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 HK

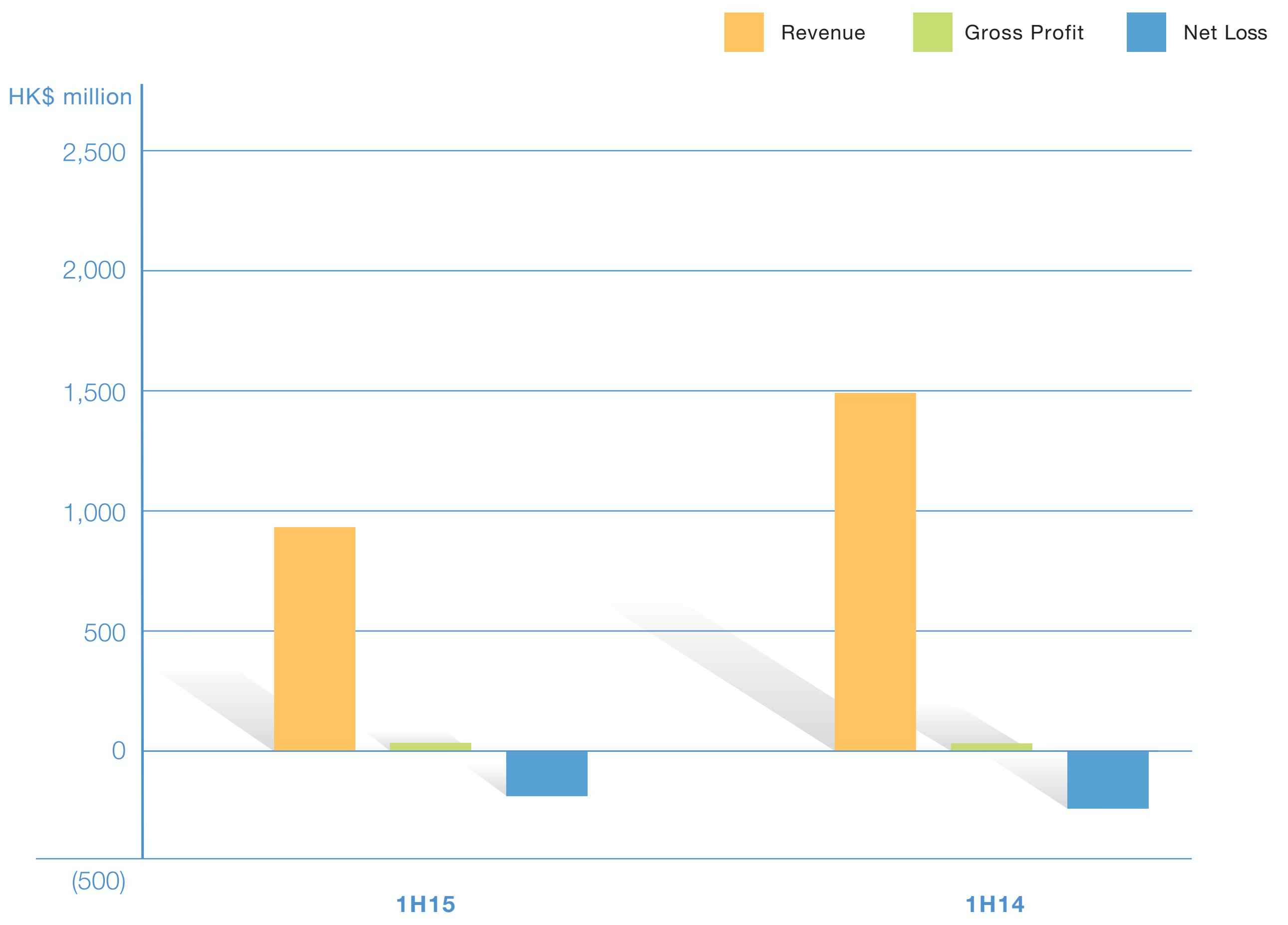
913889 TW

INTERIM REPORT 2015

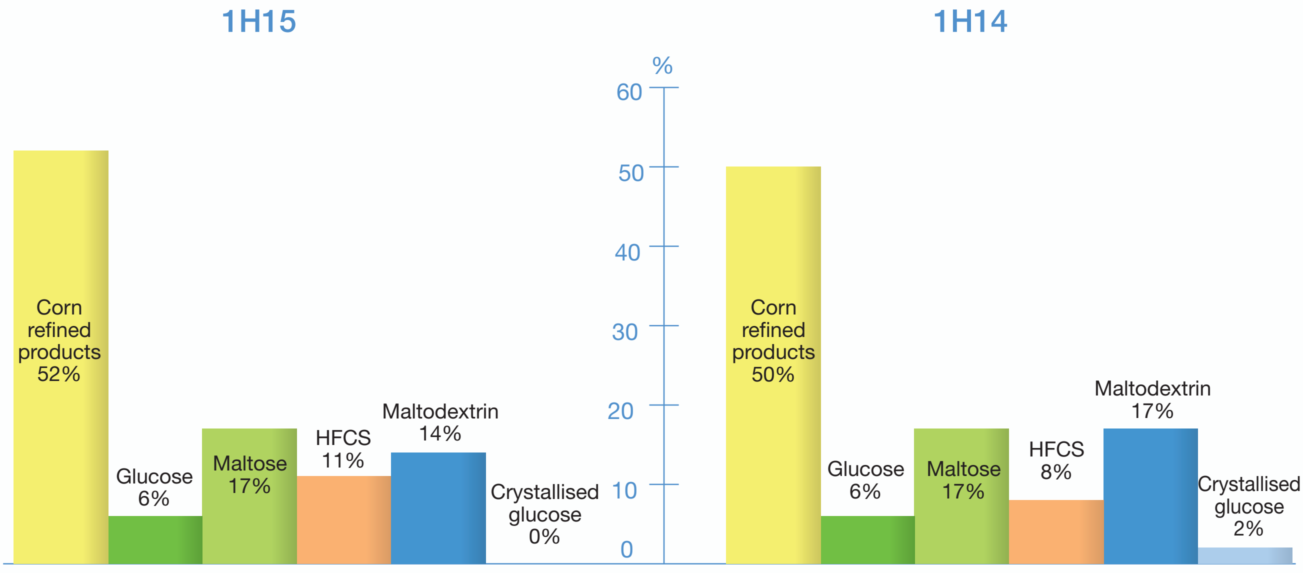
CONTENTS

FINANCIAL HIGHLIGHTS

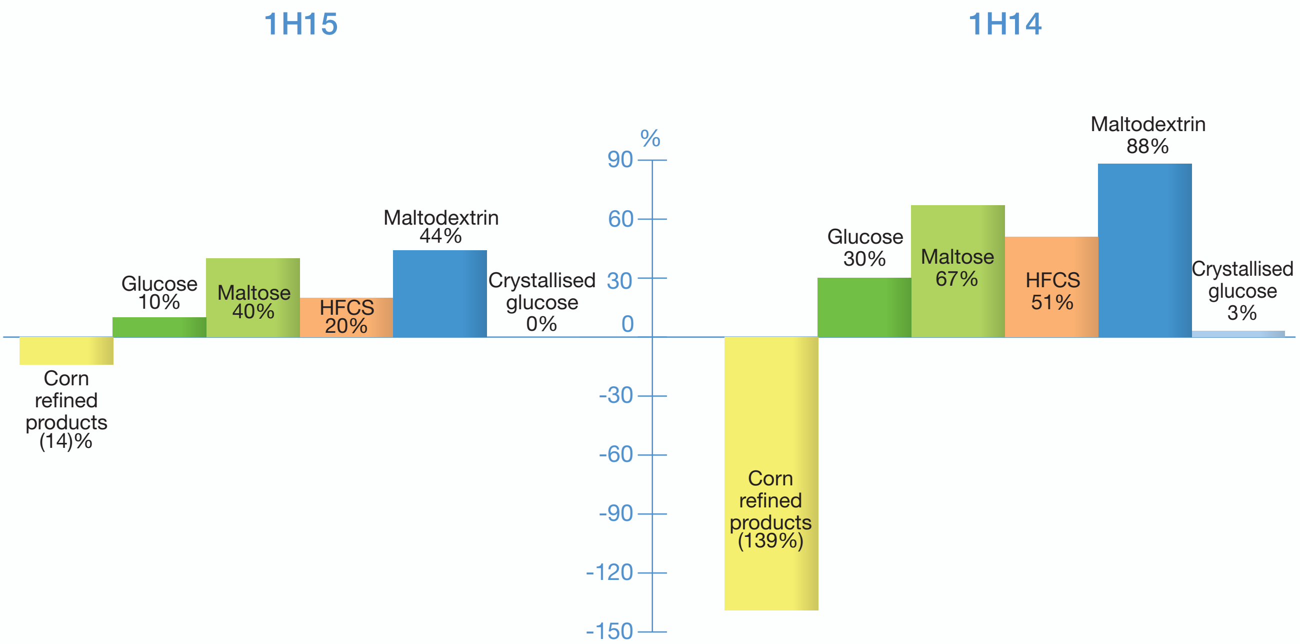
	Six months ended 30 June (Unaudited)		
	2015 (HK$ million)	2014 (HK$ million)	Change %
Revenue	**931**	1,499	(37.9)
Gross profit	**36**	33	8.0
Loss before tax	**(154)**	(234)	N/A
Net loss from ordinary activities attributable to shareholders	**(156)**	(240)	N/A
Basic loss per share (HK cents)	**(10.23)**	(15.72)	N/A
Interim dividend per share (HK cents)	**Nil**	Nil	N/A



REVENUE DISTRIBUTION



GROSS PROFIT/(LOSS) DISTRIBUTION



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kong Zhanpeng *(Chairman and Chief Executive Officer)*
Lee Chi Yung
Nie Zhiguo
Wen Gang *(Appointed on 4 June 2015)*
Wang Guifeng *(Retired on 4 June 2015)*

Independent non-executive Directors

Chan Yuk Tong
Ho Lic Ki
Lo Kwing Yu

COMPANY SECRETARY

Lee Chi Yung, ACCA, HKICPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO 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
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong)
Bank of China Tower
1 Garden Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
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WEBSITE

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STOCK CODE

03889 HK
913889 TW

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

During the period under review, economic transformation in China was underway. China has entered into an era of mid-single-digit growth. Industry chain integration and market consolidation resulted in low utilisation of production capacities which, coupled with increased labour costs in China, led to high production costs across different industries during the period under review. The slowdown in economic growth in China has affected general consumption sentiment, weakening the demand for corn-refined and corn sweetener products. Consequently, the Group's revenue for the six months ended 30 June 2015 decreased by 38% to HK$931 million.

Corn price in China remained high with the State's protective agricultural policy. The non-market driven high corn costs had forced domestic upstream corn refineries to operate below breakeven point. Sugar price recovered slightly. However, the huge gap between domestic and international sugar prices continued to encourage the influx of imported sugar and weaken the competitiveness of domestic sugar/ sweetener products. During the period under review, cut-throat price competition and high raw material and other production costs persisted. The Group's performance for the six months ended 30 June 2015 was significantly affected by the poor market conditions. However, as the average selling price of corn starch increased by 12% during the period, the Group recorded a modest increase in gross profit by 8% to HK$36 million. Net loss narrowed to HK$156 million, from HK$240 million for the corresponding period last year.

With respect to the Group's upstream operations, production volume has significantly declined since the suspension of production at its Changchun plant in preparation for relocation. Due to sluggish market demand and decreased internal consumption from the Group's downstream production, the utilisation of the Group's Jinzhou production facilities dropped to 22% for the period under review.

The Group's Shanghai facilities maintained healthy operations during the period. Benefitting from market acceptance as a result of the long-cultivated brand awareness and superior services, sales of the Group's Shanghai plant remained strong and stable.

On 10 June 2015, the Group's controlling shareholder, Global Bio-chem Technology Group Company Limited ("GBT"), entered into a letter of intent with a proposed investor ("Proposed Investor") regarding the subscription ("Subscription") of subscription shares and/or other securities of GBT by the Proposed Investor for a total consideration of not less than RMB1.5 billion. Upon completion of the Subscription, the Proposed Investor may be interested in more than 50% of GBT's enlarged issued share capital. It is expected that the Subscription will enhance the financial position and liquidity of the Group and the GBT Group. It is also expected that the Proposed Investor's management experience and capabilities will bring synergy to the Group and the GBT Group.

MESSAGE TO SHAREHOLDERS

OUTLOOK

Entering the second half of 2015, the sweetener market continues to be challenging amid poor operating environment.

While there is no doubt that the State Government will maintain its protectionist policy in favour of the agricultural sector, the State's agricultural policy's recent reform to offer direct subsidies for other agricultural products may become a more common practice. Should the State Government's direct subsidies approach extend to corn farmers, it would bring the crop's price back on track with market mechanism.

The Group's Jinzhou plant has obtained import quota of 150,000 metric tonnes of corn earlier this year and began to import corn for production in July. The management is currently assessing the economic benefit of such arrangement. If it is proven profitable, it could be an ongoing arrangement for the Group's Jinzhou plant.

The operation of the Group's Shanghai plant remains healthy and enjoys strong brand recognition for its high-end products. The Group expects the plant to continue to generate stable and positive cash flow in the second half of the year. In view of increasingly intense competition, the management believes the adoption of differentiation strategy could enable the Group to survive ferocious competition in the market. Therefore, it is the management's intention to transform the Shanghai plant into a sales-based operation and service centre to centralise the Group's customer relationship management and research and development activities, on the back of the Group's Jinzhou plant being the key production centre.

Certain players have been phased out of the market under the challenging industry environment. The sector's consolidation is expected to continue, until the excess capacity is absorbed by the market and the sweetener prices recover to a generally acceptable level. The Group will continue to strengthen its operations and management and enhance its competitive edges amidst the industry's restructuring.

Responding to the auditors' disclaimer opinion on the Group's financial statements for the year ended 31 December 2014, the Group has embarked on a series of remedial actions to avoid the recurrence of similar incidents, including tightening of internal control, and engagement of an independent third party expert for the assessment and professional advice on the Group's internal management. All these measures are underway with the aim to facilitate a more accurate assessment of the Group's full year financial statements by the auditors.

As the Chairman of the Group, I would like to express appreciation to our staff for their continued commitment and to our bankers, business associates and shareholders for their trust. In particular, I would also like to extend my gratitude for the continued support from local governments, which are particularly important for the Group, under the current difficult market conditions. We will remain diligent and focused on our core business.

Kong Zhanpeng
Chairman

28 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture 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 refined downstream to produce various corn sweeteners such as corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, which corn kernels are purchased directly from farmers via corn origination silos for cost savings.

BUSINESS REVIEW

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.

Global corn harvest in 2015 remained at approximately 1,006 million metric tonnes ("MT"). International corn price dropped to 380 US cents per bushel (equivalent to RMB1,599 per MT) (30 June 2014: 417 US cents per bushel) by the end of June 2015. Similarly, in the People's Republic of China (the "PRC"), corn harvest in 2014/15 maintained at about 215 million MT (2013/14: approximately 218 million MT). However, corn price in China continued to stay high during 2015. Such phenomenon was mainly attributable to the protectionist agricultural policy adopted by the PRC government which aims at protecting local farmers and stabilising domestic corn price. The policy includes raising the national corn reserves. According to the estimation from China National Grain and Oils Information Center, the level of national corn reserves will reach 120 million MT in 2015. As a result, the average purchase price of corn kernels remained at approximately RMB2,067 per MT (30 June 2014: RMB1,985 per MT) for the six months ended 30 June 2015 (the "Period").

As observed by the management, the PRC government agricultural policy is under reform. Since early 2015, instead of purchasing certain agricultural products such as cotton at a pre-determined floor price from the farmers, the PRC government has started to subsidise farmers directly in relation to the price discrepancy between the floor price and the prevailing market price for each MT of agricultural products sold. This practice is expected to enable the prices of agricultural products under the new scheme to be determined by market mechanism gradually. Although the new scheme adopted by the PRC government does not apply to domestic corn at present, the management expects this will cover domestic corn in foreseeable future which is expected to stabilise the purchasing price of corn in the PRC in future.

Despite the PRC government's continuous efforts to stimulate economic growth, the depressed property prices and industrial production suggest that pace of economic growth in China remained slow. Sentiment among buyers and manufacturers stayed conservative. Consequently, the market selling prices of the Group's products were put under pressure. Due to sluggish market demand, the price of upstream products remained weak in the first half of 2015 at approximately RMB2,430 per MT (30 June 2014: RMB2,460 per MT).

In respect of sugar price movement, the domestic production of cane sugar, a substitute of the Group's corn sweetener products, dropped from 13.3 million MT to 10.8 million MT in the harvest of the year 2014/2015. Domestic sugar price increased to approximately RMB5,400 per MT (30 June 2014: RMB4,700 per MT) by the end of the Period. On the other hand, increased production in various major sugar producing regions has pressed international sugar price to 12.34 US cents per pound (equivalent to RMB1,665 per MT) (30 June 2014: 16.60 US cents per pound, equivalent to RMB2,273 per MT) by the end of June 2015. The discrepancy between domestic and international sugar prices encouraged imports, which exert pressure on the prices of the Group's sweetener products.

In view of the increasingly challenging operating environment, the Group will continue to strengthen its market position leveraging on its brand name and further improve operation efficiency through continuous research and development efforts to lower operating costs.

With respect to the operations in the Group's Changchun production site, the management has suspended all its productions in Changchun pending the relocation of the facilities to the new Xinglongshan site and the finalisation of the arrangement for the land to be resumed by the local government. Except for certain management and key employees, other headcounts were cut through natural wastage. The management has also taken all the necessary measures to optimise the costs of keeping the Changchun operations at its current mode. The Group will take the opportunity of relocating its production facilities to Xinglongshan, Changchun to re-adjust its product mix and capacity to adapt to market changes.

Regarding the operations in the Group's Jinzhou production site, as mentioned in the annual report of the Company for the year ended 31 December 2014 (the "2014 Annual Report"), Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng") obtained an import quota of 150,000 MT of corn on 16 March 2015 approving Jinzhou Yuancheng to purchase imported corn for production starting in May 2015. In July 2015, Jinzhou Yuancheng imported 42,000 MT of corn for production purpose. The Company is currently assessing the economic benefit of such arrangement.

The management noted the Shanghai operation has been healthy and stable with positive cash inflows for the past years and expects stable performance in such operation in the second half of 2015. The management considers that the Group's Shanghai operation will gradually be transformed into a sales-based operation where most of the Group's sales, customer relationship management as well as research and development activities will be centralised. The Group's operation in Jinzhou will then focus on being a major production base of the Group to serve the markets nearby as well as South China market, including the needs from the Shanghai operation. The increased cooperation between the operations in Shanghai and Jinzhou would result in better economies of scale and competitive edge of the Group.

UPDATE ON REMEDIAL MEASURES

The financial statements of the Company for the year ended 31 December 2014 had been subject to the disclaimer of opinions of the auditors of the Company (the "Auditors") on the basis as set out in the paragraph headed "Basis for disclaimer of opinion" in the independent auditors' report in the 2014 Annual Report. Further to the management response and relevant remedial measures taken and to be taken by the management as set out in the paragraph headed "Management Response and Remedial Measures" in the 2014 Annual Report, the management of the Company wishes to update on the relevant remedial measures taken or to be taken by the management.

In July 2015, the Company has engaged an independent internal control ("IC") expert ("IC Expert") to conduct a review on the Group's internal controls and systems ("IC Review"). It is expected that the review will be finalised before the end of 2015 and the Company will take active steps in following up and implementing the recommendations from the IC Expert.

1. Financial guarantees granted for the benefits of a major supplier

As detailed in the 2014 Annual Report, the fair value of certain guarantees ("Dajincang Financial Guarantees") issued by a member of the Group to a bank (the "Lender Bank") in the mainland of the PRC ("Mainland China") in connection with facilities granted to 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement, Ltd., "Dajincang"), a major supplier of the Company's subsidiaries in Changchun, was not recognised in the Group's financial statements for the year ended 31 December 2014. The Company has engaged a professional valuer to perform an independent valuation of the Dajincang Financial Guarantees. However, the valuation has not yet been completed as at the date of this report as more than expected time is required to agree on a mutually acceptable valuation methodology, including but not limited to market evidences, among the valuer, the Auditors and the Company, and the collection of Dajincang's financial information for the valuation and therefore the fair value of the Dajincang Financial Guarantees were not recognised in the Group's interim condensed consolidated financial statements (the "2015 Interim Financial Statements"). It is currently expected that the valuation will be completed in time for the preparation of the Company's and the Group's financial statements for the year ending 31 December 2015 (the "2015 Financial

Statements"). Should the valuation be ready, adjustments may have to be made to reflect the fair value of the Dajincang Financial Guarantees, which may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and 30 June 2015 and its loss for the Period.

The IC Expert will review the internal control procedures relevant to the approval and reporting of guarantees and pledges of assets.

2. Impairment loss on and sales of substandard and inferior corn kernels

In respect of the impairment loss on and sales of substandard and inferior corn kernels, the management has implemented control procedures to timely identify, quantify and dispose of substandard and inferior corn kernels on a periodic basis with appropriate supporting control documents being properly kept in writing as audit trail. In respect of the abnormal wastage of corn kernels during production, the management has implemented additional control procedures requiring written records be kept for the quantity of the relevant corn kernels put into the production line, and any abnormal production yield and wastage should be timely investigated and properly accounted for. The IC Expert will review the internal control procedures (together with the above-mentioned control procedures as well as the documentation and filing measures) relevant to the controls over substandard and inferior corn kernels and abnormal production yield and wastage, and make recommendations of specific measures to address internal control weaknesses identified thereon.

The disclaimer opinion in respect of inventory losses as at 31 December 2014 may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. However, there would be no impact on the Group's inventories as at 30 June 2015.

3. Inventories — ownership of certain corn kernels

As detailed in the 2014 Annual Report, certain corn kernels of HK$39 million were kept at nearby locations outside the Group's premises because of the reconstruction of certain warehouse in Jinzhou as at 31 December 2014. To avoid recurrence of similar incidences in the future, the Group adopts internal control procedures with standard not lower than those applicable to the inventories kept at the Group's own premises, including but not limited to keeping independent inventory records for inventories stored in all outside locations, including the transfers between such outside locations and its own warehouses, and obtaining monthly confirmation from external custodians of the Group's assets. The IC Expert will review the internal control procedures (together with the above-mentioned control procedures as well as the documentation and filing measures) relevant to the controls over ownership of corn kernels, and make recommendations of specific measures to address internal control weaknesses identified thereon. During the Period, the Group's inventories are under the custody of its own properties and premises.

The disclaimer opinion on the ownership of certain inventories kept at external locations as at 31 December 2014 may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. However, there would be no impact on the Group's inventories balance as at 30 June 2015.

4. Other receivable from a major supplier

As detailed in the 2014 Annual Report, receivable arisen from certain returned corn kernels to Dajincang by the Group in December 2014 remained outstanding as at 31 December 2014. The outstanding receivable from Dajincang amounted to approximately HK$349 million as at 30 June 2015. The management has taken concerted actions with Dajincang and the labour union (the "Labour Union") of the employees of the Group and Global Bio-chem Technology Group Company Limited ("GBT") and its subsidiaries (other than the members comprising the Group, the "GBT Group") to safeguard the values and repayment ability of Dajincang and other assets of the Labour Union. The management will continue to work with Dajincang and the Labour Union with an aim of obtaining sufficient operating and financial information of Dajincang (and other assets of the Labour Union, if necessary) for the objective assessment of the recoverability of the outstanding balance due from Dajincang as at 31 December 2015.

As part of the IC Review, IC Expert will review the internal control procedures (together with the above-mentioned control procedures as well as the documentation and filing measures) relevant to the controls over procurement and inventories stored at outside warehouses as well as the credit and recoverability assessments of amounts due, and make recommendations of specific measures to address internal control weaknesses identified thereon.

The disclaimer opinion on the nature and the recoverability of the other receivable due from Dajincang as at 31 December 2014 may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. Moreover, as the management is still in the process of properly executing the above remedial actions, adjustments may have to be made to the other receivable due from Dajincang as at 30 June 2015, which may have a consequential impact on the Group's net assets as at that date and its loss for the Period.

5. Amounts due from the ultimate holding company and the fellow subsidiaries

The Group normally assesses the recoverability of balances with GBT and its subsidiaries on an aggregate basis, given the management's in-depth knowledge of the GBT Group. As at 30 June 2015, the Group has amounts due from the ultimate holding company and the fellow subsidiaries amounted to approximately HK$227 million. The net amount due from the ultimate holding company and the fellow subsidiaries, however, dropped from HK$107 million as at 31 December 2014 to HK$84 million as at 30 June 2015. The management will coordinate with the GBT Group with an aim to reduce the current account balances with members of the GBT Group. On 10 June 2015, the Company made an announcement on the letter of intent entered into between GBT and the Proposed Subscriber on the Possible Subscription for a total consideration of not less than RMB1.5 billion. As at the date of this report, the negotiation in respect of the Possible Subscription is still in progress. If the Possible Subscription is materialised, the management expects the gearing ratio of GBT Group will be lessened and consequently enchancing the recoverability of the amounts due from the ultimate holding company and fellow subsidiaries of the Group.

In future, formal credit assessment and recoverability review will be carried out periodically on members of the GBT Group. As part of IC Review, the IC Expert will review the internal control procedures relevant to the recoverability review of such balances.

The disclaimer opinion on the recoverability of the current account balances with members of the GBT Group as at 31 December 2014 may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. Moreover, as GBT is still in the process of completing the Proposed Subscription of its shares by the Proposed Subscriber and the management is still in the process of properly executing the above remedial actions, adjustments may have to be made to the current account balances with members of the GBT Group as at 30 June 2015, which may have a consequential impact on the Group's net assets as at that date and its loss for the Period.

6. Accounts payable

As detailed in the 2014 Annual Report, during the audit process for the year ended 31 December 2014, the management noted a low response rate of accounts payable confirmation received by the Auditors. The management implements additional periodic internal confirmation procedures of balances with all customers and suppliers to be carried out in writing on a regular basis and, in the event of any discrepancies, the management will promptly review and reconcile the discrepancies, which will be adjusted in the accounting records.

During the audit process for the year ending 31 December 2015, the management will endeavour to ensure the Auditors would be able to commence their confirmation procedures with an aim to allow ample time for the suppliers to respond directly to the Auditors. Appropriate follow-ups will be made to request the suppliers to reply directly to the Auditors.

As part of the IC Review, the IC Expert will review the internal control procedures (together with the above-mentioned additional confirmation procedures) relevant to the fair presentation of accounts payable and make recommendations of specific measures to address internal control weaknesses identified thereon.

The disclaimer opinion on the accounts payable as at 31 December 2014 may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. However, there would be no impact on the Group's accounts payable as at 30 June 2015.

7. Impairment of non-current assets

As detailed in the 2014 Annual Report, due to significant losses sustained by the Group, the Auditors were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the impairment estimation of the directors of the Company (the "Directors") for the year ended 31 December 2014, which may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. During the Period, no impairment of non-current assets was recognised in the 2015 Interim Financial Statements. Should a mutually acceptable valuation basis be reached as well as the valuation be ready, adjustments may have to be made to reflect the impact on the Group's net assets as at 30 June 2015. The management of the Company will continue to negotiate with the valuers and the Auditors to reach a common basis for determining the recoverable amount of the land and the plant and machinery exerted thereon before the preparation of the 2015 Financial Statements, including but not limited to the use of a discounted cash flows method. The management considers that reaching a mutually acceptable valuation basis will be less controversial when the Group's operations and the market environment stabilises and the relocation of the Group's production facilities in Changchun and the resumption of the related land by the local government are finalised.

8. Impairment of investments in subsidiaries and amounts due from subsidiaries and financial guarantee contracts of the Company

As detailed in the 2014 Annual Report, due to significant losses sustained by the subsidiaries of the Company, the Auditors were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the Directors' impairment estimation for the year ended 31 December 2014, which may have a consequential impact on the opening balance of the Group's net assets as at 1 January 2015 and its loss for the Period. The management will carry out mutually acceptable impairment assessment taking into account the consequential impact on the recoverable values of the investments in subsidiaries and amounts due from subsidiaries and engage a professional valuer to perform an independent valuation of the financial guarantee contracts of the Company for the preparation of the 2015 Financial Statements. On completion of the above-mentioned assessment and should the above-mentioned valuation would have made available as at 30 June 2015, adjustments may have to be made to reflect the fair value of the Company's investments in subsidiaries and amounts due from subsidiaries as well as the financial guarantee contracts as at 30 June 2015.

9. Fundamental uncertainties relating to going concern

As detailed in the 2014 Annual Report, the Auditors have raised fundamental uncertainties relating to going concern of the Group. The management would like to take this opportunity to provide the below information on the Group's financial and operating plans which form the primary basis that the Directors considered that the Group will be able to continue as a going concern in the foreseeable future.

As mentioned in item 5 above regarding the amounts due from ultimate holding company and the fellow subsidiaries, it is expected that the financial position of GBT will be enhanced upon the materialisation of the Possible Subscription. It is expected that the completion of the above-mentioned Possible Subscription of GBT's shares would improve the Group's financial position and would give a significant boost to the Group's renewal of its banking facilities.

With respect to the Group's Changchun operation, as disclosed in the 2014 Annual Report, based on a report of the Lender Bank and during a meeting between the senior representatives of the Lender Bank and the Group, the Lender Bank has indicated that in accordance with the government-led financial assistance consensus reached in September 2014, it is the intention of the Lender Bank not to lower the credit rating of, nor to reduce the amounts of facilities granted to, the Group's subsidiaries in Jilin province in the foreseeable future. The Group and the GBT Group are in the process of extending the current banking facilities to ensure the continuity of the Group's Changchun operation.

During the Period, the Group's Shanghai and Jinzhou operations have repaid and renewed bank loans of HK$131 million and HK$98 million respectively. Based on the Group's long-established relationships with the local banks, the management anticipates no difficulty for the Group's Shanghai and Jinzhou operations to renew their banking facilities due in the coming 12 months.

With respect to the relocation of the Group's Changchun facilities, reference is made to the announcements of the Company dated 7 January 2014 and 31 March 2014. The Group has accepted the resumption proposal and entered into the compensation agreements (the "Compensation Agreements") with Changchun Land Reserve Centre（長春市土地儲備中心）. As disclosed in the 2014 Annual Report, the Group received part of the resumption compensation amounting to RMB86,480,000 (approximately HK$108,100,000). The remaining part of the Group's production site in Changchun with an aggregate area of approximately 256,754 square metres and the production facilities erected thereon are pending for resumption and relocation. On 21 August 2014, Changchun Land Reserve Centre and the Group have reached a preliminary understanding on the intention of the resumption. It was agreed that the compensation shall be determined by the Changchun Land Reserve Centre and the Land Acquisition Reserve Transaction Fund Verification Centre（長春市土地儲備交易資金審核中心）, with reference to the valuation performed by a valuer to be appointed by Changchun Land Reserve Centre. It is expected that formal land resumption compensation agreements will be entered into after Changchun Land Reserve Centre and the Group agree on the final terms and conditions. For the reference of the Company's management, the Group and the GBT Group have engaged an independent valuer to perform a valuation of the subject land, buildings, machineries and fixtures erected thereon. The valuation amounted to RMB665 million in aggregate as of 31 July 2014. The proceed from the sales of land will also improve the Group's liquidity.

FINANCIAL PERFORMANCE

The Group's consolidated revenue decreased by approximately 37.9% to approximately HK$931 million (2014: HK$1,499 million) while gross profit increased by approximately 8.0% to HK$36 million (2014: HK$33 million) when compared to the corresponding period last year. The Group's net loss attributable to shareholders for the Period amounted to approximately HK$156 million (2014: HK$240 million). The net loss is mainly due to the low utilisation rate of the Group's production facilities in Jinzhou as a result of the poor operating environment since last year, and the suspension of the Group's production facilities in Changchun in preparation for the relocation as disclosed in an announcement of the Company dated 31 March 2014. Consequently, the Group's unit production costs remained high during the Period. The combined effect with the weak market selling prices has posed pressure on the Group's performance for the Period.

Upstream products

(Sales amount: HK$482 million (2014: HK$743 million))
(Gross loss: HK$5 million (2014: HK$46 million))

During the Period, the revenue and gross loss of corn procurement business amounted to approximately HK$165 million and HK$2 million (2014: HK$72 million and gross profit of HK$3 million) respectively. There is no internal consumption of corn kernels for upstream production during the Period (2014: 31,000 MT).

During the Period, the sales volume of corn starch and other corn refined products were approximately 65,000 MT (2014: 142,000 MT) and 37,000 MT (2014: 87,000 MT) respectively. Internal consumption of corn starch was approximately 30,000 MT (2014: 80,000 MT), which was mainly used as raw material for production in the Group's Jinzhou and Shanghai production sites.

The average selling prices of corn starch increased by approximately 11.5% to HK$3,384 per MT (2014: HK$3,035 per MT) while other corn refined products decreased by approximately 12.2% to HK$2,424 per MT (2014: HK$2,762 per MT) as compared to the corresponding period last year. As the average selling prices increased during the Period, the corn starch segment recorded a gross profit margin of approximately 3.8% (2014: gross loss margin of 3.6%). However, other corn refined products segment recorded a gross loss margin of approximately 13.7% (2014: 14.0%) as a result of weaker-than-expected average selling prices during the Period.

The Group's upstream business has been hammered by the slowdown of China's economic growth, weak export and excess supply in the market since the fourth quarter of 2011. This situation continued during the Period and is expected to continue in the second half of 2015. As such, the utilisation rate in Jinzhou was only 22.2% which increased the unit production cost of corn starch by 3.6% to HK$3,257 per MT (2014: HK$3,143 per MT).

Corn syrup

(Sales amount: HK$317 million (2014: HK$462 million))
(Gross profit: HK$25 million (2014: HK$49 million))

During the Period, revenue of corn syrup decreased by 31.4% to approximately HK$317 million (2014: HK$462 million). It was mainly attributable to the decrease in sales volume by 33.1% to approximately 89,000 MT (2014: 133,000 MT) as a result of the suspension of Changchun production facilities since March 2014. As such, gross profit decreased by 49.0% to approximately HK$25 million (2014: HK$49 million). During the Period, the unit production cost increased by 5.7% due to the low utilisation rate in the Jinzhou production facilities. As a result, the gross profit margin decreased to 7.9% (2014: 10.5%).

Internal consumption of corn syrup for downstream production during the Period amounted to approximately 1,000 MT (2014: 9,000 MT), which was mainly attributable to the decrease in the production volume of corn syrup solid.

Corn syrup solid

(Sales amount: HK$132 million (2014: HK$294 million))
(Gross profit: HK$16 million (2014: HK$30 million))

Sales volume of corn syrup solid decreased by approximately 53.6% as a result of the suspension of the Changchun production facilities. The average selling price of corn syrup solid decreased by 1.7% to approximately HK$3,415 per MT (2014: HK$3,473 per MT). Consequently, the revenue of corn syrup solid decreased by 55.1% to approximately HK$132 million (2014: HK$294 million).

During the Period, corn syrup solid segment recorded a gross profit of approximately HK$16 million (2014: HK$30 million) with a gross profits margin of 11.8% (2014: 10.4%) as the Group moved away from the low-end markets in Northern China.

Export sales

During the Period, the Group exported approximately 24,000 MT (2014: 17,000 MT) of upstream corn refined products and approximately 100 MT (2014: 11,000 MT) of corn sweeteners; their export sales amounted to approximately HK$46 million (2014: HK$40 million) and HK$0.6 million (2014: HK$45 million) respectively, together representing approximately 5.0% (2014: 5.7%) of the total revenue of the Group.

Other income and gains, operating expenses, finance costs and income tax

Other income and gains

During the Period, other income of the Group decreased to HK$7 million (2014: HK$113 million). The other income recorded in the corresponding period last year was mainly attributable to the gain on assets compensation as a result of the relocation of production facilities in Changchun which amounted to approximately HK$103 million.

Selling and distribution expenses

During the Period, the selling and distribution expenses accounted for 6.8% (2014: 7.7%) of the Group's revenue, representing a decrease of 45.2% to approximately HK$63 million (2014: HK$115 million). Such decrease was mainly attributable to the decrease in the Group's revenue.

Administrative expenses

During the Period, administrative expenses remained at similar level of approximately HK$63 million (2014: HK$60 million), representing 6.7% (2014: 4.0%) of the Group's revenue.

Other expenses

During the Period, other expenses of the Group decreased to approximately HK$34 million (2014: HK$162 million). Such decrease was due to the exceptionally high other expenses recorded for the corresponding period last year, which was attributable to the reallocation of depreciation from cost of sales as a result of the idle capacity of the Changchun production facilities and impairment of goodwill of Changchun production facilities which amounted to approximately HK$52 million and HK$103 million respectively.

Finance costs

During the Period, finance costs of the Group decreased to approximately HK$37 million (2014: HK$45 million) as a result of the reduction in bank borrowings by approximately HK$120 million.

Income tax

Although the Group recorded a net loss during the Period, certain subsidiaries in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expenses amounted to approximately HK$3 million was provided (2014: HK$6 million).

Net loss attributable to shareholders

Due to the various explanations above, the Group recorded a net loss of approximately HK$156 million (2014: HK$240 million) during the Period.

FINANCIAL RESOURCES AND LIQUIDITY

Structure of interest bearing borrowings and net borrowing position

As at 30 June 2015, the Group's bank borrowings amounted to approximately HK$948 million (31 December 2014: HK$1,041 million), of which all (31 December 2014: 94.2%) was denominated in Renminbi. The average interest rate during the Period increased to approximately 7.1% (2014: 7.0%) per annum as a result of the increase in the PRC interest rate.

During the Period, the Group was in compliance with the financial covenants as required in its current banking facilities and had no difficulty in renewing its banking facilities.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. During the Period, the trade receivables turnover days remained unchanged at approximately 47 days (31 December 2014: 47 days).

During the Period, trade payables turnover days decreased to approximately 25 days (31 December 2014: 27 days) as part of the cash flow management.

As at 30 June 2015, the inventory level decreased by 32.4% to approximately HK$144 million (31 December 2014: HK$213 million). However, with the decrease in cost of sales to approximately HK$896 million, the inventory turnover days increased to approximately 29 days for the Period (31 December 2014: 25 days).

The current ratio as at 30 June 2015 decreased to approximately 0.8 (31 December 2014: 1.2) and the quick ratio decreased to approximately 0.73 (31 December 2014: 1.01), due to the reallocation of long term borrowings amounted to HK$364 million to short term ones. Gearing ratio in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 110.1% (31 December 2014: 92.1%). The increase in gearing ratio was due to the net loss incurred by the Group during the Period.

FOREIGN EXCHANGE EXPOSURE

Since most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, the Directors consider that there is no material unfavourable exposure to foreign exchange fluctuation. Therefore, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in future as and when necessary.

FUTURE PLANS AND PROSPECTS

In order to maintain the competitiveness of the Group, the Group will strive to maintain its market share, diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development efforts and strategic business alliance with prominent international market leaders.

In the short run, the Group will take opportunity of the relocation of its production facilities to the Xinglongshan site to re-adjust its product mix and capacity to adapt to market changes, and at the same time, enhance operation efficiency through continuous research and development efforts to lower operating costs. The relocation plan of the Group will be financed by the Group's internal resources, and the Directors are of the view that the existing technology know-how of the Group is sufficient for the relocation of production facilities.

In the long run, the Group will continue to strengthen its market position leveraging on its brand name and add value to the current product mix through the introduction of new high value-added products.

With respect to the financial position of the Group, the management will endeavor to overcome the challenges and adopt a prudent approach in face of the current market condition.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2015, the Group has approximately 1,280 (31 December 2014: 1,350) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasing turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards of its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and performance related commissions.

DISCLOSURE OF ADDITIONAL INFORMATION

INTERIM DIVIDEND

The board of Directors (the "Board") has resolved not to recommend the payment of an interim dividend in respect of the Period (Six months ended 30 June 2014: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions in the shares ("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 ("SFO")) of the Directors and chief executive of the Company as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, were 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	The Company	Interest of a controlled corporation	1,984,000 Shares (L) (Note 2)	0.13
	The Company	Beneficial owner	6,000,000 Shares (L) (Note 3)	0.39
	Global Bio-chem Technology Group Company Limited ("GBT")	Beneficial owner	18,256,000 ordinary shares of HK$0.10 each (L)	0.56
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK$0.10 each (L) (Note 4)	7.41
Lee Chi Yung	The Company	Beneficial owner	4,000,000 Shares (L) (Note 5)	0.26
Nie Zhiguo	The Company	Beneficial owner	16,000 Shares (L)	0.001
	GBT	Beneficial owner	20,400 ordinary shares of HK$0.10 each (L)	0.0006
	GBT	Beneficiary of trust	24,000 ordinary shares of HK$0.10 each (L) (Note 6)	0.0007
Chan Yuk Tong	The Company	Beneficial owner	2,000,000 Shares (L) (Note 7)	0.13
Ho Lic Ki	The Company	Beneficial owner	2,000,000 Shares (L) (Note 8)	0.13

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, the entire issued share capital of which is beneficially owned by Mr. Kong Zhanpeng.

3. These shares are underlying Shares comprised in the options granted to Mr. Kong Zhanpeng pursuant to the share option scheme of the Company.

4. These 241,920,000 shares are held by Hartington Profits Limited.

5. These shares are underlying shares comprised in the options granted to Mr. Lee Chi Yung pursuant to the share option scheme of the Company.

6. These shares are held by Mr. Nie Zhiguo as beneficiary under the trust, The Bright Balance Unit Trust.

7. These shares are underlying shares comprised in the options granted to Mr. Chan Yuk Tong pursuant to the share option scheme of the Company.

8. These shares are underlying shares comprised in the options granted to Mr. Ho Lic Ki pursuant to the share option scheme of the Company.

Saved as disclosed above, as at 30 June 2015, 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 corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' Interests and Short Positions in Shares and Underlying Shares" above, at no time during the Period were rights to acquire 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company 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	977,778,000 Shares (L)	64.01
GBT	Interest of a controlled corporation (Note 2)	977,778,000 Shares (L)	64.01
	Beneficial owner	500,000 Shares (L)	0.03

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, as of 30 June 2015, had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE OF ADDITIONAL INFORMATION

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

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

Save as disclosed below, in the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2015.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kong Zhanpeng is the chairman and chief executive officer ("CEO") of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person has the benefit of ensuring effective and efficient decision making and management control.

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed to the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct throughout the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises all three independent non-executive Directors. As at the date of this report, the chairman of the Audit Committee is Mr. Chan Yuk Tong, and the other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Lo Kwing Yu.

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

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its nomination committee (the "Nomination Committee") on 1 April 2012 with a majority of the members thereof being independent non-executive Directors. The Nomination Committee comprises an executive Director, Mr. Kong Zhanpeng, and two independent non-executive Directors, Mr. Chan Yuk Tong and Mr. Ho Lic Ki. Mr. Kong Zhanpeng is the chairman of the Nomination Committee. The duties of the Nomination Committee are, among others, determining policy for the nomination of directors, including the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year. The Nomination Committee also reviews the structure, size and composition of the Board and to make recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships, and reviews the board diversity policy adopted by the Company.

REMUNERATION COMMITTEE

The members of the remuneration committee of the Company (the "Remuneration Committee") include an executive Director, Mr. Kong Zhanpeng, and two independent non-executive Directors, Mr. Ho Lic Ki and Mr. Lo Kwing Yu. Mr. Ho Lic Ki is the chairman of the Remuneration Committee. The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, as well as on the Group's policy and structure for the remuneration of Directors and senior management. The Remuneration Committee also assesses performance of executive Directors and approve the terms of executive Directors' service contracts.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (the "Corporate Governance Committee") was established in accordance with the requirements of the CG Code for the purposes of reviewing the Company's policies and practices on corporate governance, and providing supervision over the Board and its committees' compliance with their respective terms of reference and relevant requirements under the CG Code, or other applicable laws, regulations, rules and codes. The Corporate Governance Committee comprises of an executive Director, Mr. Lee Chi Yung, and two independent non-executive Directors, Mr. Chan Yuk Tong and Mr. Ho Lic Ki. The chairman of the Corporate Governance Committee is Mr. Chan Yuk Tong.

The Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, and considered that the Company has complied with all code provisions in the CG Code during the Period, except for the code provision A.2.1 of the CG Code as disclosed in the paragraph headed "Compliance with the corporate governance code and model code".

PROVISION OF FINANCIAL ASSISTANCE BY THE GROUP TO THE GBT GROUP

Reference is made to the announcement of the Company dated 31 March 2015 ("March Announcement"), in relation to (1) the provision of financial assistance by the Group to the GBT Group, (2) provision of financial assistance by the Group to a supplier to the Group, (3) suspension and relocation of production operations at Luyuan District, Changchun, and (4) possible disposal of lands and buildings by the Group. In December 2014 and February 2015, certain members of the Group entered into a mortgage in favour of Bank A ("Mortgage A") and a mortgage in favour of Bank B ("Mortgage B") for the provision of mortgage security in favour of certain banks in the PRC for the benefit of certain members of the GBT Group, namely, 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.) ("Changchun Dahe") and 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-tech Development Co., Ltd.) ("Changchun Dacheng Bio-tech").

As at the date of this report, GBT is a controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. Changchun Dahe and Changchun Dacheng Bio-tech are wholly-owned by GBT and hence are associates of GBT. Accordingly, the financial assistance provided to Changchun Dahe by Changchun Dihao under Mortgage A and to Changchun Dacheng Bio-Tech by 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.) ("Changchun Dihao") and 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.) ("Dihao Crystal Sugar") under Mortgage B constituted connected transactions for the Company under Chapter 14A of the Listing Rules. Mortgage A and Mortgage B are aggregated as a single transaction pursuant to Rules 14.22 and 14A.81 of the Listing Rules as these financial assistance were provided for the benefit of the same party within a 12-month period. As the applicable percentage ratios (other than the profits ratio) either alone or on an aggregate basis, are more than 25%, the financial assistance provided under Mortgage A and Mortgage B both constituted a major transaction of the Company under Chapter 14 of the Listing Rules and a non-exempted connected transaction of the Company under Rule 14A of the Listing Rules.

In addition, as the assets ratio of the financial assistance provided by Changchun Dihao and Dihao Crystal Sugar under both Mortgage A and Mortgage B was more than 8%, the Company was under a general disclosure obligation to disclose such financial assistance under Rule 13.16 of the Listing Rules.

As such, the failure by the Company to comply with the reporting, announcement and independent shareholders' approval requirements in respect of Mortgage A and Mortgage B constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXECUTIVE COMMITTEE

The continuing connected transactions executive committee of the Company (the "CCT Executive Committee") is responsible for monitoring, reviewing and managing the continuing connected transactions (the "CCT") between the Group on one part and the GBT Group on the other part. The main duties of the CCT Executive Committee are to prepare the continuing connected transactions reports and submitting the same to the CCT supervisory committee of the Company (the "CCT Supervisory Committee") on regular basis. On 4 June 2015, Mr. Wen Gang was appointed as a member of the CCT Executive Committee and Ms. Wang Guifeng ceased to be a member of the CCT Executive Committee due to her retirement as an executive Director. As at the date of this report, the members of the CCT Executive Committee comprise of Mr. Lee Chi Yung and Mr. Wen Gang, both being executive Directors.

CCT SUPERVISORY COMMITTEE

The CCT Supervisory Committee that comprises all 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 CCT with the GBT Group, which are not qualified for exemptions or waivers from all or some of the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules ("Non-exempt CCT"), will be entered into in accordance with the respective agreements ("Master 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;

(2) to review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to purchase of corn starch from the GBT Group by the Group and the sale of corn sweeteners, corn starch and by-products (such as corn oil and corn steep liquor) ("By-products") by the Group to the GBT Group ("Proposed Sale and Purchase") as to whether they have been proceeded with in accordance with the Prescribed Guidelines (the "CCT Quarterly Reports");

(3) in respect of the provision of utility services (the “Utility Services”) by the GBT Group to the Group, to review the CCT Quarterly Reports 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;

(4) in respect of the sales agency service (the “Sales Agency Services”) by the GBT Group to the Group, to review the CCT Quarterly Reports from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the half-year period ended 30 June or 31 December, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group; and

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

The principal terms of the prevailing Prescribed Guidelines are set out below:

(1) the Group shall not purchase corn starch from the GBT Group, or sell corn starch, By-products and corn sweeteners to the GBT Group, or obtain the Utility Services or Sales Agency Services from the GBT Group, unless the GBT Group shall agree that the purchase/selling prices and fees payable and other commercial terms for these transactions shall be determined in the manner as prescribed under the Prescribed Guidelines.

(2) in respect of the purchase of corn starch from the GBT Group in slurry form:

(i) for the Group’s purchase of corn starch in slurry form from the GBT Group for any particular calendar month (the “Relevant Month”), the CCT Executive Committee shall obtain the then quotations and other major commercial terms (including credit terms offered) for the supply of corn starch of comparable specifications and quantities in slurry form from at least one (or such number as may be required by the CCT Supervisory Committee from time to time) independent supplier by the end of the month immediately prior to the Relevant Month. The CCT Executive Committee shall, prior to the end of the Relevant Month and in any event on or before the price determination date as referred to in paragraph (iv) below, obtain the then quotations and major commercial terms from independent supplier(s) for the supply of corn starch;

(ii) if the quotations for the supply of corn starch in slurry form obtained from the independent supplier(s) are exclusive of any of transportation, storage and/or insurance cost, the CCT Executive Committee shall estimate the additional unit cost to be incurred by the Group (whether by itself or through independent service provider(s)) in order for the Group to purchase the corn starch from such independent supplier(s) with supporting evidence (“Estimated Cost”);

(iii) the CCT Executive Committee shall obtain from the GBT Group the average unit selling price and other major commercial terms (including credit terms offered) for the supply of corn starch of comparable quantities and specifications by the GBT Group to its independent customers during the Relevant Month up to the price determination date as referred to in paragraph (iv) below; and

(iv) the total purchase price and the commercial terms in respect of corn starch supplied by the GBT Group in slurry form to the Group during the Relevant Month shall be calculated within five business days prior to the end of the Relevant Month, which shall be determined by the CCT Executive Committee by using the lower of (a) the average unit selling price as referred to in paragraph (iii) above, less the unit transportation, storage, insurance, dehydration and/or packaging costs saved by reason of the supply of corn starch in slurry form which would otherwise be payable to the GBT Group by its independent customers; and (b) the quotations from independent supplier(s) as referred to in paragraph (i) above plus the Estimated Cost (where applicable) for the Relevant Month, as the unit purchase price, and the most favourable terms to the Group among the commercial terms as referred to in paragraphs (i) and (iii) above as the terms of the purchase of corn starch from the GBT Group in slurry form for the Relevant Month respectively.

(3) in respect of sales of corn sweeteners to the GBT Group for the Relevant Month, the unit selling price and other commercial terms in respect of corn sweeteners supplied by the Group to the GBT Group during the Relevant Month shall be determined by the CCT Executive Committee within five business days prior to the end of the Relevant Month in the following manner:

(i) the CCT Executive Committee shall obtain market information regarding the market unit price of corn sweeteners of comparable specification and quantities for the Relevant Month;

(ii) if there is insufficient information on market unit price available, the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by the Group to independent customers for sales of corn sweeteners of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below; and

(iii) where the above market unit pricing information or the unit selling price offered to independent customers relate to corn sweeteners are of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined with reference to the above market unit pricing information or the unit selling price offered by the Group to independent customers to ensure that the proposed selling price of corn sweeteners with such particular specifications is fair and reasonable and on normal commercial terms.

(4) in respect of sales of corn starch (in powder or slurry form) and By-products to the GBT Group for the Relevant Month, the unit selling price and other commercial terms in respect of corn starch (in powder or slurry form) and By-products supplied by the Group to the GBT Group during the Relevant Month shall be determined by the CCT Executive Committee within five business days prior to the end of the Relevant Month in the following manner:

(i) if the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by the Group to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for sales of corn starch and By-products of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below;

(ii) if the Group has not sold corn starch and By-products of comparable specifications and quantities to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for the Relevant Month, the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by independent suppliers to the Group for purchase of corn starch and By-products of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below; and

(iii) where the unit selling price offered to independent customers or unit selling price offered by independent suppliers relate to corn starch and By-products of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined with reference to the above market unit pricing information or the unit selling price offered by the Group to independent customers or the unit selling price offered by independent suppliers to the Group to ensure that the proposed selling price of corn starch and By-products with such particular specifications is fair and reasonable and on normal commercial terms.

(5) the CCT Executive Committee shall submit to the CCT Supervisory Committee a quarterly report within 15 days from the end of each quarter in relation to the purchase of corn starch from, and the sales of corn sweeteners, corn starch (in powder or slurry form) and By-products to, the GBT Group during the quarter.

(6) in the event that there is any deviation from the terms of the relevant Master Agreements and/or any non-compliance of the Prescribed Guidelines in respect of any Non-exempt CCT entered into by any member of the Group during the period covered by the quarterly or, in respect of the Sales Agency Services from the GBT Group only, half-yearly report (including but not limited to non-compliance of the pricing basis), the CCT Supervisory Committee may request the Group to take such procedures (including price adjustments) as the CCT Supervisory Committee may consider appropriate to rectify such deviation or non-compliance.

(7) the auditors of the Group or other Certified Public Accountants practices will be engaged to review the CCT (other than the sales agency services from the GBT Group) on a quarterly basis, and the Sales Agency Services from the GBT Group on a semi-annual basis, and shall report to the CCT Supervisory Committee the result of their review. Such report shall be in compliance with the requirements under Rule 14A.56 of the Listing Rules.

Details of findings of CCT Supervisory Committee for the Period have been published on 27 July 2015 and 14 August 2015. As reported by the CCT Supervisory Committee, (i) the Proposed Sale and Purchase conducted during the Period 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 Period have been charged in accordance with the relevant Master Agreements; and (iii) there was no other matter that needs to be brought to the attention of the shareholders of the Company.

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 since 3 September 2007 and, unless otherwise cancelled or amended, will remain in force 10 years from that date.

The following share options were outstanding under the Scheme of the Company during the Period:

Participants	Outstanding as at 1 January 2015	Granted during the Period	Cancelled or lapsed during the Period	Exercised during the Period	Outstanding as at 30 June 2015	Date of grant of share options	Exercise period of share options	Vesting period of share options	Exercise price of share options HK$ per share	Closing price immediately before the grant date HK$ per share
Kong Zhanpeng	6,000,000	–	–	–	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Lee Chi Yung	4,000,000	–	–	–	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Zhang Fazheng*	2,000,000	–	(2,000,000)	–	–	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Chan Yuk Tong	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Ho Lic Ki	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Employees	2,900,000	–	(600,000)	–	2,300,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Other participants	6,000,000	–	–	–	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Total	24,900,000	–	(2,600,000)	–	22,300,000					

* Retired as an executive Director on 20 May 2014

As at the date of this report, the options granted to subscribe for 22,300,000 Shares remained outstanding, representing approximately 1.46% of the issued share capital of the Company.

DISCLOSURE OF ADDITIONAL INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Reference is made to the March Announcement and the section headed "Update on Remedial Measures – 1. Financial guarantees granted for the benefits of a major supplier" in the Management Discussion and Analysis of this report.

During November 2010 to March 2015, certain members of the Group entered into the Dajincang Financial Guarantees for the benefit of Dajincang in respect of certain bank borrowings that are notifiable transactions for the Company under the Listing Rules. Details of the Dajincang Financial Guarantees are as follows:

Date of guarantee	26/11/2010	15/12/2011	31/12/2012	5/3/2014	4/3/2015
Name of bank	Bank C	Bank C	Bank C	Bank C	Bank C
Guarantors	Changchun Dihao and Changchun Jincheng	Changchun Dihao and Changchun Jincheng	Changchun Dihao	Changchun Dihao	Changchun Dihao
Guaranteed Amount	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 26/11/2010 to 26/11/2011 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 15/12/2011 to 8/12/2012 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 26/12/2012 to 13/12/2013 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 1/1/2014 to 16/12/2014 and up to a maximum guaranteed amount of RMB2.5 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 1/1/2015 to 16/4/2015 and up to a maximum guaranteed amount of RMB2.5 billion.
Principal amount outstanding as of the date of this report	Nil	Nil	Nil	RMB1.96 billion	RMB530 million
Date of expiry of the guarantee	Two years from 26/11/2011, i.e. 26/11/2013	Two years from 8/12/2012, i.e. 8/12/2014	Two years from 13/12/2013, i.e. 13/12/2015	Two years from 16/12/2014, i.e. 16/12/2016	Two years from 16/4/2015, i.e. 16/4/2017

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Bank C and its ultimate beneficial owners are third parties independent of the Company and its connected persons. Bank C is a stock exchange listed State majority owned joint stock company principally engaged in the provision of banking services. Changchun Dihao and 長春金成玉米開發有限公司 (Changchun Jincheng Corn Development Co., Ltd.) ("Changchun Jincheng") did not receive any fee or commission for entering into the Dajincang Financial Guarantees.

Based on inquiries made by the management of the Company, the first Dajincang Financial Guarantee was entered into in 2010 for the purposes of saving financing costs under a programme devised by GBT's PRC management as Dajincang was the largest supplier of the GBT Group (including the Group).

As part of its functions, Dajincang had to buy corn kernels from local farmers primarily in cash, store them and sell them to users or the local government as strategic reserves. Because the GBT Group was Dajincang's major customer, Dajincang had to utilise large cash resources and/or drawdown significant loan facilities to buy corn kernels for resale to the GBT Group (including the Group) regularly.

In response to requests by Dajincang to shorten credit periods in 2010, the GBT Group's PRC management, who were expecting to incur additional financing costs if the credit periods were so shortened, sought to minimise such costs by offering the Dajincang Financial Guarantees to Dajincang's bank lenders.

Dajincang was also a direct major supplier to the Group, though to a lesser value. In addition, since some of the corn kernels of Dajincang bought by the GBT Group were used to produce starch supplied to the Group, Dajincang was also an indirect supplier of corn starch to the Group. On this basis, Changchun Dihao and Changchun Jincheng also entered into some of the Dajincang Financial Guarantees.

As the provision of guarantee under the Dajincang Financial Guarantees constituted an advance to an entity under Rule 13.13 of the Listing Rules, and since the assets ratio of the guarantee provided by the Group was more than 8% as at 30 June 2015 and as at the date of this report, the Company's general disclosure obligation under Rule 13.20 of the Listing Rules of the Dajincang Financial Guarantees arose.

DISCLOSURES PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

As recommended by the Remuneration Committee and approved by the Board on 20 April 2015, the salary of Mr. Lee Chi Yung, an executive Director, has been increased to HK$150,000 per month with effect from 1 January 2015; and the annual director's fee of each of Mr. Chan Yuk Tong, Mr. Ho Lic Ki and Mr. Lo Kwing Yu, being the independent non-executive Directors, have been increased to HK$480,000 with effect from 1 April 2015.

In addition, supplemental agreements have been entered into between the Company and Mr. Kong Zhanpeng, Mr. Lee Chi Yung and Mr. Nie Zhiguo, all are the executive Directors, on 20 April 2015, in relation to amendment of terms of the service agreements of the executive Directors, regarding basis of determining discretionary management bonus and the annual increment of the basic salary of the executive Directors. Pursuant to the supplemental agreements, increase in salary of the executive Directors shall be determined by the remuneration committee of the Company or the Board, and the management bonus of the executive Directors in respect of each financial year of the Company shall be determined pursuant to the mechanism adopted by the Board from time to time, or to be determined by the Board in its absolute discretion.

On 27 July 2015, it was further recommended by the Remuneration Committee and approved by the Board that the annual salary of Mr. Wen Gang, an executive Director being appointed on 4 June 2015, has been fixed at HK$300,000 with effect from 4 June 2015.

SUPPLEMENTARY INFORMATION IN RELATION TO THE PERIOD UNDER REVIEW

Provision of financial assistance by the Group to the GBT Group

Reference is made to the March Announcement. In December 2014 and February 2015, certain members of the Group entered into mortgages for the provision of mortgage security in favour of certain banks in the PRC for the benefit of certain members of the GBT Group. GBT is a controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. The provision of financial assistance by the Group to the GBT Group constituted connected transactions for the Company under Chapter 14A of the Listing Rules. The failure by the Company to comply with the reporting, announcement and independent shareholders' approval requirements in respect of the mortgages constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules. For further information in relation to the financial assistance, please refer to the March Announcement for details.

DISCLOSURE OF ADDITIONAL INFORMATION

Suspension and relocation of production operations at Luyuan District, Changchun

Reference is made to the March Announcement. In view of the current market conditions, the Group will be taking the opportunity to relocate its production facilities for downstream products in Luyuan District in Changchun ("Luyuan District") to its Xinglongshan site. Coupled with the temporary halt of production of upstream products in Luyuan District as announced on 31 March 2014, the Group would not be manufacturing any products at its production facilities in Luyuan District until it has completed relocation of its production facilities to Xinglongshan and market conditions improve. Its operations at Shanghai and Jinzhou will, however, continue. Pending the resumption of production at Xinglongshan, the Group will, if necessary, source corn starch externally from either independent third parties or the GBT Group pursuant to the corn starch master purchase agreement entered into between the Group and the GBT Group on 30 August 2012.

Possible disposal of lands and buildings by the Group

Reference is made to the March Announcement. The Group are owners of the certain lands and buildings located in Changchun, the PRC ("Subject Tract") with a total site area of some 256,754 sq.m. and buildings erected thereon with total gross floor area of about 112,528 sq.m.. The lands (with the buildings thereon) on the Subject Tract are owned by different members of the Group. The owners of the Subject Tract (as well as the GBT Group and 長春大成生化飼料開發有限公司 (Changchun Dacheng Bio-feed Development Co., Ltd.) as owners of adjacent land plots) are in advance negotiations with Changchun Land Reserve Centre for a resumption of the Subject Tract. A preliminary valuation of the Subject Tract indicates that it has a valuation of some RMB500 million. Based on the book values attributable to the lands and buildings comprised in the Subject Tract as at 31 December 2014, a resumption of land will constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. If these transactions proceed, further announcement(s) will be made by the Company. It should however be noted that there is no binding agreement for a resumption of the all or any part of the Subject Tract, or when such agreement may be entered into, or the amount of compensation payable.

POSSIBLE SUBSCRIPTION OF GBT SHARES

Reference is made to the announcements of the Company dated 10 June 2015, 10 July 2015 and 14 August 2015 regarding the possible cash subscription by a subscriber for the new share/or other securities of GBT for a total consideration of not less than RMB1.5 billion. Shareholders of the Company and potential investors are advised to read the aforementioned announcements or any relevant subsequent announcements of the Company for more information in this connection.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
REVENUE	4	931,076	1,499,302
Cost of sales		(895,527)	(1,466,386)
Gross profit		35,549	32,916
Other income and gains	4	7,422	113,194
Selling and distribution expenses		(62,955)	(114,866)
Administrative expenses		(62,628)	(59,534)
Other expenses		(33,698)	(161,541)
Finance costs	5	(37,207)	(44,557)
LOSS BEFORE TAX	6	(153,517)	(234,388)
Income tax expense	7	(2,727)	(5,787)
LOSS FOR THE PERIOD		(156,244)	(240,175)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of operations outside Hong Kong		–	(19,431)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(156,244)	(259,606)
Loss attributable to:			
Owners of the parent		(156,224)	(240,102)
Non-controlling interests		(20)	(73)
		(156,244)	(240,175)
Total comprehensive loss attributable to:			
Owners of the parent		(156,224)	(259,611)
Non-controlling interests		(20)	5
		(156,244)	(259,606)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK(10.23) cents	HK(15.72) cents
Diluted		HK(10.23) cents	HK(15.72) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,135,804	1,194,463
Prepaid land lease payments		175,820	177,663
Deposits paid for acquisition of property, plant and equipment		481	2,449
Goodwill	11	—	—
Other intangible assets		3,243	3,243
Deferred tax assets		969	969
Total non-current assets		1,316,317	1,378,787
CURRENT ASSETS			
Inventories	12	143,500	212,581
Trade and bills receivables	13	238,998	374,301
Prepayments, deposits and other receivables	14	486,299	396,753
Due from the immediate holding company	20(c)	22,157	22,036
Due from fellow subsidiaries	20(c)	162,486	154,059
Cash and cash equivalents		88,306	189,935
Total current assets		1,141,746	1,349,665
CURRENT LIABILITIES			
Trade and bills payables	15	121,966	227,665
Other payables and accruals		367,940	281,181
Interest-bearing bank borrowings	16	741,250	471,250
Due to fellow subsidiaries	20(c)	93,557	92,682
Due to the ultimate holding company	20(c)	28,587	28,587
Tax payable		22,301	24,631
Total current liabilities		1,375,601	1,125,996
NET CURRENT (LIABILITIES)/ASSETS		(233,855)	223,669
TOTAL ASSETS LESS CURRENT LIABILITIES		1,082,462	1,602,456
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	206,250	570,000
Deferred tax liabilities		108,556	108,556
Total non-current liabilities		314,806	678,556
Net assets		767,656	923,900
EQUITY			
Equity attributable to owners of the parent			
Issued capital	17	152,759	152,759
Reserves		621,154	777,378
		773,913	930,137
Non-controlling interests		(6,257)	(6,237)
Total equity		767,656	923,900

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Issued 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	Acc-umulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2014 and 1 January 2015	152,759	1,074,879	51,989	128,809	301,397	14,691	(794,387)	930,137	(6,237)	923,900
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(156,224)	(156,224)	(20)	(156,244)
Transfer of share option reserve upon the forfeiture of share options	–	–	–	–	–	(1,534)	1,534	–	–	–
At 30 June 2015 (Unaudited)	152,759	1,074,879*	51,989*	128,809*	301,397*	13,157*	(949,077)*	773,913	(6,257)	767,656

* These reserve accounts comprise the consolidated reserves of the Group of HK$621,154,000 (unaudited) (31 December 2014: HK$777,378,000) in the condensed consolidated statement of financial position.

	Attributable to owners of the parent									
	Issued 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$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2013 and 1 January 2014	152,759	1,074,879	51,989	126,481	321,523	14,986	300,761	2,043,378	(6,195)	2,037,183
Loss for the period	–	–	–	–	–	–	(240,102)	(240,102)	(73)	(240,175)
Other comprehensive income for the period: Exchange realignment	–	–	–	–	(19,509)	–	–	(19,509)	78	(19,431)
Total comprehensive loss for the period	–	–	–	–	(19,509)	–	(240,102)	(259,611)	5	(259,606)
Transfer of share option reserve upon the forfeiture of share options	–	–	–	–	–	(295)	295	–	–	–
At 30 June 2014 (Unaudited)	152,759	1,074,879	51,989	126,481	302,014	14,691	60,954	1,783,767	(6,190)	1,777,577

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(153,517)	(234,388)
Adjustments for:			
Finance costs	5	37,207	44,557
Bank interest income	4	(483)	(1,567)
Depreciation	6	69,461	71,435
(Gain)/loss on disposal of property, plant and equipment	6	(2)	4,134
Amortisation of prepaid land lease payments	6	3,625	3,585
Gain on resumption of assets located in Luyuan District	4	–	(102,669)
Impairment of goodwill	6	–	102,472
(Reversal of impairment)/impairment of trade and bills receivables	6	(1,838)	13,366
Reversal of impairment of other receivables	6	–	(10,778)
Write-down/(reversal of write-down) of inventories to net realisable value	6	3,276	(38,847)
Operating loss before working capital changes		(42,271)	(148,700)
Decrease in inventories		65,805	304,125
Decrease in trade and bills receivables		137,141	188,737
(Increase)/decrease in prepayments, deposits and other receivables		(89,455)	59,622
Decrease in trade and bills payables		(105,699)	(118,558)
Increase in other payables and accruals		86,759	11,337
Cash generated from operations		52,280	296,563
Interest received		483	1,567
Overseas taxes paid		(5,057)	(6,527)
Net cash flows from operating activities		47,706	291,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of a parcel of land		(1,873)	–
Purchases of items of property, plant and equipment		(8,929)	(20,504)
Proceeds from disposal of items of property, plant and equipment		97	1,321
Proceeds from compensation on resumption of assets or land		–	108,100
Withdrawal of a financial assets at fair value through profit or loss		–	22,658
Net cash flows (used in)/from investing activities		(10,705)	111,575

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	97,500	818,750
Repayment of bank borrowings	(191,250)	(1,092,234)
Interest paid	(37,207)	(44,557)
Increase in an amount due from the immediate holding company	(121)	(112)
Increase in amounts due from fellow subsidiaries	(8,427)	(213,133)
Decrease in an amount due to the ultimate holding company	–	(1,895)
Increase in amounts due to fellow subsidiaries	875	823
Net cash flows used in financing activities	(138,630)	(532,358)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(101,629)	(129,180)
Cash and cash equivalents at beginning of period	189,935	412,910
Effect of foreign exchange rate changes, net	–	(5,089)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	88,306	278,641
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	84,390	221,977
Non-pledged time deposits with original maturity of less than three months when acquired	3,916	41,518
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	88,306	263,495
Time deposits with original maturity of less than three months when acquired, pledged as security for bank loans and issuance of bills payable	–	15,146
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	88,306	278,641

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the Period are authorised for issue in accordance with a resolution of the Directors passed on 28 August 2015.

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2014 Annual Report.

The Group recorded a consolidated net loss of approximately HK$156 million (six months ended 30 June 2014: approximately HK$240 million) during the Period and net current liabilities of approximately HK$234 million (31 December 2014: net current assets of approximately HK$224 million) as at 30 June 2015.

The validity of the going concern assumption on which the interim condensed consolidated financial statements are prepared is dependent on the Group's financial and operation plans as detailed in the "Fundamental uncertainties relating to going concern" paragraphs in the section headed "Update on Remedial Measures" of this report.

The interim condensed consolidated financial statements of the Group have been prepared on a going concern basis and therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014. The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

Amendments to HKAS 19 (2011)	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	*Amendments to a number of HKFRSs*
Annual Improvements 2011-2013 Cycle	*Amendments to a number of HKFRSs*

The adoption of these new and revised HKFRSs has no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	*Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for first HKFRSs financial statements and for annual periods beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

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

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

The management monitors the results of the Group's operating segments separately for the purpose of making decisions in relation to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and finance costs as well as corporate gains and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, the amount due to the ultimate holding company and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue is derived from customers based in Mainland China and in regions other than Mainland China. Another basis on which the Group reports its segment information is by geographical region.

(a) Business units information

	Corn refined products		Corn based sweetener products Six months ended 30 June		Total	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	481,635	743,470	449,441	755,832	931,076	1,499,302
Intersegment sales	95,163	288,526	–	–	95,163	288,526
	576,798	1,031,996	449,441	755,832	1,026,239	1,787,828
Reconciliation:						
Elimination of intersegment sales					(95,163)	(288,526)
Revenue					931,076	1,499,302
Segment results	(70,974)	(169,138)	(32,988)	(24,170)	(103,962)	(193,308)
Reconciliation:						
Bank interest income					483	1,567
Unallocated gains					6,939	111,627
Corporate and other unallocated expenses					(19,770)	(109,717)
Finance costs					(37,207)	(44,557)
Loss before tax					(153,517)	(234,388)

3. SEGMENT INFORMATION *(continued)*

(a) Business units information *(continued)*

	Corn refined products		Corn based sweetener products		Total	
	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Segment assets	1,228,082	1,160,586	1,033,733	1,249,289	2,261,815	2,409,875
Reconciliation:						
Elimination of intersegment receivables					(87,305)	(36,379)
Cash and cash equivalents					88,306	189,935
Corporate and other unallocated assets					195,247	165,021
Total assets					2,458,063	2,728,452
Segment liabilities	398,543	405,934	302,879	219,127	701,422	625,061
Reconciliation:						
Elimination of intersegment payables					(87,305)	(36,379)
Interest-bearing bank borrowings					947,500	1,041,250
Corporate and unallocated liabilities					128,790	174,620
Total liabilities					1,690,407	1,804,552

(b) Geographical information

	Mainland China		Regions other than Mainland China		Total	
			Six months ended 30 June			
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue:						
Revenue from external customers	884,563	1,413,344	46,513	85,958	931,076	1,499,302

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income and gains of the Group is as follows:

	Note	Six months ended 30 June 2015 (Unaudited) HK$'000	Six months ended 30 June 2014 (Unaudited) HK$'000
Other income and gains			
Gain on resumption of assets located in Luyuan District	6	—	102,669
Net gains arising from sale of packing materials and by-products		907	6,337
Bank interest income		483	1,567
Government grants*		—	753
Reversal of impairment of trade and bills receivables		1,838	—
Exchange gains, net		181	—
Others		4,013	1,868
Total		7,422	113,194

* Government grants represented government rewards awarded to certain subsidiaries of the Company located in Mainland China and no further obligations and conditions need to be complied with.

5. FINANCE COSTS

An analysis of finance costs of the Group is as follows:

	Six months ended 30 June 2015 (Unaudited) HK$'000	Six months ended 30 June 2014 (Unaudited) HK$'000
Interest on bank loans wholly repayable within five years	35,285	40,991
Finance costs for discounted bills receivables	1,922	4,121
Total interest expense on financial liabilities not at fair value through profit or loss	37,207	45,112
Less: interest capitalised	—	(555)
Total	37,207	44,557

6. LOSS BEFORE TAX

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

	Notes	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Cost of inventories sold		888,040	1,209,246
Depreciation	10	69,461	71,435
Amortisation of prepaid land lease payments		3,625	3,585
Foreign exchange differences, net		(181)	849
Write-down/(reversal of write-down) of inventories to net realisable value#		3,276	(38,847)
Gain on resumption of assets located in Luyuan District##	4	–	(102,669)
Impairment of goodwill##		–	102,472
(Reversal of impairment)/impairment of trade and bills receivables	13	(1,838)	13,366
Reversal of impairment of other receivables		–	(10,778)
(Gain)/loss on disposal of property, plant and equipment		(2)	4,134

\# Included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

\## Pursuant to the Company's announcement dated 7 January 2014, the Group was committed to commencing a plan to relocate its production facilities located on the land in the Luyuan District in response to the request of the local government to industrial companies to move their factories away from the central districts of the city which has been developed rapidly. The Group has entered into the Compensation Agreements on 30 December 2013 and 31 December 2013.

Certain assets are retained on the land in the Luyuan District and will not be relocated to the new production site. Goodwill of HK$149,950,000 is allocated to the land and these assets (collectively, the "Relevant Assets") to be retained in the Luyuan District pending for disposal to the local government.

The recoverable amount of the Relevant Assets together with the goodwill is determined based on (i) the management's estimated fair value of the resumption compensation to be received from the local government less (ii) the cost of disposal of the items of the Relevant Assets.

During the six months ended 30 June 2014, the Group received part of the resumption compensation amounting to RMB86,480,000 (approximately HK$108,100,000) and the Group recognised a gain on assets compensation of HK$102,669,000 based on the carrying value of certain items of the Relevant Assets held for sale of HK$5,431,000. Accordingly, there is a corresponding decrease in the recoverable amount of the Relevant Assets together with the goodwill after the above compensation was received and the carrying value of certain items of the Relevant Assets amounting to HK$5,431,000 was derecognised. Accordingly, impairment loss of goodwill amounting to HK$102,472,000 was recognised in other expenses during the six months ended 30 June 2014.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Current — Hong Kong	—	—
Current — Mainland China	2,727	4,321
Deferred	—	1,466
Tax charge for the period	2,727	5,787

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the periods ended 30 June 2015 and 30 June 2014.

The statutory tax rate for all subsidiaries in Mainland China was 25% for the six months ended 30 June 2015 (six months ended 30 June 2014: 25%).

The Group had accumulated tax losses arising in Hong Kong of approximately HK$59,852,000 (31 December 2014: HK$55,260,000) 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 five PRC subsidiaries of approximately HK$1,188,029,000 (31 December 2014: HK$1,055,131,000) 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 2017 to the year ending 31 December 2020. The Directors consider that no deferred tax assets should be 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.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share for the Period is based on the consolidated loss for the Period attributable to equity holders of the parent and the weighted average number of ordinary shares in issue during the Period of 1,527,586,000 (six months ended 30 June 2014: 1,527,586,000).

No adjustment has been made to the basic loss per share amounts for the six months ended 30 June 2015 and 30 June 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the Period (six months ended 30 June 2014: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
At 1 January 2015/1 January 2014		1,194,463	1,576,123
Additions		10,897	51,848
Disposals		(95)	(8,948)
Depreciation	6	(69,461)	(142,829)
Impairment		–	(262,633)
Exchange realignment		–	(19,098)
At 30 June 2015/31 December 2014		1,135,804	1,194,463

As at 30 June 2015, certain of the Group's property, plant and equipment with net carrying amounts of HK$573,027,000 (31 December 2014: HK$665,400,000) and HK$298,045,000 (31 December 2014: HK$143,177,000) were pledged to secure banking facilities granted to the Group and a fellow subsidiary held by the ultimate holding company, respectively.

Included in the Group's property, plant and equipment as at 30 June 2015, were items of HK$312,150,000 (31 December 2014: HK$348,057,000) which are identified by management to be recovered through sale pursuant to the relocation plan as imposed by the local government. These assets are located at the Luyuan District. In accordance with the current plan, management will not relocate these assets to the new production site. These assets are either operating under a less than normal capacity or idle at the reporting date due to the preparation of the relocation. Management has performed impairment assessment on these assets by comparing to their recoverable amounts and no impairment has been provided in the consolidation statement of profit or loss for the Period (31 December 2014: HK$262,633,000).

11. GOODWILL

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
At 1 January 2015/1 January 2014	–	183,538
Impairment during the period/year	–	(183,538)
At 30 June 2015/31 December 2014	–	–

During the year ended 31 December 2014, an impairment loss of HK$183,538,000 was recognised for the goodwill associated with the assets to be retained in the Luyuan District pending for disposal to the local government pursuant to a relocation plan.

For the details of the impairment during the year ended 31 December 2014, please refer to the 2014 Annual Report.

12. INVENTORIES

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Raw materials	63,563	101,258
Finished goods	79,937	111,323
Total	143,500	212,581

13. TRADE AND BILLS RECEIVABLES

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Trade receivables	322,510	422,203
Bills receivable	21,583	59,031
Impairment	(105,095)	(106,933)
Total	238,998	374,301

The Group normally gives credit terms of 90 days to established customers and credit terms of 180 days were given to one major customer with long term business relationship and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management.

Trade and bills receivables are non-interest-bearing. Significant concentration of risk exists where the Group has material exposures to trade and bills receivables from three customers located in Mainland China which accounted for 20% (31 December 2014: 31%) of the total trade and bills receivables as at 30 June 2015.

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

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Within 1 month	111,369	212,574
1 to 2 months	37,039	63,018
2 to 3 months	9,467	15,290
Over 3 months	81,123	83,419
Total	238,998	374,301

13. TRADE AND BILLS RECEIVABLES *(continued)*

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

	Note	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
At 1 January 2015/1 January 2014		106,933	78,561
Impairment losses recognised	6	—	44,836
Impairment losses reversed	6	(1,838)	—
Amount written off as uncollectible		—	(15,482)
Exchange realignment		—	(982)
At 30 June 2015/31 December 2014		105,095	106,933

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

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Neither past due nor impaired	177,070	293,106
Less than 1 month past due	693	3,053
1 to 3 months past due	1,651	1,972
Over 3 months past due	44,995	61,581
Total	224,409	359,712

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 consider 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.

Included in the Group's trade receivables are amounts due from the Group's fellow subsidiaries of HK$42,854,000 (31 December 2014: HK$70,796,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

As at 30 June 2015, a subsidiary of the Group has pledged trade receivables of approximately HK$8,927,000 (31 December 2014: Nil) to secure a bank loan.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2015, included in the prepayments, deposits and other receivables of HK$486,299,000 (31 December 2014: HK$396,753,000), there is a receivable amounting to approximately HK$349,000,000 (31 December 2014: approximately HK$354,000,000) due from Dajincang relating to the stock return of certain corn kernels to Dajincang by one of the Group's subsidiaries, Changchun Dihao in 2014. Dajincang has two directors in common with the Group's fellow subsidiaries located in Mainland China. Thus, Dajincang is deemed as a related party to the Group.

The amount due from Dajincang is unsecured, interest free and is repayable on 31 December 2015. It was agreed between the Group and Dajincang that the outstanding amount could be settled in the same quantity of corns in kind or in cash valued such returned goods at then prevailing market prices of corns in the even of resumption of the Group's production, but in any case not later than 31 December 2015.

None of the items of prepayments, deposits and other receivables are either past due or impaired or have recent history of default.

15. TRADE AND BILLS PAYABLES

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Trade payables	107,753	227,665
Bills payable	14,213	—
Total	121,966	227,665

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers, except for the purchase of corn kernels from farmers, which is normally settled on a cash basis. The carrying amounts of trade and bills payables approximate to their fair values.

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the date of the receipt of goods purchased, is as follows:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Within 1 month	20,925	185,895
1 to 2 months	33,756	3,369
2 to 3 months	18,317	1,970
Over 3 months	48,968	36,431
Total	121,966	227,665

Included in the Group's trade payables are amounts due to the Group's fellow subsidiaries of HK$21,838,000 (31 December 2014: HK$18,612,000) which are repayable on similar credit terms to those offered by the fellow subsidiaries to their major customers.

16. INTEREST-BEARING BANK BORROWINGS

	30 June 2015 (Unaudited)			31 December 2014 (Audited)		
	Effective interest rate %	Maturity	HK$'000	Effective interest rate %	Maturity	HK$'000
Current						
Bank loans — unsecured	5.36-6.77	2015/2016	666,250	3.84-6.30/ HIBOR	On demand/ 2015	396,250
Bank loans — secured	6.30-8.00	2015/2016	75,000	5.88-8.00	2015	75,000
			741,250			471,250
Non-current						
Bank loans — unsecured	–	–	–	6.00-8.00	2016/2017	357,500
Bank loans — secured	8.00	2016/2017	206,250	8.00	2016/2017	212,500
			206,250			570,000
			947,500			1,041,250

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	741,250	471,250
In the second year	12,500	370,000
In the third to fifth years	193,750	200,000
Total	947,500	1,041,250

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

At 30 June 2015, certain of the Group's bank borrowings were secured by the pledge of certain of the Group's trade receivable, property, plant and equipment and prepaid land lease payment amounting to HK$8,927,000 (31 December 2014: Nil), HK$573,027,000 (31 December 2014: HK$665,400,000) and HK$65,927,000 (31 December 2014: HK$56,348,000), respectively.

17. SHARE CAPITAL

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Authorised:		
100,000,000,000 (31 December 2014: 100,000,000,000) ordinary shares of HK$0.10 each	10,000,000	10,000,000
Issued and fully paid:		
1,527,586,000 (31 December 2014: 1,527,586,000) ordinary shares of HK$0.10 each	152,759	152,759

18. CONTINGENT LIABILITIES

Certain subsidiaries of the Group established in Mainland China, together with certain fellow subsidiaries also established in Mainland China had jointly provided the corporate guarantees to a bank in Mainland China in respect of the banking facilities granted to Dajincang starting from year 2010. The maximum amount of the banking facilities was RMB3 billion (approximately HK$3.75 billion) in aggregate as at each of the year ends of 2010, 2011, 2012 and 2013, and was reduced to RMB2.5 billion (approximately HK$3.13 billion) in aggregate as at 31 December 2014 and 30 June 2015. Management has tried to engage a professional valuer to assess the fair value of these guarantees. As management was in the process of negotiation to obtain sufficient financial information of Dajincang, the professional valuer was unable to complete the related valuation and therefore no fair value assessment was made possible.

Save as disclosed above, the Group did not have any significant contingent liabilities at the end of the reporting period.

19. COMMITMENTS

The Group had capital commitments as follows:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Contracted, but not provided for:		
Leasehold buildings	7,786	23,882
Plant and machinery	966	8,142
Total	8,752	32,024

20. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the Period, the following major related party transactions were noted:

	Notes	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Purchases from fellow subsidiaries			
— corn starch	(i)	18,252	74,636
Sales to fellow subsidiaries			
— corn sweeteners	(ii)	—	496
— corn starch and By-products	(ii)	—	21,904
Reimbursement of cost of utilities provided by a fellow subsidiary	(iii)	1,272	37,485
Agency fee charged by a fellow subsidiary	(iv)	—	3,387

(i) The Group sourced corn starch from fellow subsidiaries. These purchases were made at prices based on the mutual agreements between the parties.

(ii) The Group sold corn sweetener products, corn starch and by-products to fellow subsidiaries. These sales were made at prices mutually agreed between the parties.

(iii) The Group used the utility facilities provided by a fellow subsidiary. The utility costs were charged based on actual costs incurred.

(iv) 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 prices based on mutual agreement between the parties.

(b) Compensation of key management personnel of the Group

	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Short term employee benefits	3,113	3,657
Post-employment benefits	18	16
Total compensation paid to key management personnel	3,131	3,673

(c) Balances with the related parties

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 balances approximate to their fair values.

20. RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with Dajincang

Dajincang is a company beneficially owned by the Labour Union. Dajincang has a director in common with certain of the Group's fellow subsidiaries in Mainland China. Thus, Dajincang is deemed as a related party of the Group. There was no purchases from Dajincang during the Period (30 June 2014: HK$248 million).

As at 30 June 2015, the other receivables due from Dajincang amounted to approximately HK$349 million (31 December 2014: HK$354 million).

(e) Other transactions with related parties

As at 30 June 2015, leasehold buildings and prepaid land lease payment of the Group amounting to HK$298,045,000 (31 December 2014: HK$143,177,000) and HK$92,084,000 (31 December 2014: HK$20,432,000), respectively were pledged to secure the banking facilities of a fellow subsidiary.