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GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

**(1) NEW MASTER AGREEMENTS
FOR CONTINUING CONNECTED TRANSACTIONS;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF EGM**

**Independent Financial Adviser to
Independent Board Committee and Independent Shareholders**



A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from Octal Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 48 of this circular.

A notice convening the EGM to be held at Room 1, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Friday, 8 April 2016 is set out on pages 58 to 60 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *for identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“CCT Executive Committee”	the independent management team comprising two disinterested Directors, namely Mr. Fu Qiang and Ms. Zhang Yaohui, established by the Board and responsible for monitoring, review and management of the continuing connected transactions between the Group and the GBT Group
“CCT Supervisory Committee”	the committee comprising the independent non-executive Directors established by the Board to supervise the CCT Executive Committee
“Changchun Group”	the Company and its subsidiaries which have or will have their production facilities established in Changchun, the PRC and which require, as the case may be, (i) in respect of the New Utilities Master Supply Agreement, require the supply and provision of the utilities and wastewater treatment services from the GBT Group; and/or (ii) in respect of the New Corn Starch Master Purchase Agreement, require the supply of corn starch from members of the GBT Group
“Company”	Global Sweeteners Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 1, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Friday, 8 April 2016, the notice of which is set out on pages 58 to 60 of this circular, and any adjournment thereof

DEFINITIONS

“Existing Corn Starch Master Purchase Agreement”	the agreement dated 30 August 2012 and entered into between the GBT Group as supplier and the Group as purchaser in relation to the purchase of corn starch by the Group from the GBT Group for the term commencing from 1 January 2013 and ended on 31 December 2015
“Existing Utilities Master Supply Agreement”	the agreement dated 30 August 2012 and entered into between the GBT Group as supplier and the Group as customer in relation to the supply of electricity, water and steam and the provision of wastewater treatment services by the GBT Group to the Group for the term commencing from 1 January 2013 and ended on 31 December 2015
“GBT”	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange and the controlling shareholder of the Company
“GBT Group”	GBT and its subsidiaries which, for the purpose of this circular, excludes the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People’s Republic of China
“Huadong Region”	the eastern coastal area of the PRC that include the provinces of Anhui, Fujian, Jiangsu, Jiangxi, Shandong and Zhejiang as well as the municipality of Shanghai
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Master Agreements and the related annual caps

DEFINITIONS

“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Master Agreements
“Independent Shareholders”	Shareholder(s) other than GBT and its associates, and all other Shareholders interested in the New Master Agreements
“Independent Third Party(ies)”	third party or parties and who and whose ultimate beneficial owner(s) are independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Latest Practicable Date”	18 March 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Lysine and Other Products”	lysine and other corn-refined products of the GBT Group from time to time such as corn starch, gluten meal, modified starch, fibre and corn oil
“Master Sales Agreement”	the agreement to be entered into between the GBT Group as seller and the Group as distributor on the date of approval by the Independent Shareholders at the EGM pursuant to which the GBT Group agreed to appoint the Group as its distributor for the distribution of its Lysine and Other Products for the term commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and ending 31 December 2018
“MT”	metric tonne

DEFINITIONS

“New Corn Starch Master Purchase Agreement”	the agreement to be entered into between the GBT Group as supplier and the Group as purchaser on the date of approval by the Independent Shareholders at the EGM in relation to the purchase of corn starch by the Group from the GBT Group for the term commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and ending 31 December 2018
“New Master Agreements”	collectively, the New Utilities Master Supply Agreement, the New Corn Starch Master Purchase Agreement and the Master Sales Agreement
“New Utilities Master Supply Agreement”	the agreement to be entered into between the GBT Group as supplier and the Group as customer on the date of approval by the Independent Shareholders at the EGM in relation to the supply of electricity, water and steam and the provision of wastewater treatment services by the GBT Group to the Group for the term commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and ending 31 December 2018
“PRC”	People’s Republic of China
“Prescribed Guidelines”	detailed rules and guidelines devised by the CCT Supervisory Committee from time to time in respect of the continuing connected transactions between the Group and the GBT Group
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinglongshan Site”	the production facilities site of the Group in Xinglongshan, Changchun, the PRC
“%”	per cent.

LETTER FROM THE BOARD



GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

Executive Directors:

Mr. Wang Jian

Mr. Kong Zhanpeng

Non-executive Directors:

Mr. Fu Qiang

Ms. Zhang Yaohui

Independent non-executive Directors:

Mr. Ho Lic Ki

Mr. Lo Kwing Yu

Mr. Yuen Tsz Chun

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 1104

Admiralty Centre

Tower I

18 Harcourt Road

Hong Kong

21 March 2016

To the Shareholders

Dear Sir or Madam,

**(1) NEW MASTER AGREEMENTS
FOR CONTINUING CONNECTED TRANSACTIONS;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF EGM**

1. INTRODUCTION

In the announcement of the Company dated 26 February 2016, the Company announced that the Group proposed to enter into the New Master Agreements which constitute continuing connected transactions of the Company.

* *for identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM relating to the New Master Agreements and the related annual caps and the re-election of Director.

2. NEW MASTER AGREEMENTS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 30 August 2012 in relation to, among others, the Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement, and the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to, among others, the suspension and relocation of production operation of the Group at Luyuan District in Changchun.

The Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement expired on 31 December 2015. As it is expected that members of the Group in Changchun will gradually resume the production of downstream products, the provision and supply of electricity, water, steam and wastewater treatment services and the supply of corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. It is also expected that, after the relocation of the production facilities of the Group to the Xinglongshan Site, the Group will continue to utilise the electricity, water, steam and wastewater treatment facilities of the production facilities of the GBT Group there (which are adjacent to that of the Group) and can continue to source corn starch from the GBT Group. In addition, members of the Group may also purchase corn starch (either in powder or slurry form) from the GBT Group as one of its principal production materials for the Group's production. As such, it is proposed that the Company (for itself and as trustee for the benefit of other members of the Group) shall enter into the New Corn Starch Master Purchase Agreement and the New Utilities Master Supply Agreement with GBT (for itself and as trustee for the benefit of other members of the GBT Group) on and with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2018.

In addition, as the GBT Group has not set up any sales office in the Huadong Region while the Group has established an experienced sales team in the Huadong Region, it is commercially desirable for the GBT Group to market and sell its Lysine and Other Products in the Huadong Region utilizing the established sales team of the Group as the GBT Group would be able to benefit from higher efficiency and transparency in its sales operation. As such, it is proposed that GBT (for itself and as trustee for the benefit of other members of the GBT Group) shall enter into the Master

LETTER FROM THE BOARD

Sales Agreement with the Company (for itself and as trustee for the benefit of other members of the Group) for the distribution of Lysine and Other Products by the Group in the Huadong Region on and with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2018.

(a) New Corn Starch Master Purchase Agreement

Principal terms of the New Corn Starch Master Purchase Agreement

Pursuant to the New Corn Starch Master Purchase Agreement, the Group will purchase corn starch in the form of starch slurry or powder form from the relevant member of the GBT Group at prices to be from time to time determined by the relevant members of the GBT Group and the Group on arm's length basis and with reference to pricing method and procedures as explained below, and on such other standard terms of sale and purchase from time to time.

Pursuant to the New Corn Starch Master Purchase Agreement, the GBT Group shall be responsible for the delivery of the corn starch to the production plants of the Group or such other locations as from time to time designated by the Group, and the purchase price for corn starch shall be inclusive of transportation and packaging of the corn starch so purchased. In relation to corn starch in the form of starch slurry, the GBT Group will procure the delivery of corn starch slurry to the Group's Changchun production plants by way of starch pipeline. There are meters between the Changchun Group's and the relevant GBT Group member's production plants in Changchun measuring the amount of corn starch slurry consumed. The payment terms for the products will be set out in the purchase order for each order to be placed under the New Corn Starch Master Purchase Agreement, provided that the purchase price shall be payable by the relevant member of the Group within 60 days after the date of the relevant invoice issued by the relevant member of the GBT Group or such longer period as the parties may agree. The New Corn Starch Master Purchase Agreement is for a term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018 unless terminated earlier by three months' written notice by either party.

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Pricing method and procedures

In order to ascertain the prevailing market rates of corn starch in the form of starch slurry or powder from time to time and to ensure that the terms offered by the GBT Group to the Group are on normal commercial terms, pursuant to the Prescribed Guidelines, the CCT Executive Committee would obtain market selling prices of corn starch according to the following procedures:

- (1) the CCT Executive Committee will obtain quotation from at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) Independent Third Parties supplier(s) and compare it with the terms offered by the GBT Group for supply of corn starch of comparable quantities and specifications to its Independent Third Parties customers;
- (2) the total purchase price and terms for the purchase of corn starch in the form of corn starch slurry shall be determined by using the lower of (i) the average unit selling price of corn starch offered by the GBT Group to its independent customers, 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 for the relevant month up to the price determination date; and (ii) the quotations from independent supplier(s) for purchase of corn starch of comparable specifications and quantities plus (if not included as part of the purchase price) any additional cost (such as transportation, storage and/or insurance costs) to be incurred by the Group in order for the Group to purchase corn starch from such independent supplier(s) for the relevant month up to the price determination date; and
- (3) the total purchase price and terms for the purchase of corn starch in the form of corn starch powder shall be determined by using the lower of (i) the average unit selling price of corn starch offered by the GBT Group to its independent customers for the relevant month up to the price determination date; and (ii) the quotations from independent supplier(s) for purchase of corn starch of comparable specifications and quantities plus (if not included as part of the purchase price) any additional cost (such as transportation, storage and/or insurance costs) to be incurred by the Group in order for the Group to purchase corn starch from such independent supplier(s) for the relevant month up to the price determination date.

LETTER FROM THE BOARD

Proposed annual caps

The Directors expect that the Group will purchase 228,000MT, 264,000MT and 300,000MT of corn starch (either in powder or slurry form) from the GBT Group for each of the three years ending 31 December 2018, which is expected to constitute 25.8%, 29.9% and 34.0% of the total corn starch to be used by the Group for each of the three years ending 31 December 2018, respectively, and the aggregate purchase prices payable by the Group for the purchase of corn starch (either in powder or slurry form) from the GBT Group by the Group for each of the three years ending 31 December 2018 will not exceed HK\$716.1 million, HK\$870.7 million and HK\$1,038.9 million, respectively.

The proposed annual caps for each of the three years ending 31 December 2018 are determined by the Directors by reference to (i) the historical usage volumes of corn starch by the Group for the each of the three years ended 31 December 2015 being approximately 525,858MT, 317,674MT and 174,268MT respectively; (ii) the gradual resumption of production of the Group's downstream products; (iii) the estimated demand of corn starch by the Group's Changchun and Shanghai operations; (iv) the prevailing market price and the expected increase in the price of corn starch at the rate of 5% per year for the three years ending 31 December 2018 taking into consideration of an estimated inflation rate of 5% in the PRC, and with reference to the historical corn starch price at the end of year 2015; (v) an expected improvement in cash flow and financial position of the Group, and (vi) the assumption that the selling price of corn starch by the GBT Group will remain competitive as a result of, among others, its cost advantage arising from corn procurement subsidies from the local government in Changchun.

The aggregate amount of fees paid by the Group to the GBT Group in respect of the purchase of corn starch from the GBT Group for the three years ended 31 December 2015 was approximately HK\$113,000, HK\$91.8 million and HK\$55.3 million respectively, which were significantly lower from the proposed annual caps for the three years ending 31 December 2018. The low historical transaction amount in 2013 was mainly due to the poor demand in corn starch in 2013 resulted from the then poor market sentiment, while the decreasing trend in historical transaction amounts for the years 2014 and 2015 was mainly due to the suspension of production at the Group's Changchun plant since early 2014 pending relocation of facilities to the Xinglongshan Site. Nevertheless, based on the reasons as set out above, it is expected that the demand of corn starch by the Group will increase for the three years ending 31

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December 2018, and the Directors were of the view that the proposed annual caps are reasonable. The Directors expect that approximately 52.6%, 56.8% and 60.0% of the proposed annual caps for the three years ending 31 December 2018 will be directed to serve the production needs of the Changchun Group while the remaining 47.4%, 43.2% and 40.0% of the proposed annual caps for the three years ending 31 December 2018 will be directed to serve the production needs of the Group's Shanghai operations.

Reasons for the continuing connected transactions

Reference is made to the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to among others, the suspension and relocation of production facilities of the Group at Luyuan District in Changchun pending its relocation of production facilities to the Xinglongshan Site. Taking into consideration that the extreme cold weather in the region during the first quarter of 2016 would hinder the relocation of production facilities of the Group to the Xinglongshan Site, the Group has halted its relocation of production facilities to the Xinglongshan Site until the end of the first quarter of 2016. In light of the changes of plan and schedule for the relocation of the production facilities of the Group, and in order to optimize the utilization of the Group's production facilities for downstream products to meet the market demand, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. In addition, considering the poor market sentiment for corn refined products and the provincial variance in government subsidies for corn procurement which results in significantly higher net corn purchase cost in Jinzhou than that in Changchun, the cost of production for the Group's upstream products at its production plant at Jinzhou, particularly corn starch which is produced for the Group's production of its downstream products in Shanghai, had increased substantially. As such, the Group has decided to suspend its production at the Group's facilities in Jinzhou with immediate effect. As the Group had suspended its upstream production in Changchun since March 2014, the upstream production of the Group in Jinzhou represented approximately 52% and 60% of the revenue and operating loss of the Group for the year ended 31 December 2014 respectively, and represented approximately 52% and 68% of revenue and operating loss of the Group for the six months ended 30 June 2015 respectively.

LETTER FROM THE BOARD

The Board is studying the feasibility of purchasing subsidized corn kernels from Changchun for its upstream production in the long run so as to enjoy lower raw material costs. It is expected that the production in Jinzhou will be resumed upon Jilin's government approval for such proposal, or when market sentiment improves. To meet the production needs of the Group's production facilities at Changchun and Shanghai, members of the Group may purchase corn starch (either in powder or slurry form) from the GBT Group as one of its principal production materials for the Group's corn sweetener products.

After the suspension of production of upstream products, particularly corn starch, at the production facilities of the Group in Changchun in March 2014 and prior to the suspension of production of downstream products at the production facilities of the Group in Luyuan District in Changchun in March 2015, the Group had been sourcing corn starch from the GBT Group as one of the principal production materials for the Group's production. The Directors consider that the purchase of corn starch from the GBT Group under the New Corn Starch Master Purchase Agreement is beneficial to the Group as the GBT Group has a proven track record of quality products and the Group can source reliable supply and consistent quality of production materials. In addition, in relation to members of the Group and GBT Group in Changchun, owing to the close proximity of the existing production facilities of the Group and the GBT Group in Luyuan District in Changchun and the future production facilities in Xinglongshan in Changchun, the supply of corn starch by the GBT Group to the Group in slurry form through a pipeline arrangement could largely save the Group's processing, packaging, dehumidifying, storage, transportation and other related costs.

The terms and conditions of the New Corn Starch Master Purchase Agreement were negotiated between the parties to it on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the New Corn Starch Master Purchase Agreement are fair and reasonable and the continuing connected transactions under the New Corn Starch Master Purchase Agreement are on normal commercial terms that will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps for the continuing connected transactions under the New Corn Starch Master Purchase Agreement for each of the three years ending 31 December 2018 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) New Utilities Master Supply Agreement

Principal terms of the New Utilities Master Supply Agreement

Pursuant to the New Utilities Master Supply Agreement, the GBT Group shall procure the supply of electricity, water and steam and the provision of wastewater treatment services to the Changchun Group on arm's length basis and with reference to the actual cost incurred by the GBT Group for its provision of such services. The fees payable by the Changchun Group shall be settled on a monthly basis and shall be payable by the Changchun Group within 90 days after the date of the relevant invoice issued by the GBT Group or such longer period as the parties may agree.

The New Utilities Master Supply Agreement shall have a term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018, with an option by the Group, but not the GBT Group, to renew the term for three years on the expiry of such term and on the expiry of every successive period of three years thereafter (subject however to the compliance by the Company and GBT of the applicable Listing Rules), unless terminated earlier by three months' written notice by the Group. The GBT Group shall indemnify and hold the Group fully indemnified against any claims, damages, losses, costs and expenses arising out of or in connection with any breach of obligations in the course of providing its services under the New Utilities Master Supply Agreement, including any failure to comply with the applicable national and provincial environmental protection laws and regulations in respect of the discharge of wastewater and other waste by its wastewater treatment facilities, or any failure or disruption in providing its services to the Group other than as a result of any force majeure events such as war, calamity or any other events which are beyond the control of the GBT Group.

LETTER FROM THE BOARD

Proposed annual caps

The Directors expect that the aggregate fees payable by the Changchun Group to the GBT Group for the supply of utilities services by the GBT Group to the Changchun Group for each of the three years ending 31 December 2018 will not exceed HK\$44.6 million, HK\$48.6 million and HK\$60.5 million, respectively.

The proposed annual caps for each of the three years ending 31 December 2018 are determined by the Directors with reference to (i) the gradual resumption of production of the Group's downstream products and therefore an expected increase in the demand for supply of electricity, water and steam and the provision of wastewater treatment services from the GBT Group by the Changchun Group; and (ii) the estimated price per unit of the utilities based on the recent historical transactions, and taking into account the estimated inflation rate in the PRC at 5% per annum. The Directors noted that the aggregate amount of fees paid by the Changchun Group to the GBT Group in respect of the provision of utilities services by the GBT Group for the three years ended 31 December 2015 was approximately HK\$184.3 million, HK\$39.1 million and HK\$3.1 million, which might have shown a decreasing trend in the usage of utilities from the GBT Group by the Group. Such decrease was mainly due to the suspension of production at the Group's Changchun plant since early 2014 pending relocation of facilities to the Xinglongshan Site. Given that the level of the usage of electricity, steam and wastewater treatment services was directly proportional to the level of production, with the gradual resumption of production at the Group's Changchun plant and the proposed production plans of the Group, the usage of utilities services is therefore expected to increase.

Reasons for the continuing connected transactions

Due to the reasons as set out in the paragraph headed "(a) New Corn Starch Master Purchase Agreement — Reasons for the continuing connected transactions" above, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, electricity, water, steam and wastewater treatment services by the GBT Group for the production facilities of the Group in Changchun would be required. It is also expected that, after the relocation of the production facilities of the Group to the Xinglongshan

LETTER FROM THE BOARD

Site, the Changchun Group will continue to utilise the electricity, water, steam and wastewater treatment facilities of the production facilities of the GBT Group there (which are adjacent to that of the Group).

Prior to the suspension of operation of all the production facilities of the Group in Changchun in March 2015, the GBT Group has been providing utilities services including electricity, water, steam and wastewater treatment services to the Changchun Group on a recurring basis. The Directors consider that it is for the commercial benefit of the Changchun Group to source utilities services from the GBT Group to achieve economies of scale. The Directors also consider that it is for the commercial benefit of the Changchun Group to source such utilities services from the GBT Group instead of incurring capital expenditure or additional cost for construction of its own facility or sourcing from third party suppliers, as the price is determined with reference to the actual cost incurred by the GBT Group for its provision of such services, which is on normal commercial terms and on price not higher than that sourced by the Changchun Group from Independent Third Parties. Further, since the GBT Group has been acting as the administrator in dealing with local electricity and water suppliers for the supply of electricity and water for the Changchun Group, administrative time and costs are saved by the Changchun Group in this respect.

The terms and conditions of the New Utilities Master Supply Agreement were negotiated between the parties to it on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the New Utilities Master Supply Agreement are fair and reasonable and the continuing connected transactions under the New Utilities Master Supply Agreement are on normal commercial terms that will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the view that the proposed annual monetary caps for the continuing connected transactions under the New Utilities Master Supply Agreement for each of the three years ending 31 December 2018 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(c) **Master Sales Agreement**

Principal terms of the Master Sales Agreement

Pursuant to the Master Sales Agreement to be entered into between GBT (for itself and as trustee for the benefit of other members of the GBT Group) and the Company (for itself and as trustee for the benefit of other members of the Group), the GBT Group shall appoint the Group as distributor for the distribution of the GBT Group's Lysine and Other Products in the Huadong Region.

The GBT Group shall maintain the consignment stock of Lysine and Other Products at the premises of the Group at a level as required by the Group from time to time. Prior to the selling of consignment stock of Lysine and Other Products by the Group, the consignment stock remains as property of the GBT Group and GBT Group shall bear the risk of any incidental loss or damages to the consignment stock. The Group, on the other hand, is responsible to insure the consignment stock against fire, theft and detriment by a third party. The purchase price of the consignment stock sold during the relevant calendar month shall be determined on arm's length basis and with reference to pricing method and procedures as explained below. There is no requirement under the Master Sales Agreement in respect of the minimum amount of the Lysine and Other Products to be purchased and/ or resold by the Group, or the minimum or recommended selling prices of the Lysine and Other Products to be resold by the Group. The Master Sales Agreement is for a term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018 unless terminated earlier by three months' written notice by either party.

Pricing method and procedures

Under the Master Sales Agreement, the purchase price of the consignment stock of Lysine and Other Products sold by the Group during the relevant calendar month shall be the prevailing ex-factory price of the relevant Lysine and Other Products then offered by the GBT Group to its Independent Third Party distributors or customers, plus the actual additional packaging, transportation and/or insurance costs to be incurred by the GBT Group for the transportation and delivery of the relevant Lysine and Other Products to the facilities of the members of the Group as from time to time designated by the Group. The parties have further agreed that the terms and conditions of each

LETTER FROM THE BOARD

sale and purchase (including payment terms) shall in any event be no less favourable to the Group than those offered by the GBT Group to Independent Third Party distributor(s) of its Lysine and Other Products, and the purchase prices shall be payable by the Group within 30 days after the date of the relevant invoice issued by the GBT Group to the Group (that is, approximately 60 days from the delivery of the products), or such longer period as the parties may agree. In order to ensure such pricing method and procedures will be observed and followed in conducting each transaction, the CCT Executive Committee will be responsible for monitoring, reviewing and managing the transactions contemplated between the Group and the GBT Group under the Master Sales Agreement, and to ensure that the relevant annual caps for the three years ending 31 December 2018 will not be exceeded. Quarterly reports will be prepared by the CCT Executive Committee to report on whether the fees charged by the GBT Group in respect of the sale of Lysine and Other Products during the relevant review period had been charged in accordance with the Master Sales Agreement. Such quarterly reports will in turn be reviewed by the CCT Supervisory Committee, which details of findings of the CCT Supervisory Committee will be published by the Company by way of announcement(s). In addition, the terms of the Master Sales Agreement do not restrict the Group from purchasing from or selling lysine and other corn-refined products (if necessary) from Independent Third Parties should terms and conditions of sale and purchase offered by such parties are more favorable to the Group than those offered by the GBT Group to the Group or should the need arises.

Proposed annual caps

The Directors expect that through the distribution arrangement mentioned above, the Group will purchase 22,600MT, 37,200MT and 51,600MT of Lysine and Other Products from the GBT Group for each of the three years ending 31 December 2018 respectively, and the aggregate purchase prices payable by the Group for the purchase of Lysine and Other Products from the GBT Group for each of the three years ending 31 December 2018 will not exceed HK\$118.5 million, HK\$222.5 million and HK\$336.0 million, respectively.

The proposed annual caps for each of the three years ending 31 December 2018 are determined by the Directors based on (i) the amount of Lysine and Other Products actually sold by the GBT Group through various sales channels in the Huadong Region for the past years and the expected gradual increase in sales volume upon continual development in the Group's sales channels

LETTER FROM THE BOARD

therefor; (ii) the GBT Group's sales target in Huadong Region; (iii) the historical selling price of Lysine and Other Products for the three years ended 31 December 2015, taking into account the expected increase in the market selling price of Lysine and Other Products at the rate of 5% per year for the three years ending 31 December 2018 in light of an estimated inflation rate of 5% in the PRC.

Reasons for the continuing connected transactions

So far as the Directors understand, the GBT Group has not set up any sales office in the Huadong Region. It has been selling its Lysine and Other Products in the Huadong Region through various sales channels in the past. While the Group has established an experienced sales team in the Huadong Region, it is expected that by entering the Master Sales Agreement, the Group will be able to capture this business opportunity to diversify its source of income by utilizing its established sales team for the marketing and selling of the GBT Group's Lysine and Other Products in the Huadong Region. As Lysine and Other Products would be supplied by the GBT Group to the Group on consignment basis, the arrangement would pose minimal inventory risk for the Group. Further, the principal activities of the Group is the manufacture and sale of corn refined products and corn-based sweetener products of the Group, and that the Group's sales team have been serving its customers from the feed manufacturing industry and animal farming industry. Lysine is a major feed additive for a wide range of livestock and poultry animals, and the targeted customers of lysine products overlap with the targeted customers of feed products such as gluten meal and fibre. As such, coupling with the expertise of the Group's sales team in the sales and marketing of upstream products including corn starch, feed products, gluten meal and fibre and corn oil, it is expected that the sale of Lysine and Other Products by the Group will create a synergistic effect to the businesses of the Group and allows the Group to offer better product mix to its customers through selling Lysine and Other Products.

The terms and conditions of the Master Sales Agreement were negotiated between the parties to it on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Master Sales Agreement are fair and reasonable and the continuing connected transactions under the Master Sales Agreement are on normal commercial terms that will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps for the continuing connected transactions under the Master Sales Agreement for each of the three years ending 31 December 2018 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. IMPLICATIONS UNDER THE LISTING RULES

The Group is principally engaged in the production and sale of corn refined products and corn based sweetener products. The GBT Group is principally engaged in the manufacture and sale of corn refined products and corn based biochemical products.

As at the Latest Practicable Date, GBT is the controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. Accordingly, the transactions contemplated under the New Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the annual caps under each of the New Master Agreements for each of the three years ending 31 December 2018 are expected to represent more than 5% of each of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million each, the continuing connected transactions under each of the New Master Agreements and the annual caps therefor are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. DISCLOSURE OF DIRECTORS' INTERESTS

Mr. Kong Zhanpeng, an executive Director, is interested in approximately 4.07% of the issued share capital of GBT through his interest as beneficial owner and interest in Hartington Profits Limited, and is the chief executive officer of GBT. In addition, Mr. Wang Jian, an executive Director, is also the executive director of GBT. As such, both Mr. Kong and Mr. Wang are considered to have material interests in the New Master Agreements and have abstained from voting on the Board resolutions approving the New Master Agreements. Other than Mr. Kong Zhanpeng and Mr. Wang Jian, no Director has a material interest in the New Master Agreements.

LETTER FROM THE BOARD

5. RE-ELECTION OF DIRECTOR

Pursuant to article 112 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. By virtue of article 112 of the articles of association of the Company, Mr. Yuen Tsz Chun being eligible, will offer himself for re-election as Director at the EGM.

Biographical information of Mr. Yuen Tsz Chun is set out in Appendix II to this circular.

6. EGM

The Company will convene the EGM at Room 1, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Friday, 8 April 2016 to consider and, if thought fit, approve the New Master Agreements and the related annual caps and the re-election of Director. A notice of the EGM is set out on pages 58 to 60 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

GBT and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the New Master Agreements, are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the continuing connected transactions under the New Master Agreements and the related annual caps.

To the best knowledge of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, GBT and its associates held an aggregate of 978,278,000 Shares, representing approximately 64.04% of the entire issued share capital of the Company as at the Latest Practicable Date.

A form of proxy for use at the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider that the continuing connected transactions under the New Master Agreements and the related annual caps are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions in the terms as set out in the notice of the EGM.

8. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 21 to 22 of this circular which contains its advice to the Independent Shareholders regarding the continuing connected transactions under the New Master Agreements and the related annual caps, the Letter From Octal Capital set out in pages 23 to 48 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions under the New Master Agreements and the related annual caps and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the Appendix I to this circular.

By order of the Board
Global Sweeteners Holdings Limited
Wang Jian
Chairman



GLOBAL SWEETENERS HOLDINGS LIMITED

大成糖業控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

21 March 2016

To the Independent Shareholders

Dear Sir or Madam,

**(1) NEW MASTER AGREEMENTS
FOR CONTINUING CONNECTED TRANSACTIONS;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF EGM**

We refer to the circular issued by the Company to its shareholders and dated 21 March 2016 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the New Master Agreements constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of the New Master Agreements and the related annual caps and to advise the Independent Shareholders in connection with the continuing connected transactions as contemplated under each of the New Master Agreements as to whether, in our opinion, the terms of the New Master Agreements and the related annual caps are fair and reasonable and whether such continuing connected transactions are in the interests of the Company and its Shareholders as a whole. Octal Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from Octal Capital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Octal Capital as set out in its letter of advice, we consider that the respective terms and conditions of the New Master Agreements and the related annual caps are fair and reasonable. We also consider that the respective continuing connected transactions as contemplated under the New Master Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the continuing connected transactions as contemplated under the New Master Agreements and the related annual caps at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Ho Lic Ki

Lo Kwing Yu

Yuen Tsz Chun

Independent non-executive Directors

LETTER FROM OCTAL CAPITAL



金融有限公司
OCTAL Capital Limited

Octal Capital Limited
801-805, 8th Floor, Nan Fung Tower
88 Connaught Road Central
Hong Kong

21 March 2016

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Master Agreements and the transactions contemplated thereunder and the relevant proposed annual caps for each of the three years ending 31 December 2018 (the “**Proposed Caps**”), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the shareholders (the “**Shareholders**”) of the Company dated 21 March 2016 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

The Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement expired on 31 December 2015. As it is expected that members of the Group in Changchun will gradually resume the production of downstream products, the provision and supply of electricity, water, steam and wastewater treatment services and the supply of corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. It is also expected that, after the relocation of the production facilities of the Group to the Xinglongshan Site, the Group will continue to utilise the electricity, water, steam and wastewater treatment facilities of the production facilities of the GBT Group there (which are adjacent to that of the Group) and can continue to source corn starch from the GBT Group. In addition, members of the Group may also purchase corn starch (either in powder or slurry form) from the GBT Group as one of its principal production materials for the Group’s production. As such, it is proposed that the Company (for itself and as trustee for the benefit of other members of the Group) will enter into the New Corn Starch Master Purchase Agreement and the New Utilities Master Supply Agreement with GBT (for itself and as trustee for the benefit of other members of the GBT Group) on and with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2018.

LETTER FROM OCTAL CAPITAL

In addition, as the GBT Group has not set up any sales office in the Huadong Region while the Group has established an experienced sales team in the Huadong Region, it is commercially desirable for the GBT Group to market and sell its Lysine and Other Products in the Huadong Region utilizing the established sales team of the Group as the GBT Group would be able to benefit from higher efficiency and transparency in its sales operation. As such, it is proposed that GBT (for itself and as trustee for the benefit of other members of the GBT Group) will enter into the Master Sales Agreement with the Company (for itself and as trustee for the benefit of other members of the Group) for the distribution of Lysine and Other Products by the Group in the Huadong Region on and with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2018.

As at the Latest Practicable Date, GBT is a substantial Shareholder holding in aggregate approximately 64.04% of the issued share capital of the Company. Therefore, the transactions contemplated under the New Master Agreements constitute continuing connected transactions (the “**Continuing Connected Transactions**”) of the Company under Chapter 14A of the Listing Rules. Since the annual caps under each of the New Master Agreements for each of the three years ending 31 December 2018 are expected to represent more than 5% of each of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million each, the Continuing Connected Transactions and the annual caps therefor are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In this connection, the Company will seek the Independent Shareholders’ approval for the Continuing Connected Transactions and the Proposed Caps at the EGM, at which resolutions to be proposed at the EGM will be taken by poll. At the EGM, GBT and its associates and all other Shareholders interested in the New Master Agreements are required to abstain from voting on the resolution(s) in relation to the Continuing Connected Transactions and the Proposed Caps. In addition, the Independent Board Committee has been established to advise the Independent Shareholders whether the terms and conditions of the New Master Agreements and the Proposed Caps are fair and reasonable, and whether the Continuing Connected Transactions and the Proposed Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Independent Shareholders as a whole. In this regard, we have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

LETTER FROM OCTAL CAPITAL

We are not connected with the directors, chief executive and substantial shareholders of the Company, the Group, the GBT Group or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the GBT Group or the directors, chief executive and substantial shareholders of the Company or GBT or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussions with the management of the Company regarding the Group, the Continuing Connected Transactions, the New Master Agreements and the Proposed Caps including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the GBT Group and their respective associates nor have we carried out any independent verification of the information supplied.

THE CONTINUING CONNECTED TRANSACTIONS

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the New Master Agreements and the Proposed Caps, we have considered the following principal factors and reasons:

1. *Background of and reasons for entering into the New Master Agreements and the Proposed Caps*

The Group is principally engaged in the production and sale of corn refined products and corn based sweetener products. Pursuant to the Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement, the GBT

LETTER FROM OCTAL CAPITAL

Group had been supplying corn starch and utilities services to the Group. Such continuing connected transactions and the relevant annual caps had been approved at an extraordinary general meeting of the Company held on 14 November 2012 by way of poll. The Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement expired on 31 December 2015.

Reference is made to the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to, among others, the suspension and relocation of production operation of the Group at Luyuan District in Changchun. As it is expected that members of the Group in Changchun will gradually resume the production of downstream products, the provision and supply of electricity, water, steam and wastewater treatment services and the supply of corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. It is also expected that, after the relocation of the production facilities of the Group to the Xinglongshan Site, the Group will continue to utilise the electricity, water, steam and wastewater treatment facilities of the production facilities of the GBT Group there (which are adjacent to that of the Group) and can continue to source corn starch from the GBT Group. In addition, members of the Group may also purchase corn starch (either in powder or slurry form) from the GBT Group as one of its principal production materials for the Group's production.

In addition, the GBT Group shall appoint the Group as distributor for the distribution of the GBT Group's Lysine and Other Products in the Huadong Region and Group shall purchase such Lysine and Other Products pursuant to the Master Sales Agreement.

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Group in Luyuan District in Changchun and the future production facilities in Xinglongshan in Changchun, the supply of corn starch by the GBT Group to the Group in slurry form through a pipeline arrangement could largely save the Group's processing, packaging, dehumidifying, storage, transportation and other related costs.

Corn starch is sold in starch powder form as it is lighter and easier to handle during transportation over long distances. However, during corn-refined products production, both corn starch powder and corn starch slurry can be used as raw materials but corn starch powder is required to be hydrated before they can be applied in the production process. The Group observed that it would be more cost effective if continuing to purchase certain quantity of corn starch in slurry form from the GBT Group under the existing pipeline transfer system as the pipeline connected between the production facilities of the Group and GBT Group provides an efficient and cost-effective means of sourcing corn starch as compared to purchasing externally.

More importantly, we are advised that sourcing corn starch from the GBT Group enables the Group to secure the supply of corn starch during the expected times of poor market sentiment for corn refined products. As mentioned in the Letter from the Board, the Group has decided to suspend its production at the Group's facilities in Jinzhou with immediate effect, after taking into consideration the poor market sentiment for corn refined products and the provincial variance in government subsidies for corn procurement which results in significantly higher net corn purchase cost in Jinzhou than that in Changchun. As a result of such variances, the cost of production for the Group's upstream products (particularly being corn starch) at its production plant at Jinzhou had increased substantially and the Group has thus decided to suspend its production at the Group's production facilities in Jinzhou until market conditions improve, leaving the Group with limited production capacity of upstream products during such period of production suspension. To meet the production needs of the Group's production facilities at Changchun and Shanghai, members of the Group may be required to purchase corn starch from the GBT Group as one of its principal production materials for the Group's corn sweetener products.

Further, the Group's plan to relocate production facilities of the Group at Luyuan District in Changchun to the Xinglongshan Site as disclosed in the announcements of the Company dated 31 March 2014 and 31 March 2015 has been halted until the end of the first quarter of 2016 due to the extreme cold

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weather in the region during the first quarter of 2016. In light of such changes in relocation schedule and in order to optimize the utilization of the Group's production facilities for downstream products at the Group's Shanghai plant to meet the market demand, it is expected that the production facilities at Changchun will gradually resume the production of downstream products, thus requiring increased supply of corn starch as raw materials during production of downstream products.

Based on the above, we consider that it is fair and reasonable and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole for the Group to enter into the New Corn Starch Master Purchase Agreement with the GBT Group to secure a stable supply of corn starch from a reliable supplier and meanwhile achieving a saving in production cost.

- *Reasons for the New Utilities Master Supply Agreement*

The GBT Group has been providing utilities services including electricity, water, steam and wastewater treatment services to the Changchun Group on a recurring basis prior to the suspension of operation of all the production facilities of the Group in Changchun in March 2015. As mentioned in the Letter from the Board, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, electricity, water, steam and wastewater treatment services by the GBT Group for the production facilities of the Group in Changchun would be required. It is also expected that, after the relocation of the production facilities of the Group to the Xinglongshan Site, the Changchun Group will continue to utilise the electricity, water, steam and wastewater treatment facilities of the production facilities of the GBT Group there (which are adjacent to that of the Group).

The Directors consider that it is for the commercial benefit of the Changchun Group to source utilities services from the GBT Group to achieve economies of scale. The Directors also consider that it is for the commercial benefit of the Changchun Group to source such utilities services from the GBT Group instead of incurring capital expenditure or additional cost for construction of its own facility or sourcing from third party suppliers, as the price is determined with reference to the actual cost incurred by the GBT Group for its provision of such services, which is on normal commercial terms and on price

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not higher than that sourced by the Changchun Group from Independent Third Parties. Further, since the GBT Group has been acting as the administrator in dealing with local electricity and water suppliers for the supply of electricity and water for the Changchun Group, administrative time and costs are saved by the Changchun Group in this respect.

The Changchun Group is located within the production site of the GBT Group at Changchun and such production site has equipped with its own power plant and wastewater treatment plant installed by the GBT Group. Water is supplied by independent local water company and the GBT Group purchases water on a centralised basis (for the GBT Group and on behalf of the Changchun Group). Water is used as a solvent during the production process of the Changchun Group such as steeping and cleansing and it is also used for producing steam. Steam is used as carrier to provide pressure in the pipeline during the production process of the products of the Changchun Group. Electricity is generated by the power plant of the production site using coal and steam is produced as by-product at the same time. The power output of such power plant is insufficient to support the demand for the whole production site and any shortfall of electricity is sourced from the independent local power company. In addition, according to the relevant policies of the electricity company, due to the fact that the plants of Changchun Group forms part of the production site and the Changchun Group was indirectly owned by the GBT Group, the electricity company will not consider the Changchun Group as a separate entity and install separate meter and power lines at/to the Changchun Group. The wastewater treatment plant was built in 1997 by the GBT Group and it had been providing wastewater treatment services to the GBT Group and the Changchun Group. Moreover, as advised by the Company, there is no wastewater treatment services provider in Changchun and the manufacturing plants establish their own wastewater treatment facilities in order to comply with the relevant regulations. Given that the cost of establishing a new wastewater treatment plant for the Changchun Group would be substantial and there is no vacant land nearby for building such plant, the Changchun Group has to require the GBT Group to provide such wastewater treatment services.

Based on the above, we consider that it is fair and reasonable and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole for the Group to enter into the New Utilities Master Supply Agreement with the GBT Group to secure a stable utilities services provider without incurring additional capital expenditure on utilities facilities.

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- *Reasons for the Master Sales Agreement*

We are advised by the Directors that the GBT Group has not set up any sales office in the Huadong Region and it has been selling its Lysine and Other Products in the Huadong Region through various sales channels in the past. Meanwhile, the Group has an established presence in the Huadong Region via the Group's Shanghai plant and the sales and distribution network in the region. Pursuant to the Company's interim report for the six months ended 30 June 2015, it was reported that the operation of the Group's Shanghai plant remained healthy and enjoyed strong brand recognition for its high-end products and was expected to generate stable and positive cash flow. In view of increasingly intense competition in the region, the management believed the adoption of differentiation strategy could enable the Group to survive ferocious competition in the market. Therefore, it was the Group's intention to leverage on the Shanghai plant's geographic advantage with proximity to end users markets and 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. Against this background, it is expected that by entering the Master Sales Agreement with the GBT Group, the Group will be able to capture this business opportunity to diversify its source of income by utilizing its established sales team for the marketing and selling of the GBT Group's Lysine and Other Products in the Huadong Region. Further, as the principal activities of the Group is the manufacture and sale of corn refined products and corn-based sweetener products, and that the Group's sales team have been serving its customers from the feed manufacturing industry and animal farming industry, the sale of Lysine and Other Products by the Group is expected to create a synergistic effect to the businesses of the Group and allows the Group to offer a better product mix to its customers through selling Lysine and Other Products, acting as an one-stop provider of corn-refined products and therefore increasing sales of the Group in the region.

The Lysine and Other Products would be supplied by the GBT Group to the Group on consignment basis, and thus the arrangement would pose minimal inventory risk for the Group. There is no requirement under the Master Sales Agreement in respect of the minimum amount of the Lysine and Other Products to be purchased and/ or resold by the Group, or the minimum or recommended selling prices of the Lysine and Other Products to be resold by the Group. The terms and conditions of the Master Sales Agreement were

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negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the Master Sales Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions under the Master Sales Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Having reviewed the terms and conditions of the Master Sales Agreement as well as the historical operational and financial performance of the Group's businesses in the Huadong Region, we concur with the Directors that the entering into of the Master Sales Agreement would allow the Group to strengthen its market position in the Huadong Region by broadening its product mix offered to customers without exerting excessive pressure on the Group's inventory and logistics management system and therefore we consider that it is fair and reasonable and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole for the Group to enter into the Master Sales Agreement with the GBT Group.

Based on the above, we consider it is fair and reasonable and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole for the Group and the GBT Group to enter into the New Master Agreements and carry out the Continuing Connected Transactions to (i) secure stable supply of corn starch at a proven quality and lower cost; (ii) secure the stable supply of corn starch during the suspension of the Group's production facility in Jinzhou; (iii) secure a stable utilities service provider without incurring additional capital expenditure on utilities facilities; (iv) generate additional revenue from the sales of Lysine and Other Products; and (v) strengthen the Group's market position in the Huadong Region by broadening its product mix offered to customers.

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2. The Proposed Caps

- *New Master Agreements*

Based on information provided by the Company, we summarise in the following table the historical transaction amount of corn starch and utilities services provided by the GBT Group for the three years ended 31 December 2015 and the relevant Proposed Caps of the New Master Agreements for the three financial years ending 31 December 2018:

Continuing Connected Transactions	For the financial year ended 31 December			For the financial year ending 31 December		
	2013	2014	2015	2016	2017	2018
	Historical figures (historical annual caps)			Proposed Caps		
	<i>(in HK\$ million)</i>					
New Corn Starch Master Purchase Agreement	0.1 (533.9)	91.8 (587.2)	55.3 (645.9)	716.1	870.7	1,038.9
New Utilities Master Supply Agreement	184.3 (255.0)	39.1 (280.7)	3.1 (309.2)	44.6	48.6	60.5
Master Sales Agreement	N/A	N/A	N/A	118.5	222.5	336.0

(a) New Corn Starch Master Purchase Agreement

Pursuant to the New Corn Starch Master Purchase Agreement, the Group will purchase corn starch in the form of starch slurry or powder form from the relevant member of the GBT Group at prices to be from time to time determined by the relevant members of the GBT Group and the Group on arm's length basis and with reference to pricing method and procedures as explained below, and on such other standard terms of sale and purchase from time to time.

Pursuant to the New Corn Starch Master Purchase Agreement, the GBT Group shall be responsible for the delivery of the corn starch to the production plants of the Group or such other locations as from time to time designated by the Group, and the purchase price for corn starch shall be inclusive of transportation and packaging of the corn starch so

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purchased. In relation to corn starch in the form of starch slurry, the GBT Group will procure the delivery of corn starch slurry to the Group's Changchun production plants in Luyuan District and the Xinglongshan Site by way of starch pipeline. The Group's production facilities at the Xinglongshan Site employ a starch pipeline setting connecting to the relevant GBT Group member's production plants, similar to the existing arrangements at the Luyuan District plant. There are also meters between the Changchun Group's and the relevant GBT Group member's production plants in Changchun measuring the amount of corn starch slurry consumed. The payment terms for the products will be set out in the purchase order for each order to be placed under the New Corn Starch Master Purchase Agreement, provided that the purchase price shall be payable by the relevant member of the Group within 60 days after the date of the relevant invoice issued by the relevant member of the GBT Group or such longer period as the parties may agree. The New Corn Starch Master Purchase Agreement is for a term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018 unless terminated earlier by three months' written notice by either party.

The proposed annual caps for each of the three years ending 31 December 2018 are determined by the Directors by reference to (i) historical usage volumes of corn starch by the Group for the each of the three years ended 31 December 2015 being approximately 525,858MT, 317,674MT and 174,268MT respectively; (ii) the gradual resumption of production of the Group's downstream products; (iii) the estimated demand of corn starch by the Group's Changchun and Shanghai operations; (iv) the prevailing market price and the expected increase in the price of corn starch at the rate of 5% per year for the three years ending 31 December 2018 taking into consideration of an estimated inflation rate of 5% in the PRC, and with reference to the historical corn starch price at the end of year 2015; (v) an expected improvement in cash flow and financial position of the Group; and (vi) the assumption that the selling price of corn starch by the GBT Group will remain competitive as a result of, among others, its cost advantage arising from corn procurement subsidies from the local government in Changchun.

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In relation to the proposed caps of the New Corn Starch Master Purchase Agreement for the three financial years ending 31 December 2018 of HK\$716.1 million, HK\$870.7 million and HK\$1,038.9 million respectively, we have obtained from the Company a list of estimated purchase of corn starch summing roughly up to the proposed caps. We understand from the Directors that such list of estimate was prepared on the basis of multiplying the estimated price per metric tonne of the corn starch by the estimated quantity to be purchased. The estimated quantity of corn starch to be purchased from the GBT Group is based on the expected demand of corn starch from the GBT Group during the three years ending 31 December 2018 which was derived from the expected utilisation rate and the then production capacity of the relocated Changchun plant.

In order to assess the fairness and reasonableness of the estimated price and estimated quantity of corn starch to be purchased used in the list of estimate by the Group, we have performed the following analysis. We have obtained and reviewed the historical usage volumes of corn starch by the Group for the each of the three years ended 31 December 2015 and noted that the volume were roughly 525,858MT, 317,674MT and 174,268MT respectively. The following table illustrates the breakdown of historical corn starch usage by the Group for each of the three years ended 31 December 2015:

	For the financial year ended 31 December		
	2013	2014	2015
	Historical figures (in MT)		
Corn starch usage:			
Changchun	254,795	50,870	2,950
Shanghai	207,933	196,341	155,633
Jinzhou	63,130	70,463	15,685
	<u>525,858</u>	<u>317,674</u>	<u>174,268</u>
Sourced from:			
Connected parties (GBT Group)	42	31,177	9,826
Independent parties	525,816	286,497	164,442
	<u>525,858</u>	<u>317,674</u>	<u>174,268</u>
Historical approved annual caps	156,000	156,000	156,000

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As set out in the above table, we note that the historical transaction volume with the GBT Group for each of the three years ended 31 December 2015 was significantly lower than the annual cap for the respective year. As explained by the Company, such difference in purchase volume of corn starch from the GBT Group was mainly due to the lower than expected demand for corn starch in year 2013 resulted from the then poor market sentiment, the decreasing trend in historical amounts for the years 2014 and 2015 was mainly due to the suspension of production at the Group's Changchun plant since early 2014 pending relocation of facilities to the Xinlongshan Site. As a result of the ongoing relocation, the Group was unable to procure much corn starch in slurry form via the pipeline network from the GBT Group and instead sourced most of its corn starch from independent suppliers during the three years ended 31 December 2015 and hence resulting in the substantial difference in historical transaction volume and the approved annual cap. The relocation of the Changchun plant is expected to complete in the fourth quarter of 2016 and the Group is expected to procure a larger volume of corn starch in slurry form from the GBT Group than the historical transaction volumes. In addition, we are advised that the deviation between historical transaction amounts and the approved annual caps is attributable to the tight cash flows of the Group and the GBT Group which caused the Group and the GBT Group to operate the production facilities at a low utilization rate. We consider the historical deviation between actual and estimated amount justifiable based on the above grounds in particular the relocation of the Changchun plant given it had the largest corn starch usage among all of the Group's production facilities in 2013.

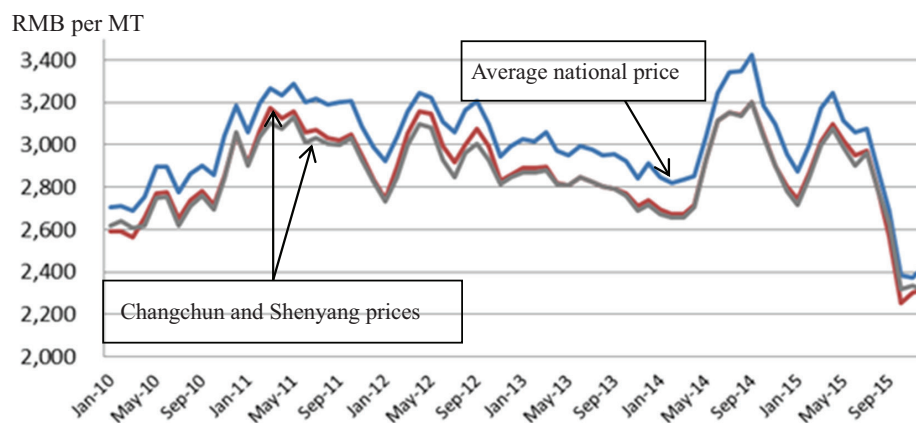
The Directors expect that the Group will purchase 228,000MT, 264,000MT and 300,000MT of corn starch (either in powder or slurry form) from the GBT Group for each of the three years ending 31 December 2018, which is expected to constitute approximately 25.8%, 29.9% and 34.0% of the total corn starch to be used by the Group for each of the three years ending 31 December 2018, respectively. Upon comparison, we note that the estimated corn starch purchase quantity in 2016 of 228,000MT is approximately 30% higher than the actual corn starch usage of the Group in 2015. As discussed, since the Changchun plant is expected to resume production of downstream products in late 2016 and its production capacity is expected to gradually restore to its designed 420,000MT capacity, it is expected that the corn starch usage

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of the Group will be higher as compared to the level of 2014 and 2015 as the Group resumes procuring corn starch in slurry form from the GBT Group via the pipeline network and thus and we consider the estimated 30% increase in corn starch usage for the year 2016 when compared with year 2015 is justifiable. Moreover, as advised by the Company, the Group will be able to enjoy corn procurement subsidy from the local government of Changchun, thus the Group has plans to optimize the utilization of the Group's production facilities and increasing corn starch production in order to be qualified for such subsidy. The tight cash flow of the Group was also largely relieved by the restructuring of the Group and the GBT Group following the completion of a subscription of the GBT Group's shares in October 2015. Taking into consideration (i) the resumption of production of the Changchun plant at the Xinglongshan Site; (ii) the corn procurement subsidies available to the Group; (iii) improvements in the Group's cash flow and financial positions as well as the production utilization rate, we are of the view that the estimated quantity of corn starch to be purchased from the GBT Group for the three years ending 31 December 2018 is reasonable.

For the estimated purchase price per metric tonne of the corn starch, we have reviewed the projection made by the Company in arriving the proposed caps and noted that the Company has assumed the selling price of corn starch in 2016 to be roughly the same as the price level offered to its independent customers by the GBT Group at the end of 2015. The following table sets forth corn starch prices in the PRC for the period of 2010 to 2015:

Corn Starch Price in the PRC, 2010 to 2015



Source: 中國玉米市場網

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As set out in the chart above, corn starch powder price has been generally fluctuating above RMB3,000 per MT during the period from 2011 to mid-2015. Since June 2015, corn starch prices plunged to approximately RMB2,400 per MT and remained well below RMB3,000 per MT. Based on information provided by the Company, we noted the estimated purchase price per MT of corn starch by the Group for the three years ending 31 December 2018 is approximately HK\$3,141, HK\$3,298 and HK\$3,463 (equivalent to approximately RMB2,512, RMB2,638 and RMB2,770) per MT respectively, which are determined with reference to the historical corn starch price at the end of 2015 which we consider are in line with recent market prices and are acceptable. We also noted that the Company assumes an annual growth rate of 5% in the purchase price during 2016 to 2018 which is the combined result of the expected inflation in the PRC and buffer. We have also reviewed historical transaction invoices of corn starch between the Group and Independent Third Parties in 2015 and we are of the view that the estimate is reasonable and comparable to external quotations.

As advised by the Company, the Prescribed Guidelines of the Group requires the Group to obtain quotation from at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) Independent Third Parties supplier and compare it with the terms offered by the GBT Group for supply of corn starch of comparable quantities and specifications to its Independent Third Parties customers. The total purchase price and terms for the purchase of corn starch shall be determined by using the lower of (i) the average unit selling price of corn starch offered by the GBT Group to its independent customers (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 in the case of corn starch slurry) and (ii) the quotations from independent supplier(s) for purchase of corn starch of comparable specifications and quantities plus any additional cost (such as transportation, storage and/or insurance costs) to be incurred by the Group in order for the Group to purchase corn starch from such independent supplier. We consider such pricing mechanism to be fair and reasonable and adequate to ensure the transactions pursuant to the New Corn Starch Master Purchase Agreement are carried out on normal commercial terms.

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On the above basis, we consider that the respective terms and conditions of the New Corn Starch Master Purchase Agreement and the related annual caps are fair and reasonable, and the continuing connected transactions as contemplated under the New Corn Starch Master Purchase Agreement are on normal commercial terms and in the ordinary and usual course of the business of the Group and in the interests of the Shareholders and the Company as a whole.

(b) New Utilities Master Supply Agreement

Pursuant to the New Utilities Master Supply Agreement, the GBT Group shall procure the supply of electricity, water and steam and the provision of wastewater treatment services to the Changchun Group on arm's length basis and with reference to the actual cost incurred by the GBT Group for its provision of such services. The fees payable by the Changchun Group shall be settled on a monthly basis and shall be payable by the Changchun Group within 90 days after the date of the relevant invoice issued by the GBT Group.

The New Utilities Master Supply Agreement shall have an initial term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018, with an option by the Changchun Group, but not the GBT Group, to renew the term for three years on the expiry of such term and on the expiry of every successive period of three years thereafter (subject however to the compliance by the Company and GBT of the applicable Listing Rules), unless terminated earlier by three months' written notice by the Group. The GBT Group shall indemnify and hold the Group fully indemnified against any claims, damages, losses, costs and expenses arising out of or in connection with any breach of obligations in the course of providing its services under the New Utilities Master Supply Agreement, including any failure to comply with the applicable national and provincial environmental protection laws and regulations in respect of the discharge of wastewater and other waste by its wastewater treatment facilities, or any failure or disruption in providing its services to the Changchun Group other than as a result of any force majeure events such as war, calamity or any other events which are beyond the control of the GBT Group.

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The proposed caps pursuant to the New Utilities Master Supply Agreement were determined by the Directors by reference to the gradual resumption of production of the Group's downstream products and therefore the expected increase in the demand for supply of electricity, water and steam and the provision of wastewater treatment services from the GBT Group by the Changchun Group and the estimated inflation rate in the PRC at 5% per annum. In particular, we were advised by the Company that the historical transaction amount of utilities services provided by the GBT Group for the three years ended 31 December 2015 and the relevant proposed caps under the New Utilities Master Supply Agreement can be further broken down into the following categories:

	For the financial year ended 31 December			For the financial year ending 31 December		
	2013	2014	2015	2016	2017	2018
	Historical figures			Proposed Caps		
	<i>(in HK\$ million)</i>					
Supply of electricity	68.45	13.7	0.8	7.4	8.2	14.3
Supply of steam	104.4	22.6	1.9	28.8	31.1	36.0
Supply of water	—	—	0.2	3.0	3.2	3.6
Supply of wastewater treatment services	11.5	2.8	0.2	5.4	6.1	6.6
Total						
(the Proposed Caps)	<u>184.4</u>	<u>39.1</u>	<u>3.1</u>	<u>44.6</u>	<u>48.6</u>	<u>60.5</u>

We noted that the aggregate amount of fees paid by the Changchun Group to the GBT Group in respect of the provision of utilities services by the GBT Group for the three years ended 31 December 2015 was approximately HK\$184.4 million, HK\$39.1 million and HK\$3.1 million, which have shown a decreasing trend in the usage of utilities from the GBT Group by the Group. We are advised by the Company that such decrease was mainly due to the suspension of production at the Group's Changchun plant since early 2014 pending relocation of facilities to the Xinglongshan Site. Given that the level of the usage of electricity, steam and wastewater treatment services is directly proportional to the level of production, with the gradual resumption of production at the Group's Changchun plant and the proposed production plans of the Group, the usage of utilities services is therefore expected to increase.

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As advised by the Company, given the fact that the Changchun Group situates inside the production site of the GBT Group and was indirectly owned by the GBT Group, it is commercially beneficial for the Group to obtain these services from the GBT Group on a recurring basis. Water is obtained by the GBT Group on a centralized basis and there are individual meters measuring the respective usage of the GBT Group and the Changchun Group. Water is charged by the GBT Group on cost basis with reference to the monthly cost of obtaining water from the independent local water company and accordingly, the rate has been market rate. Electricity used by the Changchun Group is provided by the power plant owned by the GBT Group and the independent local power company. Electricity is charged on cost basis with reference to the monthly cost incurred by the GBT Group for generating electricity for the Group. As advised by the Company, given that electricity and steam will be generated during the power generating process, the effective cost of generating electricity (i.e. the purchase price of the Changchun Group) may sometimes be lower than the price charged by the independent local power company and the rate charged by the local power company and the overall rate has been comparable to the rate charged by the local power company. Since there are separate meters installed in the premises of the Changchun Group for measuring the consumption of electricity where the Group can clearly record the usage which will be used to check against the bills from the GBT Group, we consider such measure is adequate to ensure the electricity is charged in accordance to the policy governing the transactions under New Utilities Master Supply Agreement.

As further advised by the Company, there is no independent steam supplier available in Changchun and it is not cost efficient for the Changchun Group to produce steam on its own by using additional electricity or energy source. Moreover, there is no independent wastewater treatment service provider available in Changchun and it is costly for the Changchun Group to build its own wastewater treatment plant. In view of the special circumstances stated above, we were confirmed by the Company that there were no comparable transactions in respect of the provision of steam and wastewater treatment services from Independent Third Parties available for our comparison. As further advised by the Company, the pricing of the services were determined with reference to relevant actual costs incurred by the GBT Group and the GBT Group will continue to follow the same pricing mechanism during 2016 to 2018. The price of steam and wastewater treatment is

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determined with reference to the actual cost incurred by the GBT Group for its provision of such services. The GBT Group will provide the relevant ledgers, invoices and cost calculation worksheet to the Group for verifying and agreeing the relevant basis of calculation in order to ensure no irrelevant costs were included.

In relation to the proposed caps under the New Utilities Master Supply Agreement to be sought for the obtaining of services by the Group from the GBT Group for the three financial years ending 31 December 2018 of HK\$44.6 million, HK\$48.6 million and HK\$60.5 million respectively, we have obtained from the Directors a list of estimated services summing roughly up to the proposed caps. We understand from the Directors that such list of estimate was prepared on the basis of multiplying the estimated price per unit of the individual services by the estimated quantity of the corresponding services. The estimated quantity of the corresponding services was arrived at after taking into account the historical usage of the relevant utilities and the future demand of the utilities as derived from the expected production plan. Meanwhile, we note that the estimated price per unit of the utilities adopted in the list of estimate was primarily based on the recent historical transactions.

Moreover as discussed, the level of the historical usage and expected usage of electricity, steam and wastewater treatment services is directly proportional to the level of production in general. In addition, we were advised by the Company that the production scale was lower in 2014 and 2015 due to the suspension of production at the Group's Changchun plant and is expected to resume to a higher level once the production of downstream products by the Group is resumed and also after the relocation of the Changchun plant to the Xinglongshan Site is completed. Coupled with our above analysis on the fairness and reasonableness of the proposed caps of New Corn Starch Master Purchase Agreement, we are of the view that the magnitude of increment in the level of usage of electricity, steam and wastewater treatment services is acceptable.

On the above basis, we consider that the respective terms and conditions of the New Utilities Master Supply Agreement and the related annual caps are fair and reasonable, and the continuing connected transactions as contemplated under the New Utilities Master Supply Agreement are on normal commercial terms and in the ordinary and usual course of the business of the Group and in the interests of the Shareholders and the Company as a whole.

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(c) Master Sales Agreement

Pursuant to the Master Sales Agreement to be entered into between GBT Group and the Group, the GBT Group shall appoint the Group as distributor for the distribution of the GBT Group's Lysine and Other Products in the Huadong Region. The GBT Group shall maintain the consignment stock of Lysine and Other Products at the premises of the Group at a level as required by the Group from time to time. Prior to the selling of consignment stock of Lysine and Other Products by the Group, the consignment stock remains as property of the GBT Group and GBT Group shall bear the risk of any incidental loss or damages to the consignment stock. The Group, on the other hand, is responsible to insure the consignment stock against fire, theft and detriment by a third party. The purchase price of the consignment stock sold during the relevant calendar month shall be determined on arm's length basis and with reference to pricing method and procedures as explained below. There is no requirement under the Master Sales Agreement in respect of the minimum amount of the Lysine and Other Products to be purchased and/or resold by the Group, or the minimum or recommended selling prices of the Lysine and Other Products to be resold by the Group. The Master Sales Agreement is for a term of three years commencing on and with effect from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2018 unless terminated earlier by three months' written notice by either party.

The proposed annual caps for each of the three years ending 31 December 2018 are determined by the Directors based on (i) the amount of Lysine and Other Products actually sold by the GBT Group through various sales channels in the Huadong Region for the past years and the expected gradual increase in sales volume upon continual development in the Group's sales channels therefor; (ii) the GBT Group's sales target in Huadong Region; (iii) the expected increase in the market selling price of Lysine and Other Products at the rate of 5% per year for the three years ending 31 December 2018 taking into consideration of an estimated inflation rate of 5% in the PRC.

As regard the proposed caps to be sought for the continuing connected transactions under the Master Sales Agreement for the three financial years ending 31 December 2018 of HK\$118.5 million, HK\$222.5 million and HK\$336.0 million respectively, we have obtained from the Company

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a list of estimated purchase of Lysine and Other Products summing roughly up to the proposed caps. We understand from the Directors that such list of estimate was prepared on the basis of multiplying the estimated price per metric tonne of Lysine and Other Products by the estimated quantity to be purchased. We also understand from the Directors that despite the corn-refined products to be purchased from the GBT Group under the Master Sales Agreement include lysine, corn starch, gluten meal, feed, modified starch, fibre and corn oil, the estimated purchase amount of lysine constitutes the majority of the proposed caps and thus we have performed our analysis primarily on the estimated purchase quantity and price of lysine for the three years ending 31 December 2018.

As regards the estimated quantity of Lysine and Other Products to be purchased from the GBT Group, we note that the estimated quantity is based on the actual quantity of Lysine and Other Products sold by the GBT Group in the Huadong Region for the three years ended 31 December 2015, which was approximately 14,252MT, 10,412MT and 530MT in the case of lysine for each of the three years ended 31 December 2015 respectively. We noted that the sales quantity of lysine in 2015 was exceptionally low and was advised by the Group that such decline in sales was primarily attributable to a reduction in production volume by the GBT Group and increased competition in the Huadong Region that hindered sales of products of GBT Group for its lack of regional dedicate sales team. Despite the slowdown in 2015, we are further advised by the Company that the estimated sales target of Lysine and Other Products to be distributed by the Group during the three years ending 31 December 2018 represented a mild increase over the historical quantity sold due to the fact that the management of the Group and the GBT Group consider the established and extensive sales and distribution network of the Group in the Huadong Region will boost the sales of Lysine and Other Products. The Group estimates it will purchase from the GBT Group and distribute 10,000MT, 20,000MT and 30,000MT of lysine for each of the three years ending 31 December 2018 respectively, which we noted is comparable to the historical amount of lysine sold by the GBT Group during the two years ended 31 December 2014. Having reviewed and considered (i) the historical quantity of Lysine and Other Products sold by the GBT Group which is comparable to the estimated purchase quantity under the Master Sales Agreement, indicating there has been sufficient market demand in the Huadong Region for the corn-refined products that the Group proposes to distribute; (ii) the expertise

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and the established network of the Group's sales team in the sales and marketing of upstream products in the Huadong Region, allowing the Group to efficiently introduce the Lysine and Other Products to its existing customers who are also target customers of the Lysine and Other Products; and (iii) the synergy effect brought by the sales of the Group's and GBT Group's corn-refined products in a single package, we concur with the view of the Directors that the estimated quantity of Lysine and Other Products to be purchased under the proposed caps and the year-on-year increase in estimated quantity during the three years ending 31 December 2018 is justifiable and reasonable.

The purchase price of the consignment stock of Lysine and Other Products sold by the Group during the relevant calendar month shall be the prevailing ex-factory price of the relevant Lysine and Other Products then offered by the GBT Group to its Independent Third Party distributors or customers, plus the actual additional packaging, transportation and/or insurance costs to be incurred by the GBT Group for the transportation and delivery of the relevant Lysine and Other Products to the facilities of the members of the Group as from time to time designated by the Group. The parties have further agreed that the terms and conditions of each sale and purchase (including payment terms) shall in any event be no less favourable to the Group than those offered by the GBT Group to Independent Third Party distributor(s) of its Lysine and Other Products. In this regard, we have reviewed the historical invoices of Lysine and Other Products offered by the GBT Group to its Independent Third Party customers in late 2015 on a sample basis and we note that the price quoted by the GBT Group is comparable to the estimated purchase price to be paid by the Group for the products before taking into account a 5% inflation rate per annum for each of the years ending 31 December 2018. Furthermore, due to the fact that the Lysine and Other Products to be purchased by the Group from the GBT Group are on consignment basis and the GBT Group retains the title to such products before they are resold to customers by the Group at a higher price, the purchase price that the Group paid to the GBT Group for the products shall be transferred to the customers once sold and therefore will not create any financial burden on the Group in such distribution arrangement.

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Accordingly, we consider the respective terms and conditions of the Master Sales Agreement and the related annual caps are fair and reasonable and the continuing connected transactions as contemplated under the Master Sales Agreement are on normal commercial terms and in the interests of the Shareholders and the Company as a whole.

On the above basis, we consider that the respective terms and conditions of the New Master Agreements and the Proposed Caps were fair and reasonable, and the respective continuing connected transactions as contemplated under the New Master Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Shareholders and the Company as a whole.

3. *The conditions*

As the respective Proposed Caps will exceed HK\$10 million and the relevant applicable ratios under Rule 14.07 of the Listing Rules exceed 5%, the Proposed Caps of the Continuing Connected Transactions are subject to reporting, announcement, and the requirement of seeking approval from the Independent Shareholders under the Listing Rules. The Company will therefore seek the approval by the Independent Shareholders of the Continuing Connected Transactions and the Proposed Caps.

Taking into account the measures taken/to be taken by the Group in relation to the Continuing Connected Transactions, in particular (i) the restriction by way of setting the Proposed Caps; (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Continuing Connected Transactions); (iii) the mechanism of the Company in determining the prevailing market rate for the relevant transaction price and whether the Continuing Connected Transactions are on normal commercial terms and no less favourable to the Company; and (iv) the quarterly review by the CCT Executive Committee comprising mainly non-executive Directors on the terms of and relevant internal guidelines governing the continuing connected transactions of the Group, we consider that the Company has taken appropriate and adequate measures to govern the Group in carrying out the Continuing Connected Transactions, thereby safeguarding the interests of the Shareholders thereunder.

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RECOMMENDATION

Having considered the above principal factors, in particular, the following:

- (i) the Continuing Connected Transactions will (a) secure stable supply of corn starch at a proven quality and lower cost; (b) secure the stable supply of corn starch during the suspension of the Group's upstream production facility; (c) secure a stable utilities service provider without incurring additional capital expenditure on utilities facilities; (d) generate additional revenue from the sales of Lysine and Other Products; and (e) strengthen the Group's market position in the Huadong Region by broadening its product mix offered to customers;
- (ii) the mechanism and measures taken/to be taken by the Group in ensuring the Continuing Connected Transactions are on normal commercial terms;
- (iii) the restriction by way of setting of the Proposed Caps; and
- (iv) the quarterly review by the CCT Executive Committee comprising mainly non-executive Directors on the terms of and relevant internal guidelines governing the Continuing Connected Transactions,

we are of the opinion that the terms of the Continuing Connected Transactions under the New Master Agreements and the Proposed Caps are fair and reasonable. We are also of the opinion that the respective continuing connected transactions as contemplated under the New Master Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the terms of the Continuing Connected Transactions under the New Master Agreements and the Proposed Caps.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Managing Director

Louis Chan

Director

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Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 22 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Company/name of associated corporation	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Percentage of 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) <i>(Note 2)</i>	0.13
	The Company	Beneficial owner	6,000,000 Shares (L) <i>(Note 3)</i>	0.39

Name of Director	Company/name of associated corporation	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Percentage of relevant class of issued share capital of the Company/associated corporation
	GBT	Beneficial owner	18,256,000 ordinary shares of HK\$0.10 each (L)	0.29
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK\$0.10 each (L) <i>(Note 4)</i>	3.78
Ho Lic Ki	The Company	Beneficial owner	2,000,000 shares (L) <i>(Note 5)</i>	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. Ho Lic Ki pursuant to the share option scheme of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) 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 for Securities Transactions by Directors of Listed Issuers.

Save for Mr. Kong Zhanpeng, an executive Director, by virtue of his interest in the shares of GBT, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kong Zhanpeng, an executive Director, is interested in the issued share capital of GBT, and is the chief executive officer of GBT. In addition, Mr. Wang Jian, an executive Director, is also the executive director of GBT. As such, both Mr. Kong and Mr. Wang are considered to have material interests in the New Master Agreements and have abstained from voting on the Board resolutions approving the New Master Agreements. Other than Mr. Kong Zhanpeng and Mr. Wang Jian, no Director has a material interest in the New Master Agreements.

Save as the aforesaid, none of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company); (a) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group, were as follows:

Name of Shareholder	Capacity/ nature of interest	Number of Shares held <i>(Note 1)</i>	Percentage of the 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

Name of Shareholder	Capacity/ nature of interest	Number of Shares held <i>(Note 1)</i>	Percentage of the Company's issued share capital
GBT	Interest of a controlled corporation <i>(Note 2)</i>	977,778,000 Shares (L)	64.01
	Beneficial owner	500,000 Shares (L)	0.03
Modern Agricultural Industry Investment Limited	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04
Modern Agricultural Industry Investment Holdings Limited	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04
Jilin Province Modern Agricultural Industry Investment Fund (LLP) (“ PRC LLP ”)	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04
Jilin Province Modern Agricultural Industry Fund Limited	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04
Jilin Changjitu Investment Co., Ltd.	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04
吉林省交通投資集團有 限公司 (Jilin Province Communication Investment Group Co., Ltd.) (“ Jiaotou ”)	Interest of a controlled corporation <i>(Note 3)</i>	978,278,000 Shares (L)	64.04

Notes:

1. The letter “L” denotes the Shareholders’ long position in the Shares of the Company and/or the relevant associated corporations.
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.
3. These Shares are registered in the name of GBT, whose issued share capital is owned as to approximately 49% by Modern Agricultural Industry Investment Limited. The entire issued capital of Modern Agricultural Industry Investment Limited is held by Modern Agricultural Industry Investment Holdings Limited which is in turn wholly owned by PRC LLP. The sole general partner of PRC LLP is Jilin Province Modern Agricultural Industry Fund Limited, and the sole limited partner of PRC LLP is Jiaotou. Jilin Province Modern Agricultural Industry Fund Limited is wholly owned by Jilin Changjitu Investment Co., Ltd. whose 91.11% of its interest is owned by Jiaotou. Jiaotou is 71.43% owned by 吉林省人民政府國有資產監督管理委員會 (Stated-owned Assets Supervision & Administration Commission of the People’s Government of Jilin Province). Each of Modern Agricultural Industry Investment Limited, Modern Agricultural Industry Investment Holdings Limited, PRC LLP, Jilin Province Modern Agricultural Industry Fund Limited, Jilin Changjitu Investment Co., Ltd., Jiaotou and 吉林省人民政府國有資產監督管理委員會 (Stated-owned Assets Supervision & Administration Commission of the People’s Government of Jilin Province) are deemed to be interested in the interest held by GBT.

Save as disclosed herein, there was no person known to any Directors or chief executive of the Company, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company or the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTEREST

Mr. Kong Zhanpeng, an executive Director, is interested in approximately 4.07% of the issued share capital of GBT through his interest as beneficial owner and interest in Hartington Profits Limited, and is the chief executive officer of GBT. Mr. Wang Jian, an executive Director, is also the executive director of GBT. The GBT Group is engaged in, among other things, the production and sale (the “**Excluded Business**”) of Lysine and Other Products. Pursuant to a non-compete undertaking (“**Non-compete Undertaking**”) given by GBT and Global Corn Bio-chem dated 3 September 2007 in favour of the Group (as supplemented by a waiver executed by the Company to GBT and Global Corn Bio-chem dated 24 September 2008), the GBT Group is restricted from engaging in any business that may compete with the business of the Group from time to time.

The Group is principally engaged in the manufacture and sale of corn refined products and corn based sweetener products. Pursuant to the Master Sales Agreement, it is expected that the GBT Group shall appoint the Group as distributor for the distribution of the GBT Group’s Lysine and Other Products in the Huadong Region. Given (i) the core business of the Group is not dependent or otherwise rely on the sales of Lysine and Other Products; (ii) both Mr. Kong Zhanpeng and Mr. Wang Jian are considered to have material interests in the New Master Agreements and have abstained from voting on the Board resolutions approving the New Master Agreements; and (iii) the execution of the Non-compete Undertaking, the Directors consider that the Group is capable of carrying on its own business independently of, and at arm’s length from, the Excluded Business.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would otherwise be required to be disclosed under Rule 8.10 of the Listing Rules if any of such Directors or his associates was a controlling Shareholder.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinion or, advice contained in this circular:

Name	Qualification
Octal Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Octal Capital has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Octal Capital was not beneficially interested in any share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and did not have any direct or indirect interest in any assets which since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or lease, or was proposed to be acquired or disposed of by, or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the New Master Agreements will be available for inspection at Unit 1104, Admiralty Centre, Tower I, 18 Harcourt Road, Hong Kong during normal business hours from 21 March 2016 up to and including the date of the EGM.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KYI-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 1104, Admiralty Centre, Tower I, 18 Harcourt Road, Hong Kong.

- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Lee Chi Yung. Mr. Lee is the member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (e) The English text of this circular shall prevail over its Chinese text.

The following sets out the biographical information of the Director eligible for re-election at the EGM:

INDEPENDENT NON-EXECUTIVE DIRECTOR**Mr. Yuen Tsz Chun**

Mr. Yuen Tsz Chun, aged 45, is an independent non-executive Director. He is a partner of Messrs. KLC Kennic Lui & Co.. He graduated from Queen's University of Belfast of United Kingdom in 1994 with a Bachelor of Science degree in accounting. Mr. Yuen has also obtained a Master of Laws degree from the Chinese University of Hong Kong. He is a registered Appointment Taker and Insolvency Practitioner of the Administrative Panel of Insolvency Practitioners for Court Winding-Up of the Official Receiver's Office. Mr. Yuen is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Mr. Yuen is also a Certified Fraud Examiner in Texas, the United States of America. He has been awarded Specialist Designation in Insolvency by the HKICPA. Since 2009, he has been appointed as a member of the Restructuring and Insolvency Faculty Executive Committee of HKICPA. Mr. Yuen has over 21 years of experience in accounting, auditing, forensic accounting, bankruptcy, liquidation and receivership.

As at the Latest Practicable Date, Mr. Yuen did not have any interest in the shares or underlying shares in the Company within the meaning of Part XV of the SFO. Save as disclosed above, during the three years immediately before the Latest Practicable Date, Mr. Yuen had not held any directorship in other listed public companies in Hong Kong or overseas or any other major appointments and qualifications. Mr. Yuen is not related to any Directors, senior management or substantial or controlling Shareholders.

Mr. Yuen has entered into an appointment letter with the Company for an initial term of two years commencing from 16 March 2016, which shall be renewable automatically for successive terms of one year unless terminated by not less than three months' written notice served by either party at any time during the then existing term. Under the appointment letter, Mr. Yuen shall be paid an annual director's fee of HK\$480,000. The director's fee is determined by the Board with reference to his duties, responsibilities, performance and results of the Group.

There are no other matters concerning the above Director that need to be brought to the attention of the Shareholders in relation to his re-election as Director and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 13.51(2) of the Listing Rules.

NOTICE OF EGM



GLOBAL SWEETENERS HOLDINGS LIMITED 大成糖業控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Global Sweeteners Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Room 1, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Friday, 8 April 2016 to consider, if though fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the master agreement (“**New Corn Starch Master Purchase Agreement**”) in relation to the purchase of corn starch by the Group from Global Bio-chem Technology Group Company Limited (“**GBT**”) and its subsidiaries (the “**GBT Group**”) to be entered into between the Company and GBT (a copy of which has been produced to the meeting marked “**A**” and signed by the chairman of the meeting for the purpose of identification), the transactions contemplated thereby and the expected annual caps of HK\$716.1 million, HK\$870.7 million and HK\$1,038.9 million for each of the three years ending 31 December 2018, respectively, in respect of the transactions contemplated under the New Corn Starch Master Purchase Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the New Corn Starch Master Purchase Agreement or the transactions contemplated thereby.”
2. **“THAT** the master agreement in relation to the supply of electricity, water and steam and provision of wastewater treatment services by the GBT Group to the Group (“**New Utilities Master Supply Agreement**”) to be entered into between the Company and GBT (a copy of which has been produced to the meeting marked “**B**” and signed by the chairman of the meeting for the purpose of identification),

* *for identification purposes only*

NOTICE OF EGM

the transactions contemplated thereby and the expected annual caps of HK\$44.6 million, HK\$48.6 million and HK\$60.5 million for each of the three years ending 31 December 2018, respectively, in respect of the transactions contemplated under the New Utilities Master Supply Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the New Utilities Master Supply Agreement or the transactions contemplated thereby.”

3. “**THAT** the master agreement in relation to the appointment of the Group as the distributor of the GBT Group for the distribution of its lysine and other corn-refined products of the GBT Group from time to time such as corn starch, gluten meal, feed, modified starch, fibre and corn oil (“**Master Sales Agreement**”) to be entered into between the Company and GBT (a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification), the transactions contemplated thereby and the expected annual caps of HK\$118.5 million, HK\$222.5 million and HK\$336.0 million for each of the three years ending 31 December 2018, respectively, in respect of the transactions contemplated under the Master Sales Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the Master Sales Agreement or the transactions contemplated thereby.”
4. “**THAT**, each as a separate resolution:
 - (a) Mr. Yuen Tsz Chun be and is hereby re-elected as an independent non-executive director of the Company; and
 - (b) the board of directors of the Company be and is hereby authorised to fix the director’s remuneration.”

By order of the Board of
Global Sweeteners Holdings Limited
Wang Jian
Chairman

Hong Kong, 21 March 2016

NOTICE OF EGM

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 1104
Admiralty Centre
Tower I
18 Harcourt Road
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time of the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from 6 April 2016 to 8 April 2016, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the attendance at the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch registrars in Hong Kong at the address stated in note 2 above no later than 4:30 p.m. on 5 April 2016 for registration.

As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Wang Jian and Mr. Kong Zhanpeng; two non-executive Directors, namely, Mr. Fu Qiang and Ms. Zhang Yaohui; and three independent non-executive Directors, namely, Mr. Ho Lic Ki, Mr. Lo Kwing Yu and Mr. Yuen Tsz Chun.