	4,311

NOTES TO FINANCIAL STATEMENTS

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2007: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2007: three) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,288**	1,040
Equity-settled share option expense	**1,453**	—
Pension scheme contributions	**32**	19
	2,773	1,059

The remuneration of the non-director, highest paid employees fell within the following band:

	Group	
	2008	2007
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**3**	3

During the year, share options were granted to two non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. TAX

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2008	2007
	HK$'000	HK$'000
Current — Hong Kong	**—**	—
Current — Elsewhere	**17,229**	27,745
Deferred (note 26)	**5,518**	7,610
Total tax charge for the year	**22,747**	35,355

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10. TAX *(continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2008	**Hong Kong**		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit/(loss) before tax	**(23,740)**		**200,857**		**177,117**	
Tax at the statutory rate	**(3,917)**	**16.5**	**50,214**	**25.0**	**46,297**	**26.1**
Preferential tax rate offered (note(a))	**—**	**—**	**(11,435)**	**(5.7)**	**(11,435)**	**(6.4)**
Lower tax rate for tax relief granted (note(b))	**—**	**—**	**(20,060)**	**(10.0)**	**(20,060)**	**(11.3)**
Unrecognised tax losses	**3,917**	**(16.5)**	**236**	**0.1**	**4,153**	**2.3**
Tax return for purchase of domestic equipments	**—**	**—**	**(9,918)**	**(4.9)**	**(9,918)**	**(5.6)**
Expenses not deductible for tax	**—**	**—**	**13,710**	**6.8**	**13,710**	**7.7**
Tax charge at the Group's effective rate	**—**	**—**	**22,747**	**11.3**	**22,747**	**12.8**

Group – 2007	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(39,008)		268,029		229,021	
Tax at the statutory rate	(6,826)	17.5	88,450	33.0	81,624	35.6
Preferential tax rate offered	—	—	(43,292)	(16.2)	(43,292)	(18.9)
Lower tax rate for tax relief granted	—	—	(18,086)	(6.7)	(18,086)	(7.9)
Unrecognised tax losses	3,923	(10.1)	1,532	0.6	5,455	2.4
Effect on opening deferred tax liabilities due to changes in tax rates	—	—	5,175	1.9	5,175	2.3
Others	2,903	(7.4)	1,576	0.6	4,479	1.9
Tax charge at the Group's effective rate	—	—	35,355	13.2	35,355	15.4

As at 1 January 2008, the Enterprise Income Tax Law of the People's Republic of China (the "EITL") became effective; therefore, the statutory tax rate for all subsidiaries in Mainland China is 25% for the current year (2007: 33%).

Notes:

(a) Three (2007: one) subsidiaries and a jointly-controlled entity were subject to tax concessions in 2008. The total taxable profit of the subsidiaries and the jointly-controlled entity that are subject to tax concessions amounted to approximately HK$158,685,000 (2007: HK$34,301,000) in aggregate. They were granted tax concessions by the state tax bureau in accordance with the EITL and the corresponding transitional tax concession policy under which these subsidiaries would be exempted from corporate income tax for the first two profitable years and subject to 50% of the applicable tax rate for the following three profitable years.

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31 December 2008

10. TAX *(continued)*

Notes: *(continued)*

(b) One (2007: one) subsidiary, which was granted 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 PRC 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 rate of 15% in 2007 and is subject to the corporate income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2008 includes a loss of HK$21,304,000 (2007: HK$28,413,000) which has been dealt with in the financial statements of the Company (note 28(b)).

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

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to ordinary equity holders of the Company of approximately HK$154,370,000 (2007: HK$193,666,000) and the weighted average number of ordinary shares in issue throughout the year of 1,045,000,000 (2007: 1,045,000,000).

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

As the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the year ended 31 December 2008, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the year ended 31 December 2008. Therefore, the diluted earnings per share amount was equal to the basic earnings per share amount for the year ended 31 December 2008.

No diluted earnings per share was presented as at 31 December 2007 as the Company did not have any diluted ordinary shares outstanding during the year ended 31 December 2007.

13. DIVIDENDS

Pursuant to the board of directors' meeting held on 23 April 2009, no dividend was declared for the year ended 31 December 2008 (2007: Nil).

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14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2008					
At 31 December 2007 and at 1 January 2008:					
Cost or valuation	188,097	456,703	10,771	28,220	683,791
Accumulated depreciation	(20,906)	(89,472)	(5,019)	–	(115,397)
Net carrying amount	167,191	367,231	5,752	28,220	568,394
At 1 January 2008, net of accumulated depreciation	167,191	367,231	5,752	28,220	568,394
Additions	528	4,808	6,435	129,527	141,298
Business combination (note 30)	218,088	320,319	1,294	25,348	565,049
Disposals	–	(201)	(246)	(274)	(721)
Depreciation provided during the year	(9,245)	(42,083)	(3,536)	–	(54,864)
Transfers	4,251	27,145	90	(31,486)	–
Exchange realignment	11,895	29,018	280	2,220	43,413
At 31 December 2008, net of accumulated depreciation	392,708	706,237	10,069	153,555	1,262,569
At 31 December 2008:					
Cost or valuation	425,594	848,806	19,183	153,555	1,447,138
Accumulated depreciation	(32,886)	(142,569)	(9,114)	–	(184,569)
Net carrying amount	392,708	706,237	10,069	153,555	1,262,569
Analysis of cost or valuation:					
At cost	237,497	848,806	19,183	153,555	1,259,041
At 31 December 2007 valuation	188,097	–	–	–	188,097
	425,594	848,806	19,183	153,555	1,447,138

NOTES TO FINANCIAL STATEMENTS

31 December 2008

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2007					
At 31 December 2006 and at 1 January 2007:					
Cost or valuation	158,843	357,909	7,425	52,141	576,318
Accumulated depreciation	(15,808)	(60,075)	(3,843)	–	(79,726)
Net carrying amount	143,035	297,834	3,582	52,141	496,592
At 1 January 2007, net of accumulated depreciation	143,035	297,834	3,582	52,141	496,592
Additions	760	9,744	3,403	53,340	67,247
Surplus on revaluation	11,755	–	–	–	11,755
Disposals	–	(27)	(324)	(1,264)	(1,615)
Depreciation provided during the year	(5,098)	(29,397)	(1,900)	–	(36,395)
Transfers	8,055	70,437	763	(79,255)	–
Exchange realignment	8,684	18,640	228	3,258	30,810
At 31 December 2007, net of accumulated depreciation	167,191	367,231	5,752	28,220	568,394
At 31 December 2007:					
Cost or valuation	188,097	456,703	10,771	28,220	683,791
Accumulated depreciation	(20,906)	(89,472)	(5,019)	–	(115,397)
Net carrying amount	167,191	367,231	5,752	28,220	568,394
Analysis of cost or valuation:					
At cost	–	456,703	10,771	28,220	495,694
At 31 December 2007 valuation	188,097	–	–	–	188,097
	188,097	456,703	10,771	28,220	683,791

The Group's leasehold buildings with the shorter of the lease terms or 50 years were stated at the recent valuation less accumulated depreciation and impairment.

At 31 December 2007, the Group's leasehold buildings were revalued on an open market value basis, by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at approximately HK$167,191,000. A surplus on revaluation of approximately HK$11,755,000 arising from the 2007 valuation has been credited to the asset revaluation reserve during the year ended 31 December 2007. In the opinion of the directors, as there were no material differences between the carrying value and the open market value of the Group's leasehold buildings as at 31 December 2008, no revaluation has been performed as at 31 December 2008.

NOTES TO FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Had the Group's leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK$380,953,000 (2007: HK$151,252,000).

At 31 December 2008, no leasehold building of the Group was pledged to secure banking facilities granted to the Group (2007: Nil).

At 31 December 2008, the applications of building certificates for certain leasehold buildings of the Group with a total carrying amount of HK$707,000 (2007: Nil) were still in progress.

15. PREPAID LAND PREMIUMS

		Group	
		2008	2007
	Notes	**HK$'000**	HK$'000
Carrying amount at 1 January		**29,749**	24,817
Additions		**—**	4,062
Business combination	30	**83,758**	—
Amortised during the year	6	**(2,029)**	(1,038)
Exchange realignment	6	**2,752**	1,908
Carrying amount at 31 December		**114,230**	29,749
Current portion included in prepayments, deposits and other receivables		**2,029**	(1,038)
Non-current portion		**112,201**	28,711

The leasehold land with the shorter of the lease terms or 50 years are situated outside Hong Kong.

16. GOODWILL

	Group	
	2008	2007
	HK$'000	HK$'000
Cost at 1 January 2008 and 31 December 2007	**149,950**	149,950
Acquisition of a subsidiary (note 30(b))	**33,588**	—
Net carrying amount	**183,538**	149,950

NOTES TO FINANCIAL STATEMENTS

31 December 2008

16. GOODWILL *(continued)*

Impairment testing of goodwill

The Group's goodwill related to Changchun Dihao Food Development Co., Ltd. (the "Changchun Dihao") which was acquired by the Group during the years ended 31 December 2004 and 2005. The recoverable amount of Changchun Dihao has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a fifthteen-year period. The discount rate applied to cash flow projections is 11.0% (2007: 7.1%). No growth has been projected beyond the five-year period.

The Group's goodwill related to Jinzhou Yuancheng Bio-chem Technology Co., Ltd ("Jinzhou Yuancheng") which was acquired by the Group during the year ended 31 December 2008. The recoverable amount of Jinzhou Yuancheng has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a fifthteen-year period. The discount rate applied to cash flow projections is 11.0% (2007: 7.1%). No growth has been projected beyond the five-year period.

Key assumptions were used in the value in use calculation of cash-generating unit for 31 December 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for local markets from where raw materials are sourced.

The values assigned to key assumptions are consistent with external information sources.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares	**520,936**	513,163

NOTES TO FINANCIAL STATEMENTS

31 December 2008

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and operations	Nominal value of paid-up share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Global Sweeteners Investments Limited ("Global Sweeteners")	British Virgin Islands	US$100	100	Investment holding
Global Sweeteners (China) Limited ("GS (China)")	British Virgin Islands	US$2	100	Investment holding
Global Sweeteners (HK) Limited	Hong Kong	HK$1,000	100	General administration
Jinzhou Dacheng Food Development Co., Ltd. *	The People's Republic of China (the "PRC")/ Mainland China	US$2,770,000	100	Manufacture and sale of corn based sweetener products
Indirectly held:				
Datex Investment Limited	Hong Kong	HK$2	100	Investment holding
Eternal Win Investments Limited	British Virgin Islands	US$2	100	Investment holding
Global Sorbitol (H.K) Company Limited (formerly known as Global-Nikken (H.K.) Company Limited)	Hong Kong	HK$1,550	100	Investment holding
Changchun Dihao Foodstuff Development Co., Ltd.*	PRC/Mainland China	RMB81,000,000	100	Manufacture and sale of corn based sweetener products
Changchun Dacheng Polyols Co., Ltd. */@ (formerly known as Changchun Dacheng Nikken Polyols Co., Ltd.)	PRC/Mainland China	US$6,000,000	100	Manufacture and sale of sobitol products
Jinzhou Yuancheng Bio-chem Technology Co, Ltd.*/@	PRC/Mainland China	US$44,034,000	100	Manufacture and sale of corn refined products
Shanghai Hao Cheng Food Development Co., Ltd.* ("Hao Cheng")	PRC/Mainland China	US$2,668,000	100	Manufacture and sale of corn based sweetener products
Changchun Dihao Crystal Sugar Industry Development Co., Ltd.* ("Dihao Crystal")	PRC/Mainland China	US$16,200,000	100	Manufacture and sale of crystallised sugar

* Wholly-foreign-owned enterprise
@ Acquired/established during the year

NOTES TO FINANCIAL STATEMENTS

31 December 2008

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

During the year, the Group acquired the remaining 49% equity interest in Global Sorbitol (H.K) Company Limited ("Sorbitol HK"), a then joint-controlled entity of the Group and acquired the entire equity interest in Jinzhou Yuancheng Bio-chem Technology Co., Ltd. from two fellow subsidiaries of the Group (See note 30).

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. DUE FROM/TO JOINTLY-CONTROLLED ENTITIES AND DUE TO A VENTURER OF A JOINTLY-CONTROLLED ENTITY

	Group	
	2008	2007
	HK$'000	HK$'000
Long term loan to a jointly-controlled entity	**40,000**	40,000
Short term balance due from jointly-controlled entities	**1,305**	26,141
Short term balance due to jointly-controlled entities	**44**	4,179
Due to a venturer of a jointly-controlled entity	**20,000**	20,000

The long term loan advanced to a jointly-controlled entity is unsecured, interest-free and repayable in 2101 or upon the liquidation, winding-up or dissolution of this jointly-controlled entity, whenever is earlier. The loan to a jointly-controlled entity represented a quasi-equity loan which is stated at cost less impairment.

The short term balances due from/to jointly-controlled entities are unsecured, interest-free and repayable within one year. About HK$659,000 and HK$23,425,000 of the balance due from jointly-controlled entities arose from trading activities at 31 December 2008 and 31 December 2007, respectively. About HK$44,000 and HK$1,290,000 of the balance due to jointly-controlled entities arose from trading activities at 31 December 2008 and 31 December 2007, respectively.

Since the Group has no legal right to offset the long term loan advanced to a jointly-controlled entity against the venturer's share of liability of that jointly-controlled entity, the balances have not been eliminated.

Particulars of the jointly-controlled entities are as follows:

Name	Place of incorporation/ Registration and operations	Percentage of Ownership interest	Percentage of Voting power and profit sharing	Principal activities
Global Bio-chem-Cargill (Holdings) Limited	Hong Kong	50	50	Investment holding
GBT-Cargill High Fructose (Shanghai) Co., Ltd.*	PRC/Mainland China	50	50	Manufacture and sale of high fructose corn syrup

* Wholly-foreign-owned enterprises

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

NOTES TO FINANCIAL STATEMENTS

31 December 2008

18. DUE FROM/TO JOINTLY-CONTROLLED ENTITIES AND DUE TO A VENTURER OF A JOINTLY-CONTROLLED ENTITY *(continued)*

Following the acquisition of the remaining 49% equity interest in Sorbitol HK during the year, a then jointly-controlled entity of the Group, Sorbitol HK and its subsidiary were no longer the jointly-controlled entities and became subsidiaries of the Group. (See note 30).

The following table illustrates the summarised financial information of the Group's jointly-controlled entities, which has been proportionately consolidated:

	Group	
	2008	2007
	HK$'000	HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**58,802**	71,717
Non-current assets	**19,146**	70,246
Current liabilities	**(25,542)**	(53,336)
Net assets	**52,406**	88,627
Share of the jointly-controlled entities' results:		
Revenue	**139,733**	173,846
Other income	**1,701**	2,175
	141,434	176,021
Total expenses	**(134,553)**	(167,264)
Tax	**(1,204)**	—
Profit after tax	**5,677**	8,757

19. INVENTORIES

	Group	
	2008	2007
	HK$'000	HK$'000
Raw materials	**173,390**	31,737
Finished goods	**76,605**	19,545
	249,995	51,282

NOTES TO FINANCIAL STATEMENTS

31 December 2008

20. TRADE RECEIVABLES

	Group 2008 HK$'000	2007 HK$'000
Trade receivables	**255,184**	226,822
Impairment	**(5)**	(1,585)
	255,179	225,237

The Group normally allows credit terms of 90 days to established customers, and credit terms of 180 days was allowed to two major customers with long term business relationships 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 10% of the total trade receivables as at 31 December 2008 (2007: 32%).

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group 2008 HK$'000	2007 HK$'000
Within 1 month	**119,276**	132,134
1 to 2 months	**68,128**	57,969
2 to 3 months	**34,179**	20,542
Over 3 months	**33,596**	14,592
	255,179	225,237

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

	Group 2008 HK$'000	2007 HK$'000
At 1 January	**1,585**	4,895
Amount written off as uncollectible	**—**	(3,616)
Impairment losses reversed	**(1,705)**	—
Exchange realignment	**125**	306
	5	1,585

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of HK$5,000 (2007: HK$1,585,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are expected to be unrecoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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20. TRADE RECEIVABLES *(continued)*

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

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**234,805**	210,645
Less than 1 month past due	**7,505**	8,970
1 to 3 months past due	**2,902**	5,622
Over 3 months past due	**9,967**	—
	255,179	225,237

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.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**11,648**	17,225	**—**	—
Deposits and other receivables	**33,196**	5,550	**236**	1,613
PRC value-added tax ("VAT") receivables and other tax receivables	**12,950**	10,472	**—**	—
Current portion of prepaid land premium	**2,029**	1,038	**—**	—
	59,823	34,285	**236**	1,613

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Cash and bank balances	455,553	905,599	208,951	527,470

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$101,654,000 (2007: HK$361,344,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

23. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

An aged analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within 1 month	50,925	27,452
1 to 2 months	4,892	3,221
2 to 3 months	1,815	735
Over 3 months	8,310	4,560
	65,942	35,968

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Payables for purchases of machinery	19,705	8,568	–	–
Customer deposits/receipts in advance	30,385	18,835	–	–
VAT and other duties payable	14,359	17,552	–	–
Accrued welfare and others	39,948	11,507	5,237	5,656
	104,397	56,462	5,237	5,656

Other payables are non-interest-bearing and have an average repayment term of three months.

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25. INTEREST-BEARING BANK BORROWINGS

Group	2008			2007		
	Effective interest rate per annum (%)	Maturity	HK$'000	Effective interest rate per annum (%)	Maturity	HK$'000
Current						
Bank borrowings – unsecured	5.814-7.47/ HIBOR	2009	341,573	5.814-6.435	2008	156,250
Non-current						
Bank borrowings – unsecured	6.75-7.56	2010	280,899	6.30-6.75/ HIBOR	2009-2010	368,750
			622,472			525,000

Company	2008			2007		
	Effective interest rate per annum (%)	Maturity	HK$'000	Effective interest rate per annum (%)	Maturity	HK$'000
Current						
Bank borrowings – unsecured	HIBOR	2009	200,000	–	–	–
Non-current						
Bank borrowings – unsecured	–	–	–	HIBOR	2009	300,000
			200,000			300,000

	Group 2008 HK$'000	Group 2007 HK$'000	Company 2008 HK$'000	Company 2007 HK$'000
Analysed into:				
Bank borrowings repayable:				
Within one year or on demand	341,573	156,250	200,000	–
In the second year	280,899	316,667	–	300,000
In the third to fifth years, inclusive	–	52,083	–	–
	622,472	525,000	200,000	300,000

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The carrying amounts of bank borrowings approximated to their fair values.

The Group's bank loans as at 31 December 2008 were guaranteed by the ultimate holding company with a maximum limit of HK$200,000,000.

26. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities — Group	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustments arising from business combination HK$'000	Revaluation of leasehold buildings HK$'000	Total HK$'000
At 1 January 2007	3,125	—	732	3,857
Deferred tax charged to:				
— Consolidated income statement during the year (note 10)	7,610	—	—	7,610
— Asset revaluation reserve	—	—	3,252	3,252
At 31 December 2007 and 1 January 2008	10,735	—	3,984	14,719
Deferred tax charged to consolidated income statement during the year (note 10)	5,518	—	—	5,518
— Business combination (note 30)	—	25,703	—	25,703
— Exchange realignment	844	—	—	844
At 31 December 2008	17,097	25,703	3,984	46,784

Deferred tax assets — Group	Inventories provision HK$'000
At 1 January 2008	—
— Deferred tax credited to the income statement during the year.	987
At 31 December 2008	987

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26. DEFERRED TAX *(continued)*

The Group had accumulated tax losses arising in Hong Kong of approximately HK$15,103,000 (2007: HK$4,420,000) that were available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group had accumulated tax losses arising in two PRC companies of approximately HK$34,755,000 (2007: HK$29,988,000) that were available for offsetting against future taxable profits of the companies in which the losses arose and these tax losses would expire from the year ending 31 December 2011 to the year ending 31 December 2013. In the opinion of the directors, deferred tax assets have not been recognised as these tax losses are only available to offset against future taxable profits of the individual companies in which the losses arose and may not be used to offset taxable profits elsewhere in the Group and the directors consider that it is uncertain whether future taxable profits would arise to offset against these losses for these companies.

At 31 December 2008, there was no significant unrecognised deferred tax liability (2007: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or jointly-controlled entities as the Group has no liability to additional tax should such amounts be remitted.

27. SHARE CAPITAL

Shares

	31 December 2008 HK$'000	31 December 2007 HK$'000
Authorised:		
100,000,000,000 (31 December 2007: 100,000,000,000) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,045,000,000 (31 December 2007: 1,045,000,000) ordinary shares of HK$0.10 each	**104,500**	104,500

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 41 of the financial statements.

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28. RESERVES *(continued)*

(b) Company

	Contributed surplus HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	491,695	—	—	—	491,695
Issue of shares	—	599,300	—	—	599,300
Share issuing expenses	—	(24,827)	—	—	(24,827)
Loss for the year	—	—	—	(28,413)	(28,413)
At 31 December 2007 and 1 January 2008	491,695	574,473	—	(28,413)	1,037,755
Equity-settled share option arrangement	—	—	1,992	—	1,992
Loss for the year	—	—	—	(21,304)	(21,304)
At 31 December 2008	491,695	574,473	1,992	49,717	1,018,443

Note: The contributed surplus of the Company represents the difference between the cost of investments in subsidiaries pursuant to the Reorganisation less the nominal value of the Company's shares issued.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

29. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's eligible employees, non-executive directors, suppliers of goods or services to the Group, customers of any member of the Group, the shareholders of the Group, advisers or consultants of the Group, and any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The Scheme became effective on 3 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to substantial shareholder of the Company, or an independent non-executive director or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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29. SHARE OPTION SCHEME *(continued)*

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the options subject to the provisions for early termination under the Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

2008

	2008 Weighted average exercise price	Number of options
	HK$ per share	'000 per share
At 1 January	—	—
Granted during the year	**0.348**	**8,172**
At 31 December	**0.348**	**8,172**

There was no share option exercised during the year.

The following table discloses details of the Company's share options outstanding as at that balance sheet date:

2008

Exercise period	Vesting period	Grant date	The closing price immediately preceding the date of grant	Exercise price*	Number of options
			HK$	HK$	'000
7-7-08 to 6-7-11	—	7-7-08	1.63	1.59	**3,330**
1-3-09 to 6-7-11	7-7-08 to 1-3-09	7-7-08	1.63	1.59	**100**
14-4-09 to 6-7-11	7-7-08 to 14-4-09	7-7-08	1.63	1.59	**100**
17-9-09 to 16-9-11	17-9-08 to 17-9-09	17-9-08	0.87	0.99	**4,642**
					8,172

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was HK$2,878,000 (HK$0.35 each) (2007: Nil) of which the Group recognised a share option expense of HK$1,992,000 (2007: Nil) during the year ended 31 December 2008.

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29. SHARE OPTION SCHEME *(continued)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

2008:	**Date of exercise**			
	7 July 2008	**1 March 2009**	**14 April 2009**	**17 September 2009**
Dividend yield (%)	1.50	1.50	1.50	2.00
Expected volatility (%)	55.00	55.00	55.00	50.00
Risk-free interest rate (%)	2.70	2.70	2.70	2.90
Expected life of options (month)	36	28	27	24
Weighted average share price (HK$)	0.26	0.26	0.26	0.47

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 8,172,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 8,172,000 additional ordinary shares of the Company and additional share capital of HK$817,200 and share premium of HK$9,391,000 (before issue expenses).

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30. BUSINESS COMBINATION

(a) On 8 January 2008, Global Sweeteners (China) Limited, a subsidiary of the Company, entered into an acquisition agreement with Mitsui & Co., Ltd., Mitsui & Co., (H.K.) Ltd. and Nikken Fine Chemicals Co., Ltd., the minority shareholders of Sorbitol HK (formerly known as Global-Nikken (H.K.) Company Limited before the acquisition date), a jointly-controlled entity of the Group, to acquire their remaining 49% equity interest therein at a total cash consideration of US$2,450,000 (equivalent to approximately HK$19,127,000). After the completion of the acquisition on 18 February 2008, Sorbitol HK became a wholly-owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of Sorbitol HK as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on the acquisition HK$'000	Previous carrying amount HK$'000
Net assets acquired:		
Property, plant and equipment	43,785	47,029
Prepaid land premiums	6,158	4,578
Inventories	1,296	1,296
Trade receivables	4,865	4,865
Prepayments and other receivables	36	36
Tax recoverable	3,407	3,407
Cash and cash equivalents	707	707
Trade payables	(525)	(525)
Balance with group companies	(15,983)	(15,983)
Other payables	(527)	(527)
Deferred tax liabilities	(389)	(805)
	42,830	44,078
Excess over the cost of a business combination recognised in the consolidated income statement	(23,703)	
Satisfied by cash	19,127	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2008 HK$'000
Cash consideration	**(19,127)**
Cash and cash equivalents acquired	**707**
Net outflow of cash and cash equivalents in respect of the business combination	**(18,420)**

Since its acquisition, Sorbitol HK contributed HK$60,191,000 to the Group's revenue and HK$6,469,000 to the consolidated profit for the year ended 31 December 2008.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been HK$1,833,917,000 and HK$155,338,000, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2008

30. BUSINESS COMBINATION *(continued)*

(b) On 27 June 2008, Global Sweeteners Investments Limited ("GSIL"), a direct wholly-owned subsidiary of the Company, entered into an acquisition agreement with Global Corn Investments Limited ("Global Corn") and Changchun Dacheng Industrial Group Co., Ltd. ("Dacheng Industrial"), both being indirect wholly-owned subsidiaries of the ultimate holding company, for the purchase of the entire equity interests in Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng") at a consideration of HK$520,000,000. Pursuant to the relevant agreement, the consideration was satisfied by cash of HK$156,000,000 and issuance of a loan note of HK$364,000,000 (the "Loan Note"), which shall be due and repayable at the fifth anniversary of the date of issue, or early repayable at any time at the sole discretion of the Group and bearing an interest rate of 6% per annum payable on a semi-annual basis. After the completion of the acquisition on 24 September 2008, Jinzhou Yuancheng became a wholly-owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of Jinzhou Yuancheng as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on the acquisition HK$'000	Previous carrying amount HK$'000
Net assets acquired:		
Property, plant and equipment	521,264	521,264
Prepaid land premiums	77,600	61,425
Inventories	180,837	180,837
Trade receivables	131,562	131,562
Prepayments and other receivables	9,926	9,926
Balances with group companies	63,457	63,457
Tax recoverable	7,489	7,489
Cash and cash equivalents	57,830	57,830
Bank borrowings	(449,438)	(449,438)
Trade payables	(18,617)	(18,617)
Other payables	(70,184)	(70,184)
Deferred tax liabilities	(25,314)	(21,270)
	486,412	474,281
Goodwill on acquisition	33,588	
Total consideration		
by cash	156,000	
by Loan Note	364,000	
	520,000	

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30. BUSINESS COMBINATION *(continued)*

(b) *(continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Jinzhou Yuancheng is as follows:

	2008 HK$'000
Cash consideration partially paid*	**(56,000)**
Partial early repayment of the Loan Note*	**(270,000)**
Cash and cash equivalents of Jinzhou Yuancheng acquired	**57,830**
Net outflow of cash and cash equivalents in respect of the acquisition of Jinzhou Yuancheng	**(268,170)**

* During the year, the Group duly exercised the right under the terms of the Loan Note and early repaid the Loan Note of HK$364,000,000 as to HK$270,000,000 in cash and as to HK$94,000,000 by offsetting against the trade receivables due from a fellow subsidiary. The cash consideration of HK$156,000,000 was settled as to HK$56,000,000 during the year with the balance of HK$100,000,000 remaining outstanding as at 31 December 2008. Subsequent to the balance sheet date, the remaining balance has been settled in full.

Since its acquisition, Jinzhou Yuancheng contributed HK$293,705,000 to the Group's revenue and caused a loss of HK$29,466,000 which was included in the consolidated profit for the year ended 31 December 2008.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been HK$2,730,028,000 and HK$214,677,000, respectively.

31. MAJOR NON-CASH TRANSACTION

During the year, the Group, as agreed among parties, early settlement of the Loan Note amounting to HK$94,000,000 has been made through offsetting against trade receivables due from a fellow subsidiary. (See note 30)

32. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date.

The Company provided guarantees for banking facilities granted to certain subsidiaries. These subsidiaries utilised the banking facilities to the extent of approximately HK$332,584,000 as at 31 December 2008 (2007: HK$225,000,000).

33. COMMITMENTS

At 31 December 2008, the Group had capital commitments as follows:

	Group	
	2008 HK$'000	2007 HK$'000
Contracted, but not provided for:		
Land premiums and leasehold buildings	**22,701**	—
Plant and machinery	**16,470**	3,521
Capital contributions	**8,479**	—
	47,650	3,521

The Company did not have any significant commitments as at 31 December 2008.

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34. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

During the year, the following related party transactions were noted:

	Notes	2008 HK$'000	2007 HK$'000
Purchases from fellow subsidiaries			
— Corn starch	(a)	662,383	944,435
Purchases from jointly-controlled entities			
— Corn sweeteners	(a)	1,200	3,033
— Others	(a)	—	13,143
Sales to fellow subsidiaries			
— Corn sweeteners — Sorbitol	(b)	22,175	6,694
— Corn sweeteners — Others	(b)	325,747	216,432
— Corn refined products	(b)	48	—
Sales to a jointly-controlled entity			
— Corn sweeteners	(b)	12,713	31,782
Reimbursement of utilities cost to a jointly-controlled entity	(c)	7,621	4,382
Reimbursement of utilities cost by a fellow subsidiary	(c)	86,705	67,889
Agency fee charged by a fellow subsidiary	(d)	1,045	—
Sales commission paid to a related company	(e)	1,023	1,567
Interest expenses paid to a fellow subsidiary	(f)	2,725	—

Notes:

(a) The Group sourced corn starch from fellow subsidiaries and sourced corn sweetener products and a by-product from a jointly-controlled entity. These purchases were made at prices based on the mutual agreements between the parties.

(b) The Group sold corn sweetener products to fellow subsidiaries and a jointly-controlled entity, and sold sorbitol and a corn refined product to fellow subsidiaries. These sales were made at prices mutually agreed between the parties.

(c) The Group used the utilities facilities provided by a fellow subsidiary and a jointly-controlled entity that used the utilities facilities provided by the Group. Reimbursement of such utilities costs were paid to the fellow subsidiary and the Group based on the actual costs incurred.

(d) The agency fee was paid to a fellow subsidiary who acted as a sales agent on behalf of the Group. The fee was charged at price based on mutual agreements between parties.

(e) The commission was paid to the joint venture partner of a jointly-controlled entity of the Group who acted as a sales agent on behalf of that jointly-controlled entity. According to the agreement among these parties, the commission paid to this related company was calculated based on a rate of 5% on the successful sales amounts, which included the cost of goods sold by the joint venture partner of a jointly-controlled entity and its related selling expenses incurred.

(f) Interest expenses on the Loan Note were based on 6% per annum and payable to a fellow subsidiary.

Apart from the above, during the year, the Group acquired the remaining 49% equity interests in Sorbitol HK from Mitsui & Co., Ltd and its subsidiaries, the then joint venturer of a jointly-controlled entity, at a total cash consideration of US$2,450,000 (equivalent to approximately HK$19,127,000) (See note 30).

During the year, the Group acquired Jinzhou Yuancheng from Global Corn and Changchun Dacheng Industrial, both of which were fellow subsidiaries and beneficially owned by the ultimate holding company, at a total consideration of HK$520,000,000 (See note 30).

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31 December 2008

34. RELATED PARTY TRANSACTIONS *(continued)*

(ii) Balances with related parties:

(a) Balances with group companies

The balances with the ultimate holding company, the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the balances with these group companies approximate to their fair values at each of the balance sheet dates. About HK$22,649,000 and HK$130,634,000 of the balances due from fellow subsidiaries at 31 December 2008 and 31 December 2007, respectively and about HK$21,253,000 and HK$3,432,000 of the balances due to fellow subsidiaries at 31 December 2008 and 31 December 2007, respectively, arose from trading activities. As at 31 December 2008, the Group had amount due to a fellow subsidiary of HK$100,000,000 which represented the unsettled consideration for the acquisition of Jiuzhou Yuancheng. (See note 30)

The following table sets out the aged analysis of such trade nature portion of amounts due from fellow subsidiaries as at 31 December 2008 and 31 December 2007, respectively.

	Group	
	2008	2007
	HK$'000	HK$'000
Trade nature		
Amounts due from fellow subsidiaries		
Within 3 months	**22,649**	86,994
Over 3 months but less than 6 months	**—**	41,408
Over 6 months but less than 1 year	**—**	2,083
Over 1 year	**—**	149
Total	**22,649**	130,634

The following table sets out the aged analysis of such trade nature portions of amounts due to fellow subsidiaries as at 31 December 2008 and 31 December 2007, respectively.

	Group	
	2008	2007
	HK$'000	HK$'000
Trade nature		
Amounts due to fellow subsidiaries		
Within 3 months	**21,253**	3,432
Total	**21,253**	3,432

(b) Balance with a related company

This balance with the venturer of the jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the balance approximated to its fair value at each of the balance sheet dates.

(iii) Compensation of key management personnel of the Group:

	2008	2007
	HK$'000	HK$'000
Short term employee benefits	**5,375**	4,163
Post-employment benefits	**12**	234
Total compensation paid to key management personnel	**5,387**	4,397

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35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets	Group 2008 Loans and receivables HK$'000	Group 2007 Loans and receivables HK$'000
Trade receivables	**255,179**	225,237
Financial assets included in prepayments, deposits and other receivables	**33,196**	5,550
Due from jointly-controlled entities (note 18)	**1,305**	26,141
Due from the immediate holding company	**21,085**	21,085
Due from fellow subsidiaries	**45,456**	130,634
Cash and cash equivalents	**455,553**	905,599
	811,774	1,314,246

Financial liabilities	Group 2008 Financial liabilities at amortised cost HK$'000	Group 2007 Financial liabilities at amortised cost HK$'000
Trade payables	**65,942**	35,968
Financial liabilities included in other payables and accruals	**59,653**	27,874
Interest-bearing bank borrowings	**622,472**	525,000
Due to fellow subsidiaries	**139,866**	3,432
Due to a related company	**86**	55
Due to the ultimate holding company	**168,539**	54,284
Due to jointly-controlled entities (note 18)	**44**	4,179
Due to the immediate holding company	**—**	180,338
	1,056,602	831,130

NOTES TO FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets	Company 2008 Loans and receivables HK$'000	Company 2007 Loans and receivables HK$'000
Financial assets included in repayments, deposits and other receivables	**64**	1,613
Due from the immediate holding company	**11,800**	126,054
Due from subsidiaries	**591,474**	279,611
Cash and cash equivalents	**208,951**	527,470
	812,289	934,748

Financial liabilities	Company 2008 Financial liabilities at amortised cost HK$'000	Company 2007 Financial liabilities at amortised cost HK$'000
Financial liabilities included in other payables and accruals	**5,237**	4,640
Interest-bearing bank borrowings	**200,000**	300,000
	205,237	304,640

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets of the Group include cash and cash equivalents, trade receivables, prepayments, deposits and other receivables, amounts due from fellow subsidiaries, amounts due from jointly-controlled entities, an amount due from the immediate holding company and a long term loan to a jointly-controlled entity. Financial liabilities of the Group include trade payables, other payables and accruals, interest-bearing bank borrowings, amounts due to the immediate holding company, amounts due to the ultimate holding company, amounts due to fellow subsidiaries, amounts due to jointly-controlled entities, amounts due to a related company and an amount due to a venturer of a jointly-controlled entity.

Financial assets of the Company include cash and cash equivalents, prepayments, deposits and other receivables, amounts due from subsidiaries and an amount due from the immediate holding company. Financial liabilities of the Company include other payables and accruals and interest-bearing bank borrowings.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its bank loans.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flow of the operations and the debt markets as the Group would expect to refinance these borrowings with a lower cost of debt when considered appropriate.

The Group's revenue and operating cash flows are substantially independent of changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong dollar interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the equity as well as the Company's profit before tax.

		Group		Company	
	Increase/ (decrease) in interest rate	Increase/ (decrease) in profits before tax	Increase/ (decrease) in retained earnings	Increase/ (decrease) in interest rate	Increase/ (decrease) in retained earnings
	%	HK$'000	HK$'000	%	HK$'000
2008					
Hong Kong dollar	**1**	**(3,898)**	**(3,620)**	**1**	**(2,005)**
Hong Kong dollar	**(1)**	**3,898**	**3,620**	**(1)**	**2,005**
2007					
Hong Kong dollar	1%	(1,531)	(1,476)	1%	(978)
Hong Kong dollar	(1%)	1,531	1,476	(1%)	978

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, trade receivables, amounts due from related parties and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 20 and 21 to the financial statements.

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31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's policy is to maintain sufficient cash and cash equivalents or available funding through an adequate amount of committed annual borrowing facilities from banks to meet its commitments over the following year in accordance with its strategic plan.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Year ended 31 December 2008 – The Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	More than 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	65,942	–	–	–	–	65,942
Other payables	59,653	–	–	–	–	59,653
Interest-bearing bank borrowings	–	200,713	145,993	310,461	–	657,167
Due to fellow subsidiaries	139,866	–	–	–	–	139,866
Due to a related company	86	–	–	–	–	86
Due to the ultimate holding company	168,539	–	–	–	–	168,539
Due to jointly-controlled entities	44	–	–	–	–	44
	434,130	200,713	145,993	310,461	–	1,091,297

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Year ended 31 December 2007 – The Group

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Trade payables	35,968	—	—	—	—	35,968
Other payables	27,874	—	—		—	27,874
Interest-bearing bank borrowings	—	—	156,250	368,750	—	525,000
Due to fellow subsidiaries	3,432					3,432
Due to a related company	55	—	—	—	—	55
Due to the ultimate holding company	54,284	—	—	—	—	54,284
Due to jointly-controlled entities	4,179	—	—	—	—	4,179
Due to the immediate holding company	180,338	—	—	—	—	180,338
	306,130	—	156,250	368,750	—	831,130

Year ended 31 December 2008 – The Company

	On demand HK$'000	**Less than 3 months HK$'000**	**3 to 12 months HK$'000**	**1 to 5 years HK$'000**	**More than 5 years HK$'000**	**Total HK$'000**
Other payables	**5,237**	**—**	**—**	**—**	**—**	**5,237**
Interest-bearing bank borrowings	**—**	**200,713**	**—**	**—**	**—**	**200,713**
	5,237	**200,713**	**—**	**—**	**—**	**205,950**

Year ended 31 December 2007 – The Company

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Other payables	4,640	—	—	—	—	4,640
Interest-bearing bank borrowings	—	—	—	300,000	—	300,000
	4,640	—	—	300,000	—	304,640

NOTES TO FINANCIAL STATEMENTS

31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group's policy is to maintain the gearing ratio at no more than 50%. Net debt includes interest-bearing bank borrowings less cash and cash equivalents. Capital represents equity attributable to equity holders of the Company. The gearing ratios as at the balance sheet dates were as follows:

31 December	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest bearing bank borrowings	**622,472**	525,000	**200,000**	300,000
Less: Cash and cash equivalents	**(455,553)**	(905,599)	**(208,951)**	(527,470)
Net debt	**166,919**	(380,599)	**(8,951)**	(227,470)
Equity	**1,525,524**	1,280,468	**1,122,943**	1,142,255
Gearing ratio	**11%**	–	**–**	–

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2009.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and the Prospectus of the Company, is set out below.

For the years prior to 31 December 2008, the Group was regarded as a continuing entity resulting from the reorganisation under common control. Accordingly, the consolidated financial statements of the Group for the years ended 31 December 2007, 2006, 2005 and 2004 have been prepared as if the current group had been in existence throughout the years. The combined financial information of the Group has been presented on the principle of merger accounting such that the Company was treated as the holding company of its subsidiaries from the beginning of the year presented rather than from the subsequent date of its acquisition of the subsidiaries on 24 August 2007.

	Year ended 31 December				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Consolidated	Consolidated	Combined	Combined	Combined
RESULTS					
REVENUE	**1,826,248**	1,595,054	1,144,141	824,972	265,016
Cost of sales	**(1,526,632)**	(1,260,400)	(892,564)	(645,037)	(210,089)
Gross profit	**299,616**	334,654	251,577	179,935	54,927
Other income and gains	**32,597**	20,783	5,588	2,178	2,345
Excess over the cost of a business combination	**23,703**	–	–	–	–
Selling and distribution costs	**(80,063)**	(47,607)	(48,251)	(50,092)	(20,403)
Administrative expenses	**(61,201)**	(36,500)	(15,039)	(10,659)	(6,668)
Other expenses	**1,705**	(17,953)	(3,760)	(8,510)	(2,952)
Finance costs	**(39,240)**	(24,356)	(13,426)	(5,688)	(892)
PROFIT BEFORE TAX	**177,117**	229,021	176,689	107,164	26,357
Tax	**(22,747)**	(35,355)	(19,956)	(11,498)	(3,146)
PROFIT FOR THE YEAR	**154,370**	193,666	156,733	95,666	23,211
Attributable to:					
Equity holders of the Company	**154,370**	193,666	156,733	80,663	18,455
Minority interests	**–**	–	–	15,003	4,756
	154,370	193,666	156,733	95,666	23,211
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	**2,704,000**	2,183,469	1,330,692	1,121,388	784,021
TOTAL LIABILITIES	**(1,178,476)**	(903,001)	(973,240)	(933,356)	(651,371)
MINORITY INTERESTS	**–**	–	–	–	(36,309)
	1,525,524	1,280,468	357,452	188,032	96,341

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kong Zhanpeng *(Chairman)*
Zhang Fazheng *(appointed on 1 June 2008)*
Zhang Fusheng
Wang Guifeng
Ge Yanping *(resigned on 17 December 2008)*

Independent non-executive Directors

Chan Yuk Tong *(appointed on 1 June 2008)*
Fung Siu Wan Stella *(resigned on 22 May 2008)*
Gao Yunchun
Ho Lic Ki
Yan Man Sing Frankie

COMPANY SECRETARY

Lee Chi Yung, ACCA, HKICPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2403
Admiralty Centre Tower II
No. 18 Harcourt Road
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

LEGAL ADVISERS

Chiu & Partners
41st Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Agricultural Bank of China
Changchun City, Da Cheng
886 Xi Huan Cheng Road
Changchun
Jilin Province
China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
36C Bermuda House
3rd Floor, British American Tower
Dr. Roy's Drive, George Town
Grand Cayman, Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.global-sweeteners.com

STOCK CODE:

03889

KEY DATES

Closure of register of members:

27 May 2009 to
29 May 2009 (both days inclusive)

Annual general meeting

29 May 2009