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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Global Sweeteners Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

CONTINUING CONNECTED TRANSACTIONS

- (1) SUPPLY OF CORN STARCH AND BY-PRODUCTS TO THE GBT GROUP**
- (2) BREACH OF CHAPTER 14A OF THE LISTING RULES**

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



A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 18 to 19 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 20 to 49 of this circular.

A notice convening the EGM to be held at Rooms 3&4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 3 March 2014 is set out on pages 57 to 58 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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
“By-products”	by-products that are produced during the course of production of corn starch, such as corn steep liquor and corn oil
“CCT Executive Committee”	the independent management team comprising two disinterested Directors, namely Mr. Zhang Fazheng and Mr. Lee Chi Yung, 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 three independent non-executive Directors established by the Board to supervise the CCT Executive Committee
“Changchun Baocheng”	長春寶成生化發展有限公司 (Changchun Baocheng Biochem Development Co., Ltd.), a sino-foreign joint venture established in the PRC and a member of the GBT Group
“Changchun Dihao”	長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Changchun Wanxiang”	長春萬祥玉米油有限公司 (Changchun Wanxiang Corn Oil Co., Ltd.), a wholly foreign owned enterprise established in the PRC and a member 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

DEFINITIONS

“Corn Starch and By-products Master Sales Agreement”	the agreement to be entered into between the GS Group as supplier and the GBT Changchun Group as purchaser relating to the supply of corn starch and the By-products by the GS Group to the GBT Changchun Group for the term commencing from the date of EGM to 31 December 2015 (both days inclusive)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Rooms 3&4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 3 March 2014, the notice of which is set out on pages 57 to 58 of this circular, and any adjournment thereof
“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 Changchun Group”	members of the GBT Group which have or will have their production facilities established in Changchun, the PRC and which require the supply of corn starch in slurry form from members of the Group under the Corn Starch and By-products Master Sales Agreement
“GBT Group”	GBT and its subsidiaries which, for the purpose of this circular, excludes the Group
“Global Corn”	Global Corn Investments Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of GBT
“Group”	the Company and its subsidiaries
“GS Group”	the Company and its subsidiaries which have or will have their production facilities established in Changchun and Jinzhou, the PRC

DEFINITIONS

“GSH Changchun Group”	the Company and its subsidiaries which have or will have their production facilities established in Changchun, the PRC
“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 Corn Starch and By-products Master Sales Agreement and the related annual caps, and the sale of corn oil by the Group to the GBT Group during the year ended 31 December 2013
“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
“Independent Shareholders”	Shareholder(s) other than GBT and its associates, and all other Shareholders interested in the Corn Starch and By-products Master Sales Agreement and the sale of corn oil by the Group to the GBT Group
“Jinzhou Yuancheng”	錦州元成生化科技有限公司 (Jinzhou Yuancheng Biochem Technology Co., Ltd.), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Latest Practicable Date”	27 January 2014, 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
“MT”	metric tonne

DEFINITIONS

“Octal Capital”	Octal Capital Limited, the independent financial adviser appointed by the Board and approved by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Corn Starch and By-products Master Sales Agreement and the sales of corn oil by the Group to the GBT Group during the year ended 31 December 2013
“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
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Upstream Products Master Sales Agreement”	the agreement dated 30 August 2012 entered into between Changchun Dihao (for itself and as trustee for the benefit of other members of the GSH Changchun Group) as supplier and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group) as purchaser relating to the supply of corn starch and corn steep liquor to the GBT Changchun Group for the term commencing from 30 August 2012 to 31 December 2014 (both days inclusive)
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of 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. Kong Zhanpeng
Mr. Zhang Fazheng
Mr. Lee Chi Yung

Independent non-executive Directors:

Mr. Chan Yuk Tong
Mr. Gao Yunchun
Mr. Ho Lic Ki

Registered office:

Cricket Square
Hutchins Drive
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Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

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

29 January 2014

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

- (1) SUPPLY OF CORN STARCH AND BY-PRODUCTS TO
THE GBT GROUP**
(2) BREACH OF CHAPTER 14A OF THE LISTING RULES

* for identification purposes only

LETTER FROM THE BOARD

1. INTRODUCTION

In the announcement of the Company dated 12 December 2013, the Company announced that the Group proposed to enter into the Corn Starch and By-products Master Sales Agreement which constitutes continuing connected transactions of the Company; and that the Company has failed to comply with Rules 14A.35 and 14A.41 of the Listing Rules in relation to the sales of corn oil by the Group to the GBT Group during the year ended 31 December 2013.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM to approve the Corn Starch and By-products Master Sales Agreement and the related annual caps; and to ratify the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013.

2. SUPPLY OF CORN STARCH AND BY-PRODUCTS TO THE GBT GROUP

Reference is made to the announcement of the Company dated 30 August 2012 in relation to, among others, the Upstream Products Master Sales Agreement.

Under the Upstream Products Master Sales Agreement, the GSH Changchun Group has agreed to supply corn starch and corn steep liquor to the GBT Changchun Group. Pursuant to the Upstream Products Master Sales Agreement, the GBT Changchun Group has agreed to purchase corn starch in the form of starch slurry and corn steep liquor from the GSH Changchun Group at prices from time to time to be determined by the relevant members of the GBT Changchun Group and the GSH Changchun Group on arm's length basis and with reference to the prevailing market rates of corn starch powder, with adjustments to be made to the purchase price with reference to the dehumidifying, packaging, storage and other related costs which should be borne by the GSH Changchun Group but for the delivery by way of starch pipeline, and on such other standard terms of sale and purchase from time to time. The purchase price shall be payable by the relevant member of the GBT Changchun Group within 60 days after the date of the relevant invoice issued by the relevant member of the GSH Changchun Group. The annual caps for the Upstream Products Master Sales Agreement for each of the three years ending 31 December 2014 are HK\$127.4 million, HK\$422.8 million and HK\$463.9 million, respectively.

As it is expected that the GS Group will supply corn starch and corn steep liquor to the GBT Changchun Group, and the GS Group will also supply other By-products, such as corn oil, to the GBT Changchun Group, conditional upon the approval by the Independent Shareholders at the EGM, Changchun Dihao (for itself and as trustee for

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the benefit of other members of the GS Group) and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group) will enter into the Corn Starch and By-products Master Sales Agreement for the supply of corn starch and By-products by the GS Group to the GBT Changchun Group with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2015. The terms under the Upstream Products Master Sales Agreement and the Corn Starch and By-products Master Sales Agreement are substantially the same, except that pursuant to the Corn Starch and By-products Master Sales Agreement, corn starch powder and By-products such as corn oil will also be supplied to the GBT Changchun Group, and such shall be supplied by the GS Group as opposed to the GSH Changchun Group.

Principal terms of the Corn Starch and By-products Master Sales Agreement

Under the Corn Starch and By-products Master Sales Agreement, the GBT Changchun Group will purchase corn starch in the form of corn starch powder and starch slurry and the By-products from the relevant member of the GS Group at prices to be determined from time to time by the relevant members of the GBT Changchun Group and the GS Group on arm's length basis and with reference to the respective prevailing market rates of corn starch powder and the By-products. In order to ensure that the terms offered by the GS Group to the GBT Chungchun Group are on normal commercial terms, and pursuant to the revisions to the Prescribed Guidelines recommended by the CCT Supervisory Committee, the CCT Executive Committee would obtain market selling prices of corn starch and By-products according to the following procedure ("Pricing Information Procedure"):

(i) Based on the average unit selling price offered to independent customers

The prices of corn starch and By-products will be determined with reference to the average unit selling price derived from historical transactions and other major commercial terms offered by the Group to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for sales of corn starch and the By-products of comparable specifications and quantities for the relevant month up to the price determination date.

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(ii) Based on the average unit selling price offered by independent suppliers

If the information obtained under paragraph (i) above is insufficient, the prices of corn starch and By-products will be determined with reference to the average unit selling price derived from historical transactions and other major commercial terms offered to the Group by at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent supplier for purchase of corn starch and the By-products of comparable specifications and quantities.

In practice, the Group will obtain public information for negotiating the price with its independent customers or suppliers, such as the prices as quoted on 中國玉米市場網¹ (China Corn Market Information*, www.ex-starch.com) and 中國糧油信息網² (China Grain and Oil Information* www.chinagrain.cn). However, given that the information on these websites are general in nature and important details, such as manufacturing location and packaging of corn starch powder and raw corn oil, and the market price of corn steep liquor are not available, the Group will only use those public information as a reference only.

In the event that the pricing information obtained through the Pricing Information Procedure are of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined by considering the pricing information obtained through the Pricing Information Procedure, to ensure that the proposed selling price of corn starch and By-products with such particular specifications is fair and reasonable and on normal commercial terms. The specifications of products of the GS Group would be the same as those being transacted with the Independent Third Parties, except that certain corn starch to be supplied to the GBT Changchun Group by the GS Group will be in slurry form instead of powder form. In respect of corn starch to be supplied by the Group's production facilities in Changchun and to be delivered in the form of starch

¹ China Corn Market Information* is a website providing news and market price information on corn, starch and related products in the PRC.

² China Grain and Oil Information* is a website providing news, statistics and market price information on agricultural products such as corn in the PRC.

* for identification purposes only

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slurry through starch pipeline, the estimated unit price of corn starch slurry will be determined according to the following formula:

$$\text{Estimated unit price of corn starch slurry} = P - (A + B + C)$$

- P: Average unit price of corn starch powder with Independent Third Parties during the relevant month
- A: Average unit utilities cost (such as water, electricity and steam cost) incurred to dehumidify the corn starch from slurry to powder form during the previous financial year
- B: Average unit cost of relevant packaging materials consumed to pack corn starch in powder form during the previous financial year
- C: Average unit labour cost and machine cost incurred to store corn starch in powder form during the previous financial year

The Directors have minimal discretion in the determination of unit selling prices of corn starch in slurry form as such will be calculated according to the above formula, which will take into account the average unit price of corn starch powder with Independent Third Parties during the relevant month, and the average unit utilities cost incurred for dehumidification of corn starch powder, the average unit cost of packaging materials consumed and the average unit labour cost and machine cost for storing corn starch powder by the relevant member of the GS Group during the previous financial year.

Given that corn starch slurry is only a semi-finished product of corn starch produced by the GS Group for the GBT Changchun Group for the mutual benefit of saving costs of dehumidifying, packaging, storage and other related costs such as insurance and utility costs; and that corn starch is generally sold in the form of powder instead of slurry form when transacted in the market, there is no available comparable market price information or general practice of price determination for corn starch slurry.

However, the Directors (including the independent non-executive Directors) are of the view that such adjustments are on normal commercial terms and will not be less favourable to the GS Group than terms available to Independent Third Parties (if any), because the GS Group also produces corn starch powder and therefore it is able to estimate the relevant unit cost to be saved for production

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of corn starch slurry with reference to (i) the total production volume of corn starch powder of the GS Group in Changchun; (ii) the actual utilities cost (such as water, electricity and steam cost) incurred for dehumidification of such corn starch powder; (iii) cost of relevant packaging materials consumed for starch powder; and (iv) the labour cost and machine cost for storing corn starch powder during the previous financial year.

Being members of the CCT Supervisory Committee, the independent non-executive Directors are also able to assess the fairness and reasonableness of the adjustments by reviewing and approving the quarterly reports submitted by the CCT Executive Committee, which will include monthly reports prepared by the CCT Executive Committee containing pricing information of the corn starch powder obtained in accordance with the Prescribed Guidelines, an estimation of unit processing costs saved for production of corn starch slurry during the relevant month, and a recommended price for corn starch slurry.

On the basis that (i) the unit selling price of corn starch slurry is based on the market price of corn starch powder or price of corn starch powder with reference to historical transactions with Independent Third Parties; and (ii) the adjustments to the price of corn starch powder is determined with reference to the aforesaid processing costs that the GS Group can save when not converting corn starch slurry to corn starch powder, Octal Capital is also of the view that the basis of adjustments to the unit selling price of corn starch slurry is fair and reasonable. For more information, please refer to “Letter from Octal Capital”.

Pursuant to the Corn Starch and By-products Master Sales Agreement, for the purchase of corn starch in slurry form, the GS Group will procure the delivery of corn starch to the GBT Changchun Group’s production plants by way of starch pipeline. There are meters between the GBT Changchun Group’s and the relevant GS Group member’s production plants in Changchun measuring the amount of corn starch consumed. The payment terms for the products will be set out in the purchase order for each order to be placed under the Corn Starch and By-products Master Sales Agreement, provided that the purchase price shall be payable by the relevant member of the GBT Changchun Group within 60 days after the date of the relevant invoice issued by the relevant member of the GS Group. The Corn Starch and By-products Master Sales Agreement is for a term of two years commencing from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2015 unless terminated earlier by three months’ written notice by either party.

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Upon the entering into of the Corn Starch and By-products Master Sales Agreement, the Upstream Products Master Sales Agreement shall be terminated contemporaneously.

Proposed annual caps

The Directors expect that the aggregate selling prices receivable by the GS Group from the GBT Changchun Group for the supply of corn starch and the By-products by the GS Group to the GBT Changchun Group under the Corn Starch and By-products Master Sales Agreement for each of the two years ending 31 December 2015 will not exceed the annual caps of HK\$494 million and HK\$616 million, respectively.

The proposed annual caps for each of the two years ending 31 December 2015 are determined by the Directors by reference to the sales amount of corn starch and corn steep liquor under the Upstream Products Master Sales Agreement for the year ended 31 December 2012 and the ten months ended 31 October 2013 which was approximately HK\$21 million and HK\$97 million, respectively, the sales amount of corn oil by the Group to Changchun Wanxiang for the year ended 31 December 2012 and the ten months ended 31 October 2013 which was approximately HK\$79 million and HK\$95 million, respectively, the terms offered by the Group to Independent Third Parties and the prevailing market rates of corn starch powder and the By-products and, in respect of corn starch to be supplied by the Group's production facilities in Changchun and to be delivered in the form of starch slurry through starch pipeline, with adjustments made with reference to the dehumidifying, packaging, storage costs and other related costs such as insurance and utility cost.

To ensure the pricing terms of the corn starch and the By-products are on normal commercial terms and are no less favourable to the Group than those offered to Independent Third Parties and to comply with Rule 14A.37 of the Listing Rules, the CCT Supervisory Committee has recommended revisions to the Prescribed Guidelines for adoption by the Board in relation to the sale of corn starch and By-products by the Group to the GBT Group. Revisions to the Prescribed Guidelines recommended by the CCT Supervisory Committee include, among others, an update on the list of master agreements entered into between the Group and the GBT Group that give rise to continuing connected transactions and the inclusion of By-products and corn starch powder into the scope of products that are to be supplied by the Group to the GBT Group. The principal terms of the revised Prescribed Guidelines on the sales of corn starch and By-products are similar to the current Prescribed Guidelines that govern the sales of corn starch and corn steep liquor under the

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Upstream Products Master Sales Agreement, except that the minimum number of independent customer or independent supplier that the Group has to acquire information from when determining the price and other major commercial terms for the sale of corn starch and By-products have been included in the revised Prescribed Guidelines. The revised Prescribed Guidelines will be adopted with effect from the date of approval of the Corn Starch and By-products Master Sales Agreement by the Independent Shareholders at the EGM.

The CCT Executive Committee will then follow the Prescribed Guidelines to ensure that the continuing connected transactions have been entered into in accordance with the terms of the Corn Starch and By-products Master Sales Agreement, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The CCT Supervisory Committee will review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to the continuing connected transactions, as to whether they have been proceeded with in accordance with the Prescribed Guidelines, and will report its findings by way of announcement on a quarterly basis and confirm in the annual report that the transactions have been entered into in compliance with Rule 14A.37 of the Listing Rules.

Reasons for the continuing connected transactions

The production facilities of the GS Group in Changchun and the GBT Changchun Group are in close proximity to each other and are connected with pipeline. The GS Group could supply corn starch to the GBT Changchun Group in slurry form through the pipeline. It is therefore beneficial to both the Group and the GBT Group for the GBT Group to source corn starch in slurry form from the Group with saving in costs as the Group is not required to convert the corn starch into powder form before sale, and the sale of corn starch and the By-products by the Group to the GBT Group under the Corn Starch and By-products Master Sales Agreement will also provide a secured source of revenue for the Group, whereby the Group could sell corn starch and By-products which are not required by the Group or in excess for internal consumption of the Group to the GBT Group.

The terms and conditions of the Corn Starch and By-products 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 Corn Starch and By-products Master Sales Agreement are on normal commercial terms that are fair and reasonable and the

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continuing connected transactions under the Corn Starch and By-products 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.

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 Corn Starch and By-products Master Sales Agreement for each of the two years ending 31 December 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As at the Latest Practicable Date, Changchun Baocheng is wholly owned by GBT (a controlling shareholder of the Company) and hence is an associate of GBT. Changchun Dihao is an indirect wholly owned subsidiary of the Company. Therefore, the transactions contemplated under the Corn Starch and By-products Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the annual caps under the Corn Starch and By-products Master Sales Agreement represent more than 5% of each of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million, the continuing connected transactions under the Corn Starch and By-products Master Sales Agreement and the annual caps therefor are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. BREACH OF CHAPTER 14A OF THE LISTING RULES

The GS Group has been supplying corn oil to Changchun Wanxiang since December 2010. Written sales contracts have been entered into between the parties for each sale. In April 2013, the GBT Group acquired the entire issued share capital of the holding company of Changchun Wanxiang and Changchun Wanxiang subsequently became a member of the GBT Group and a connected person of the Company, and the supply of corn oil by the GS Group to Changchun Wanxiang has subsequently become continuing connected transactions of the Company. Since the date of Changchun Wanxiang becoming a connected person of the Company to 31 October 2013, the sales amount payable by Changchun Wanxiang to the GS Group amounted to approximately HK\$60.3 million, which represents more than 5% of each of the applicable percentage ratios and the sales amount exceeded HK\$10 million.

LETTER FROM THE BOARD

Under Chapter 14A of the Listing Rules, such sale of corn oil constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders' approval requirements.

Under Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting, annual review and disclosure requirements upon it becoming aware of the fact that Changchun Wanxiang has become a connected person of the Company, and the Company is required to comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements upon the entering into of new sales contract with Changchun Wanxiang after it became a connected person. As such, the failure by the Company to comply with the above requirements constituted breaches of Rules 14A.35 and 14A.41 of the Listing Rules.

The failure to comply with Rule 14A.35 of the Listing Rules was due to the misunderstanding by the management of the Group that such sale of corn oil, being an upstream product of the Group, should have been covered by the Upstream Product Master Sales Agreement. The aggregate sales amount of corn starch and corn steep liquor during the ten months ended 31 October 2013 and corn oil during April to October 2013 amounted to approximately HK\$130.2 million, which was far below the annual cap for the Upstream Product Master Sales Agreement for the year ended 31 December 2013 of HK\$422.8 million. Therefore, the management of the Group misconceived that Rule 14A.36 of the Listing Rules was not applicable as the annual cap for the Upstream Product Master Sales Agreement had not been exceeded and the sale of corn oil did not constitute a material change to the terms of the Upstream Product Master Sales Agreement.

The Directors first became aware of the breaches of Rules 14A.35 and 14A.41 of the Listing Rules in November 2013, when the sales of corn oil by the GS Group to Changchun Wanxiang were reviewed by the CCT Executive Committee in preparation of the continuing connected transactions report for the third quarter of 2013. It was realised that the sale of corn oil to Changchun Wanxiang was not covered by the Upstream Product Master Sales Agreement after consultation with the relevant professional parties and the Stock Exchange, and such sale of corn oil was halted accordingly.

The Directors consider that the failure to comply with Rules 14A.35 and 14A.41 of the Listing Rules was inadvertent, and the Company has taken steps to tighten its internal control procedures with a view to ensuring full understanding and timely compliance with the relevant requirements of the Listing Rules and to

LETTER FROM THE BOARD

preventing a recurrence of similar event in the future, including circulation of an internal communication guideline to the staff of the Group regarding the reporting procedure for continuing connected transactions and provision of training to the relevant responsible staff to enhance their understanding of the guideline and remind them of the importance of timely reporting of continuing connected transactions to the management of the Group. Monthly meetings are held by the CCT Executive Committee to review all continuing connected transactions between the Group and the GBT Group.

As the management of the Group has conducted the sale of corn oil in accordance with the Prescribed Guidelines as if it were the sale of corn starch and corn steep liquor under the Upstream Product Master Sales Agreement, the Directors (including the independent non-executive Directors) consider that the sale of corn oil during the year ended 31 December 2013 was fair and reasonable and the sales had been carried out on normal commercial terms in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

4. DISCLOSURE OF DIRECTOR'S INTEREST

Mr. Kong Zhanpeng, an executive Director, is considered to have a material interest in the Corn Starch and By-products Master Sales Agreement and the sale of corn oil from the Group to the GBT Group during the year ended 31 December 2013, he has abstained from voting on the Board resolutions approving the Corn Starch and By-products Master Sales Agreement and the related annual caps; and the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013. Other than Mr. Kong Zhanpeng, no Director has a material interest in the Corn Starch and By-products Master Sales Agreement and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013.

5. EGM

The Company will convene the EGM at Rooms 3&4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 3 March 2014 to consider and, if thought fit, approve the Corn Starch and By-products Master Sales Agreement and the related annual caps; and to ratify the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013. A notice of the EGM is set out on pages 57 to 58 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.

LETTER FROM THE BOARD

GBT and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the Corn Starch and By-products Master Sales Agreement and the sale of corn oil from the Group to the GBT Group during the year ended 31 December 2013, are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the Corn Starch and By-products Master Sales Agreement and the related annual caps; and ratifying the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013.

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.

6. RECOMMENDATION

The Directors consider that the continuing connected transactions under the Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 are or were in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend you to vote in favour of the relevant resolutions in the terms as set out in the notice of the EGM.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 18 to 19 of this circular which contains its advice to the Independent Shareholders regarding the continuing connected transactions under the Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013, the letter from Octal Capital set out in pages 20 to 49 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions under the Corn Starch and By-

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products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the appendix to this circular.

By order of the Board
Global Sweeteners Holdings Limited
Kong Zhanpeng
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)

29 January 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS:

**(1) SUPPLY OF CORN STARCH AND BY-PRODUCTS
TO THE GBT GROUP**

(2) BREACH OF CHAPTER 14A OF THE LISTING RULES

We refer to the circular issued by the Company to its shareholders and dated 29 January 2014 (“**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 Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013 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 Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 and to advise the Independent Shareholders in connection with the continuing connected transactions as contemplated under each of the Corn Starch and By-products Master Sales Agreement and the sale of corn oil from the Group to the GBT Group for the year ended 31 December

* *for identification purposes only*

LETTER FROM INDEPENDENT BOARD COMMITTEE

2013, as to whether, in our opinion, the terms of the Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 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.

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 Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 are and were on normal commercial terms. We also consider that the terms of the continuing connected transactions as contemplated under the Corn Starch and By-products Master Sales Agreement and the related annual caps and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 are and were fair and reasonable 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 Corn Starch and By-products Master Sales Agreement and the related annual caps, and to approve and ratify the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Chan Yuk Tong Gao Yunchun Ho Lic Ki

Independent non-executive Directors

LETTER FROM OCTAL CAPITAL



801-805, 8/F, Nan Fung Tower,
173 Des Voeux Road Central,
Hong Kong

29 January 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION —
SUPPLY OF CORN STARCH AND
BY-PRODUCTS TO THE GBT GROUP
AND
SALE OF CORN OIL BY THE GROUP TO THE GBT GROUP**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Corn Starch and By-products Master Sales Agreement, the transaction contemplated thereunder, the Proposed Caps (as defined below) and the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013, 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 29 January 2014 (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.

As it is expected that the GS Group (comprising members of the GSH Changchun Group) will continue to supply corn starch and corn steep liquor to the GBT Changchun Group, and the GS Group will also supply other By-products, such as raw corn oil, to the GBT Changchun Group, conditional upon the approval by the Independent Shareholders at the EGM, Changchun Dihao (for itself and as trustee for the benefit of other members of the GS Group) and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group) will enter into the Corn Starch and By-products Master Sales Agreement for the supply of corn starch and the By-products by the GS Group to the GBT Changchun Group with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2015. Upon the entering into of the Corn Starch and By-products Master Sales Agreement, the Upstream Products Master Sales Agreement shall be terminated contemporaneously.

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As Changchun Baocheng is wholly owned by GBT, a controlling Shareholder, as at the Latest Practicable Date, Changchun Baocheng is an associate of GBT and hence a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Corn Starch and By-products Master Sales Agreement constitute continuing connected transactions (the “Continuing Connected Transactions”) of the Company under Chapter 14A of the Listing Rules. Since the annual caps under the Corn Starch and By-products Master Sales Agreement 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 related annual caps (the “Proposed Caps”) therefore are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The GS Group has been supplying raw corn oil to Changchun Wanxiang since December 2010. Written sales contracts have been entered into between the relevant parties for each sale. In April 2013, the GBT Group acquired the entire issued share capital of the holding company of Changchun Wanxiang and Changchun Wanxiang subsequently became a member of the GBT Group and a connected person of the Company, and the supply of raw corn oil by the GS Group to Changchun Wanxiang has subsequently become continuing connected transactions of the Company. Since the date of Changchun Wanxiang becoming a connected person of the Company to 31 October 2013, the sales amount payable by Changchun Wanxiang to the GS Group represents more than 5% of each of the applicable percentage ratios and the sales amount exceeded HK\$10 million. Under Chapter 14A of the Listing Rules, such sale of raw corn oil constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders’ approval requirements. Under Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting, annual review and disclosure requirements upon it becoming aware of the fact that Changchun Wanxiang has become a connected person of the Company, and the Company is required to comply in full with all applicable reporting, annual review, disclosure and independent shareholders’ requirements upon the entering into of new sales contract with Changchun Wanxiang after it became a connected person of the Company. As such, the failure by the Company to comply with the above requirements constituted breaches of Rules 14A.35 and 14A.41 of the Listing Rules. Therefore, the Company will seek the approval by the Independent Shareholders at the EGM to ratify the sale of raw corn oil (the “Historical Transactions”) by the Group to the GBT Group for the year ended 31 December 2013.

In view of the foregoing, the Company will seek to obtain the approval of the Independent Shareholders on the Continuing Connected Transactions, the Proposed Caps and the Historical Transactions at the EGM. At the EGM, GBT and its associates are required to abstain from voting on the resolutions in relation to the Continuing Connected

LETTER FROM OCTAL CAPITAL

Transactions, the Corn Starch and By-products Master Sales Agreement, the Proposed Caps and the Historical Transactions. In addition, the Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Corn Starch and By-products Master Sales Agreement, the Continuing Connected Transactions, the Proposed Caps and the Historical Transactions are on normal commercial terms and fair and reasonable and whether the Corn Starch and By-products Master Sales Agreement, the Continuing Connected Transactions, the Proposed Caps and the Historical Transactions are in the interests of the Company and the Shareholders as a whole. In this regard, Octal Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

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 Company or GBT 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 discussion with the management of the Company regarding the Group, the Continuing Connected Transactions, the Corn Starch and By-products Master Sales Agreement, the Proposed Caps and the Historical Transactions 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 Continuing Connected Transactions, the Corn Starch and By-products Master Sales Agreement and the Proposed Caps, we have considered the following principal factors and reasons:

1. Background of and reasons for entering into the Continuing Connected Transactions and the Proposed Caps

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. Pursuant to the Upstream Products Master Sales Agreement, the GSH Changchun Group (being part of the GS Group) has been supplying corn starch and corn steep liquor to the GBT Changchun Group since November 2012 and the Upstream Products Master Sales Agreement will expire on 31 December 2014. These 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.

As it is expected that the GS Group will continue to supply corn starch and corn steep liquor to the GBT Changchun Group and the GS Group will also supply other By-products, such as raw corn oil, to the GBT Changchun Group, conditional upon the approval by the Independent Shareholders at the EGM, Changchun Dihao (for itself and as trustee for the benefit of other members of the GS Group) and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group) will enter into the Corn Starch and By-products Master Sales Agreement for the supply of corn starch and the By-products by the GS Group to the GBT Changchun Group with effect from the date of approval by the Independent Shareholders at the EGM to 31 December 2015.

The Group, via Changchun Dihao (or the Company's former wholly-owned subsidiary Changchun Jincheng Corn Development Co., Ltd. ("Changchun Jincheng")), had been supplying corn starch in slurry form to the GBT Changchun Group via the connected pipelines. The Group also uses the corn starch produced by it and sells any excess quantity, in dehydrated form, to third parties. Meanwhile, the GBT Changchun Group had been sourcing corn starch and corn steep liquor within the GBT Group. As the production facilities of Changchun Dihao and the GBT

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Changchun Group are located in close proximity and the Group has excess capacity in corn starch, Changchun Dihao could supply certain quantity of corn starch to the GBT Changchun Group without affecting the Group's operating activities. As advised by the Company, each of the subsidiaries will submit their production plans on the fifth day prior to each month's end to the Group's chief executive officer for approval. Such production plans take into account the orders received by each subsidiaries plus a reasonable inventory level. This forms an internal guideline for the upstream corn refinery on the internal consumption amount of corn starch needed for the month and the excess capacity available for supplying GBT Group or independent customers.

Moreover, as further advised by the Company, the corn producing facilities of the GS Group and the GBT Changchun Group would undergo routine maintenance each year which leads temporary suspension in operation of one to two months and Changchun Dihao and the GBT Changchun Group would supply corn starch to each other during the respective suspension. Given Changchun Dihao and the GBT Changchun Group are located in close proximity, the GS Group could supply certain quantity of corn starch in slurry form to the GBT Changchun Group and save costs on both sides provided that shareholders' approval regarding the relevant Continuing Connected Transactions has been obtained. Contrarily, in the absence of such arrangement, the GBT Changchun Group would be required to purchase corn starch, at high prices, from third parties during maintenance. Therefore, there is a need for the GS Group to supply certain quantity of corn starch to the GBT Changchun Group in order to facilitate the steady supply of corn starch for the GBT Changchun Group's normal production and operation at lower costs and this also provide an additional revenue stream to the Group.

On the other hand, as the GS Group has been supplying raw corn oil to Changchun Wanxiang (which was acquired by the GBT Group in April 2013 and has become a connected person of the Company thereafter) since December 2010 and intends to maintain the business relationship between the GS Group and Changchun Wanxiang, the Company decides to continue the supply of raw corn oil by the GS Group to Changchun Wanxiang.

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- *Reasons for the Corn Starch and By-products Master Sales Agreement*

Changchun Jincheng was a member of the GBT Group before it was acquired by the Company in 2011. Given Changchun Jincheng and the GBT Changchun Group are located in close proximity, prior to the completion of the acquisition of Changchun Jincheng by the Company (the “Jincheng Completion”), Changchun Jincheng had been supplying corn starch and corn steep liquor to the GBT Changchun Group and vice versa to save costs on both sides. After the Jincheng Completion, the Group and the GBT Group could not continue such practice unless shareholders’ approval regarding the relevant Continuing Connected Transactions has been obtained and the GBT Changchun Group would be required to purchase corn starch, at higher prices from third parties during maintenance or to source corn starch and corn steep liquor within the GBT Group. Therefore, there is a need for the GS Group to supply certain quantity of corn starch to the GBT Changchun Group in order to facilitate the steady supply of corn starch for normal production and operation at lower costs and Changchun Dihao (for itself and as trustee for the benefit of the GSH Changchun Group) and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group) entered into the Upstream Products Master Sales Agreement on 30 August 2012 to continue the supply of corn starch and corn steep liquor by the Group to the GBT Group with the term commencing from 30 August 2012 to 31 December 2014 (both days inclusive). On the other hand, the GS Group has been selling raw corn oil the Changchun Wanxiang (which was acquired by the GBT Group in April 2013) since December 2010 and the GS Group also intends to continue to sell raw corn oil, which are not required by the Group or in excess for internal consumption of the Group to the GBT Changchun Group, the Group proposes to enter into the Corn Starch and By-products Master Sales Agreement with Changchun Baocheng which also covers the sales of the By-products and replace the Upstream Products Master Sales Agreement.

As advised by the Company, given that there are no Independent Third Party suppliers in close proximity to the facilities of the GBT Changchun Group, additional transportation cost would be incurred by the GBT Changchun Group if they have to source corn starch and corn steep liquor from Independent Third Party suppliers. As advised by the Company, the GBT Changchun Group can also reduce the cost of transportation for the purchase of corn starch powder from the GS Group due to their close proximity. As set out in the Letter from the Board, the facilities of GSH Changchun Group and the GBT Changchun Group are in close proximity to each other and are connected with

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pipeline and the GS Group could supply corn starch to the GBT Changchun Group in slurry form through the pipeline. It is therefore beneficial to both the Group and the GBT Group for the GBT Changchun Group to source corn starch in slurry form from the GS Group with saving in costs as the GS Group is not required to convert all corn starch into powder form before sale, and the sale of corn starch and corn steep liquor (being one type of the By-products) by the GS Group to the GBT Changchun Group under the Corn Starch and By-products Master Sales Agreement will also provide a secured source of revenue for the Group, whereby the Group could sell corn starch and corn steep liquor which are in excess for internal consumption of the Group to the GBT Group.

In view of the close proximity of the production facilities of GSH Changchun Group and the GBT Changchun Group, the Directors consider that it is commercially beneficial for the GS Group to make use of its geographical advantage to transport corn starch and By-products. In addition, since the facilities of the GS Group in Changchun city and the GBT Changchun Group are connected with pipeline transfer system, the Directors consider that the supply of corn starch slurry to the GBT Changchun Group pursuant to the Corn Starch and By-products Master Sales Agreement allows the GS Group to better utilise its existing facilities, secure an additional revenue stream as well as to save the cost of processing, packaging, dehumidifying, storage and transportation.

As advised by the Company, raw corn oil (being one type of the By-products) is produced during the process of corn refinery to corn starch. The main application of raw corn oil is for producing edible corn oil but further processing is required. The GBT Group has been supplying raw corn oil to Changchun Wanxiang for its refinery to edible corn oil since late 2010 and Changchun Wanxiang was an Independent Third Party customer of the GBT Group at that time. Subsequently, the Group acquired Changchun Jincheng in 2011 and Changchun Wanxiang has been one of the major customers of the GS Group (in Changchun) in respect of the purchase of raw corn oil since 2011. In April 2013, Changchun Wanxiang was acquired by the GBT Group and has become a connected person of the Company thereafter. As advised by the Company, the GS Group does not have any refinery facilities for raw corn oil but generally has an annual production volume of raw corn oil of approximately 35,000MT. Also, as advised by the Company, the GS Group does not require raw corn oil for its production and the raw corn oil produced as a result of its normal productions has been sold to third parties in the past. Therefore, the GS Group has excessive quantity of raw corn oil for sale. On

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other hand, as advised by the Company, Changchun Wanxiang has an annual processing capacity of approximately 100,000MT whilst the general annual production volume of raw corn oil of the GBT Changchun Group in Jilin province was approximately 45,000MT. Therefore, there is a shortage in supply of raw corn oil within the GBT Changchun Group and the supply of raw corn oil by the GS Group to the GBT Changchun Group can partially compensate the shortfall in raw corn oil of the GBT Changchun Group. Furthermore, due to the huge volume of raw corn oil purchased by Changchun Wanxiang, relevant administration cost can be saved. In addition, as advised by the Company, due to the close proximity between (i) the production facilities of the GS Group in Changchun city and the refinery facilities of Changchun Wanxiang (being the only raw corn oil refiner of the GBT Changchun Group); and (ii) the production facilities of Jinzhou Yuancheng and the refinery facilities of a subcontracted raw corn oil refiner of Changchun Wanxiang, transportation cost for the raw corn oil can also be saved.

Based on the above, in particular, the rationale of (i) securing the stable revenue stream from the sale of corn starch and the By-products; (ii) achieving cost saving in respect of transportation costs and administrative costs; and (iii) enhancing utilisation of both the Group and the GBT Group in terms of usage of corn starch and the By-products, we consider it is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the Group and the GBT Group to carry out the Continuing Connected Transactions.

2. *The Proposed Caps*

Pursuant to the Corn Starch and By-products Master Sales Agreement, the GBT Changchun Group will purchase corn starch and the By-products (such as corn steep liquor and raw corn oil) from the relevant members of the GS Group at prices to be determined from time to time by the relevant members of the GBT Changchun Group and the GS Group on arm's length basis and with reference to the prevailing market rates or the historical price from the transactions between Independent Third Parties of corn starch powder and the By-products. However, in respect of corn starch to be supplied by the Group's production facilities in Changchun and to be delivered in the slurry form through starch pipeline, adjustments, which equal to a discount per MT as compared to the unit selling prices of corn starch powder of comparable specifications and quantities if offered by the GS Group at the same time, will be made to the purchase price with reference to the dehumidifying, packaging and storage costs which should be borne by the GS Group if such corn starch slurry were converted to corn starch powder and on such other standard terms of sale

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and purchase from time to time. As advised by the Company, the abovementioned adjustments to the unit price of corn starch slurry are determined after taking into account (i) the average unit utilities cost (such as water, electricity and steam cost) for dehumidification of such corn starch powder; (ii) the average unit cost of relevant packaging materials consumed; and (iii) the average unit labour cost and machine cost for storing corn starch powder by the GS Group in Changchun city during the previous financial year.

The payment terms for the products will be set out in the purchase order for each order to be placed under the Corn Starch and By-products Master Sales Agreement, provided that usually the purchase price shall be payable by the relevant members of the GBT Changchun Group within 60 days after the date of the relevant invoices issued by the relevant members of the GS Group. The Corn Starch and By-products Master Sales Agreement is for a term of two years commencing from the date of approval by the Independent Shareholders at the EGM and expiring on 31 December 2015 unless terminated earlier by three months' written notice by either party. We note that the principal terms relating to the sale of corn starch and corn steep liquor pursuant to the Corn Starch and By-products Master Sales Agreement are substantially same to those under the Upstream Products Master Sales Agreement, except that pursuant to the Corn Starch and By-products Master Sales Agreement, corn starch powder and the By-products such as raw corn oil will also be supplied to the GBT Changchun Group, and such shall be supplied by the GS Group as opposed to the GSH Changchun Group.

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Based on information provided by the Company, we summarise in the following table the historical transaction amount of corn starch and the By-products for the year ended 31 December 2012 and the ten months ended 31 October 2013 and the relevant Proposed Caps of the Corn Starch and By-products Master Sales Agreement for the two financial years ending 31 December 2015:

	For the year ended 31 December 2012	For the ten months ended 31 October 2013	For the year ending 31 December	
	Historical figures/ (existing annual cap) (HK\$'000)	Historical figures/ (existing annual cap) (HK\$'000)	Expected transaction amount/ (existing annual cap) (HK\$'000)	Expected transaction amount (HK\$'000)
Continuing Connected Transactions				
Supply of corn starch and corn steep liquor by GS Group (or the GSH Changchun Group in respect of the historical transactions) to the GBT Changchun Group	21,470 (127,400)	97,130 (422,800)	200,000 (463,900)	293,000
Supply of raw corn oil by GS Group to the GBT Changchun Group	79,348	94,649 (Note)	294,000	323,000
Proposed Caps	—	—	494,000	616,000

Note: Changchun Wanxiang was acquired by the GBT Group in April 2013 and became a connected person of the Company thereafter.

The Proposed Caps for each of the two years ending 31 December 2015 were determined by the Directors by reference to (i) the historical sales amount of corn starch and corn steep liquor under the Upstream Products Master Sales Agreement for the year ended 31 December 2012 and the ten months ended 31 October 2013 which was approximately HK\$21 million and HK\$97 million, respectively; (ii) the

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historical sales amount of raw corn oil by the Group to Changchun Wanxiang for the year ended 31 December 2012 and the ten months ended 31 October 2013 which was approximately HK\$79 million and HK\$95 million, respectively; (iii) the terms offered by the Group to Independent Third Parties; and (iv) the prevailing market rates of corn starch powder and the By-products and, in respect of corn starch to be supplied by the Group's production facilities in Changchun and to be delivered in the form of starch slurry through starch pipeline, with adjustments made with reference to the dehumidifying, packaging, storage costs and other related costs such as insurance and utility cost.

As set out in the above table, the historical transaction amount of corn starch and corn steep liquor for the year ended 31 December 2012 and the ten months ended 31 October 2013 were significantly lower than their respective existing annual caps. As advised by the Company, such decrease in transaction volume of corn starch and corn steep liquor was mainly due to the fact that the lysine business of GBT Changchun Group was adversely affected by the fluctuating lysine market since the second quarter of 2012 where lysine products contributed the most to the GBT's operation.

As advised by the Company, corn starch and corn steep liquor are raw materials to produce lysine (being a type of amino acid which is the main product of the GBT). Lysine is one of the most widely used amino acids and can be applied in the diets of swine, poultry and most other animal species. We have reviewed the annual report of GBT for the year ended 31 December 2012 and interim report of GBT for the six months ended 30 June 2013 and noted that the total revenue of GBT for (i) the year ended 31 December 2012 decreased by approximately 16.7% as compared with that for the 2011; and (ii) for the six months ended 30 June 2013 decreased by approximately 16.5% as compared with that for the same period in 2012. We also noted that the sales of amino acids (including lysine) for (i) the year ended 31 December 2012 decreased by approximately 8.0% as compared with that for 2011 mainly due to the drop in average selling prices as a result of the increasing market competition and down cycle of animal feed market in the PRC; and (ii) the six months ended 30 June 2013 decreased by approximately 20.6% as compared with that for the same period in 2012 where the lysine business was adversely affected by the additional production capacity launched from the market and impact from the H7N9 bird flu outbreak. As further advised by the Company, due to the challenging lysine market, GBT has centralised its lysine production in production site in Dehui city and reduce the utilisation rate of Changchun Baocheng since June 2013 in order to increase the overall operating efficiency.

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As regard the Proposed Caps to be sought for the Continuing Connected Transactions for the two financial years ending 31 December 2015 of HK\$494,000,000 and HK\$616,000,000 respectively, we have obtained from the Company a list of estimated purchase of corn starch and the By-products (including corn steep liquor and raw corn oil) 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 respective estimated price per MT of (i) corn starch and corn steep liquor by the estimated quantity to be purchased by the GBT Changchun Group to compensate its expected shortfall in supply; and (ii) raw corn oil by the estimated quantity to be purchased by the GBT Changchun Group for its onward refinery to edible corn oil during 2014 to 2015.

In order to assess the fairness and reasonableness of the estimated price and estimated quantity of corn starch and the By-products to be purchased used in the list of estimate by the Group, we have performed the following analysis.

(I) Regarding the expected transaction volume

1. Corn starch and corn steep liquor

We have compared the historical transaction volume of corn starch and corn steep liquor for each of the two years ended 31 December 2012 and the ten months ended 31 October 2013 with the expected transaction volume for each of the two years ending 31 December 2015 and noted that (i) the expected transaction volume of corn starch of 60,000MT for the year ending 31 December 2014 represents a growth of approximately 41.2% as compared with the annualised transaction volume of corn starch of approximately 42,500MT for the year ended 31 December 2013 (projected based on the actual transaction volume for the ten months ended 31 October 2013) whilst the Company expects a transaction volume of corn starch of approximately 80,000MT for the year ending 31 December 2015, representing a growth of approximately 33.3% as compared with that for the year ending 31 December 2014; and (ii) the expected transaction volume of corn steep liquor for the year ending 31 December 2014 is 12,000MT which is roughly the same as the annualised transaction volume of corn steep liquor for the year ended 31 December 2013 (projected based on the actual transaction volume for the ten months ended 31 October 2013) whilst the Company expects a transaction volume of corn steep liquor of approximately

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16,000MT for the year ending 31 December 2015, representing a growth of approximately 33.3% as compared with that for the year ending 31 December 2014. Besides, we also note that the total expected transaction amount of corn starch and corn steep liquor for the year ending 31 December 2014 has already been revised down by approximately 52.7% as compared with the existing annual cap for the same year after taking into account the past transaction volume.

As advised by the Company, though the sale of lysine (which is one of the main feed products for poultry) by GBT has been affected by the bird flu incident during 2013, GBT considers that such incident is occasional and expects that the sales of lysine and other feed related amino acid will eventually benefit from the expected increase in demand of poultry as a result of population growth, improvement in general living standard in the future and relevant policy of the PRC government. Thus, the Company expects that the GBT Changchun Group will require more corn starch and corn steep liquor to produce lysine and other feed related amino acid products to meet market demand. We note from 國務院關於支援農業產業化龍頭企業發展的意見(transliterated as the Opinion of State Council of the PRC on the support to the development of leading enterprises in agricultural industrialisation*) and 國務院關於加快發展現代農業進一步增強農村發展活力的若干意見(transliterated as the Certain opinion of State Council of the PRC on accelerating the development of modern agriculture and further enhance the vitality of rural development*) in 2012 that the PRC government intends to secure the development of agricultural and husbandry industries such as implementing supportive policy in relation to the husbandry and fishery industries and encouraging the leading enterprises to drive development of scale breeding. In addition, 中共中央關於全面深化改革若干重大問題的決定(transliterated as the Decision of Central Committee of the Communist Party of China on comprehensively deepening reform of certain major issues*) in 2013 also mentions that the PRC government decides to encourage the development of economic cooperation in rural area and to support the modernization and scaling-up of relevant industry. In light of the fact that lysine is a common additive to animal feed, we concur with the Company that the demand of lysine products and quantity of corn starch and corn steep liquor required by the GBT Changchun Group will increase as a result of the abovementioned

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policies. We have also reviewed the new production capacity of lysine of GS Group in Changchun city after the capacity centralization and noted that the corresponding quantities of corn starch and corn steep liquor required under its predetermined production capacity are approximately 640,000MT and 75,000MT respectively.

In addition, we note from the joint announcement dated 6 June 2013 of the Company and GBT that the Company and GBT entered into the distribution agreements (the “Distribution Agreements”) with Archer Daniels Midland Company (“ADM”) pursuant to which ADM has been appointed as the exclusive distributor of, among other things, certain lysine products manufactured by the GBT Group to markets in Brazil and Argentina for a term of one year commencing from June 2013. ADM is one of the world’s largest processors of oilseeds, corn, wheat, cocoa, and other agricultural commodities and is a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol, and other value-added food and feed ingredients. We have enquired and were advised by the Company that Brazil and Argentina are both new markets of GBT where GBT initially plans to distribute its lysine products which can be applied in feed application. Having considered the general economy of Brazil and Argentina and the market position of ADM, the Company is of the view that the overall sale of lysine products of the GBT Group would increase through the sales collaboration with ADM in 2014 and 2015 (assuming that the Distribution Agreements will be renewed). As advised by the Company, since approximately 35% of the lysine products of GBT in volume are produced by the GBT Changchun Group, the Company expects that the GBT Changchun Group will require additional quantity of corn starch and corn steep liquor for the each of the two years ending 31 December 2015 (assuming that the Distribution Agreements will be renewed). Therefore, Company expects an increase in purchase of corn starch and corn steep liquor by the GBT Changchun Group. In light of the abovementioned factors, we consider that the expected increase of transaction volume of corn starch and corn steep liquor for the two years ending 31 December 2015 is fair and reasonable.

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2. Raw corn oil

We have obtained and reviewed the historical transaction volume for each of the year ended 31 December 2012 and the ten months ended 31 October 2013 and noted that the transaction volume has increased by approximately 35.8% from approximately 8,330MT for the year ended 31 December 2012 to approximately 11,310MT for the ten months ended 31 October 2013. We have also reviewed the breakdown of sales projection of the GS Group and noted that the expected transaction volume of raw corn oil is attributed by the transactions between (i) Changchun Dihao and Changchun Wanxiang; and (ii) Jinzhou Yuancheng and Changchun Wanxiang (via its subcontractor in Jinzhou).

We have compared the expected transaction volume for each of the two years ending 31 December 2015 (both being 15,000MT) to the annualised transaction volume of approximately 13,600MT for the year ended 31 December 2013 (calculated based on the actual transaction volume for the ten months ended 31 October 2013) and noted the Company has assumed an expected growth rate of approximately 10.3% in 2014. We have also reviewed the historical production volume of edible corn oil by Changchun Wanxiang and noted that it has sufficient refinery capacity for the raw corn oil to be supplied by Changchun Dihao during the two years ending 31 December 2015. In addition, we were advised by the Company that the acquisition of Changchun Wanxiang by GBT in April 2013 is the first step of GBT to participate in the business of production and sale of edible corn oil and it is expected that GBT will expand such business by subcontracting certain refinery process to Independent Third Party refiners. As advised by the Company, the designed annual corn refinery capacity of Jinzhou Yuancheng is 800,000MT and the expected annual production capacity of raw corn oil is 20,000MT. We also note from breakdown of sales projection of the GS Group that Jinzhou Yuancheng will supply 18,333MT of raw corn oil to Changchun Wanxiang for each of the two years ending 31 December 2015 and such raw corn oil will be sent to the subcontractor of Changchun Wanxiang in Jinzhou city due to advantage of close proximity. We have also enquired and were confirmed by the Company that such additional quantity of raw corn oil was determined based on the target sales volume of edible corn

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oil by the GBT Changchun Group and the subcontractor of Changchun Wanxiang has sufficient refinery capacity for the raw corn oil to be supplied by Jinzhou Yuancheng. In light of the abovementioned, we consider the expected transaction volume of raw corn oil between the GS Group and the GBT Changchun Group is fair and reasonable.

(II) Regarding the expected unit price of corn starch and the By-products

We note that the Company has established the CCT Executive Committee to monitor, review and manage the continuing connected transactions between the Group and the GBT Group. In addition, to ensure the pricing terms of the corn starch and the By-products are on normal commercial terms and are no less favorable to the Group than those offered to Independent Third Parties and to comply with Rule 14A.37 of the Listing Rules, the CCT Supervisory Committee has also recommended the Company to update the Prescribed Guidelines to govern the continuing connected transactions in respect of the sale of the corn starch and the By-products which will be adopted with effect from the date of approval of the Corn Starch and By-products Master Sales Agreement by the Independent Shareholders at the EGM. The CCT Executive Committee will then follow the updated Prescribed Guidelines to ensure that the Continuing Connected Transactions have been entered into in accordance with the terms of the Corn Starch and By-products Master Sales Agreement, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The CCT Supervisory Committee will review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to the Continuing Connected Transactions, as to whether they have been proceeded with in accordance with the updated Prescribed Guidelines, and will report their findings by way of announcement on a quarterly basis and confirm in the annual report that the transactions have been entered into in compliance with Rule 14A.37 of the Listing Rules.

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According to the updated Prescribed Guidelines, with respect to the pricing policy for the sale of corn starch and the By-products under the Corn Starch and By-products Master Sales Agreement, the CCT Executive Committee shall determine the unit price and terms in respect of corn starch and the By-products supplied by the Group to the GBT Group in the following procedure:

- (i) Based on the average unit selling price offered to independent customers

The price of corn starch and the By-products will be determined with reference to the average unit selling price derived from historical transactions and other major commercial terms offered by the Group to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for sales of corn starch and the By-products of comparable specifications and quantities for the relevant month up to the price determination date; or

- (ii) Based on the average unit selling price offered by independent suppliers

If the information under paragraph (i) above is insufficient, the prices of corn starch and the By-products will be determined with reference to the average unit selling price derived from historical transactions and other major commercial terms offered to the Group by at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent supplier independent suppliers for purchase of corn starch and the By-products of comparable specifications and quantities during the relevant month up to the price determination date.

We note that under the existing Prescribed Guidelines, the Company may have to obtain market information regarding the market unit price of corn starch and corn steep liquor of comparable specification and quantities for the relevant month. However, as advised by the Company, in practice, the Group obtains public information for negotiating the price with its independent customers or suppliers, such as the prices as quoted on 中國玉米市場網 (China Corn Market Information*, www.ex-starch.com) and 中國糧油信息網 (China Grain and Oil Information*, www.chinagrains.com). As further advised by the Company, given that the information on these websites are general in nature and important details, such as manufacturing location and packaging of corn starch powder and raw corn oil, and the market price of corn steep liquor are not available,

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the Group will only use those public information as a reference only. As confirmed by the Company, the specifications of products of the GS Group should be same as those being transacted with the Independent Third Parties except that certain corn starch to be supplied to the GBT Changchun Group by the GS Group in Changchun city will be in slurry form instead of powder form.

In respect of corn starch to be supplied by the Group's production facilities in Changchun and to be delivered in the form of starch slurry through starch pipeline, adjustments, which equal to a discount per MT as compared to the unit selling prices of corn starch powder of comparable specifications and quantities if offered by the GS Group at the same time, will be made to the purchase price after each month end with reference to the relevant historical processing cost including dehumidifying, packaging and storage cost. As advised by the Company, since the unit selling price will be determined based on the market price information that can be easily obtained and, if in the event where no such market price information available, unit selling price will be determined with reference to transactions with independent customers or suppliers, the CCT Executive Committee considers that the price determination basis is on normal commercial terms.

Regarding to the price adjustment to the unit selling price of corn starch slurry, we have enquired and were advised by the Company that corn starch is generally in powder form when transacted in the market and corn starch slurry is only a semi-finished product of corn starch produced by the GS Group for the GBT Changchun Group for the mutual benefit in saving the relevant processing cost (such as dehumidification, packaging and storage cost). As further advised by the Company, the Company generally determines the pricing of corn starch after taking into account various factors such as the material cost, processing cost and the then market price. Furthermore, as corn starch slurry is not a usual product trading in the market, we were advised by the Company that there is no available transaction information for determining the market price or general practice in price determination. Therefore, we cannot conclude whether the basis of adjustment to the unit selling price of corn starch slurry is on normal commercial term. Given that the GS Group also produces corn starch powder, the Company can mimic the fair price of corn starch slurry after each month end by adjusting the price of corn starch

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powder with the estimated unit processing cost to be saved with reference to the relevant unit processing cost incurred by the GS Group in Changchun city according to the following formula:

$$\text{Estimated unit price of corn starch slurry} = P - (A + B + C)$$

- P: Average unit price of corn starch powder with Independent Third Parties during the relevant month
- A: Average unit utilities cost (such as water, electricity and steam cost) incurred to dehumidify the corn starch slurry to powder form during the previous financial year
- B: Average unit cost of relevant packaging materials consumed to pack corn starch in powder form during the previous financial year
- C: Average unit labour cost and machine cost incurred to store corn starch in powder form during the previous financial year

We have reviewed the sample monthly reports to the CCT Executive Committee and the relevant calculation of price adjustment to be submitted to CCT Supervisory Committee and noted that they contain the pricing information of the corn starch powder with the Independent Third Parties and the price adjustments for corn starch slurry are calculated in accordance with the above formula. The CCT Executive Committee will then submit such reports on quarterly basis to the CCT Supervisory Committee (comprising all independent non-executive Directors) for their approval of the price adjustment. As further advised by the Company, the CCT Supervisory Committee will compare the pricing information and adjusted price as set out in the quarterly reports and review the historical processing cost for corn starch slurry to assess the fairness and reasonableness of the transactions as well as the aforesaid price adjustments.

Having considered that (i) the unit selling price of corn starch slurry is based on the market price of corn starch powder or price of corn starch powder with reference to historical transactions with the Independent Third Parties; and (ii) the adjustments to the price of corn starch powder is determined with reference to the aforesaid processing cost that the GS Group can save when not converting corn starch slurry to corn starch powder, we consider that the basis of adjustments to the unit selling price of corn starch slurry is fair and reasonable.

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To assess the fairness and reasonableness of the estimation on unit prices by the Company, we have obtained the invoices, on sampling basis, for supplying each of corn starch and the By-products by the GS Group to the Independent Third Party customers and the GBT Changchun Group during the year ended 31 December 2012 and the ten months ended 31 October 2013. Upon comparison, we note that (i) the unit selling price corn starch powder sold to the GBT Changchun Group is comparable to that offered to the Independent Third Party customers; (ii) the unit selling price of corn steep liquor is comparable to that offered to the Independent Third Party customers; and (iii) the unit selling price of raw corn oil is comparable to that offered to the Independent Third Party customers. Meanwhile, we were further advised by the Company that the price adjustment for corn starch slurry during the two years ending 31 December 2014 and 2015 will be determined with reference to the related processing cost in accordance with the above formula and we consider that is acceptable.

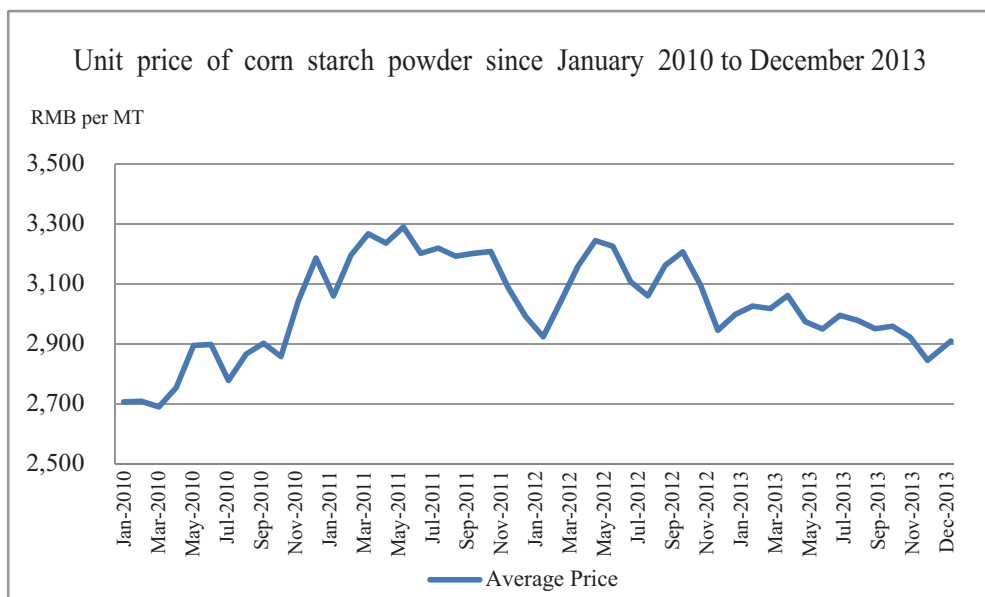
For the estimated selling price per MT of the corn starch and the By-products, we have reviewed the projection made by the Company in arriving the Proposed Caps and noted that when determining the expected unit selling price of corn starch and the By-products for the year ending 31 December 2015, the Company has assumed an annual growth rate of 10% based on the average actual unit price of approximately RMB2,985 per MT of corn starch, approximately RMB234 per MT of corn steep liquor and approximately RMB7,866 per MT of raw corn oil for the ten months ended 31 October 2013.

To assess the fairness and reasonableness of the expected growth rate of unit prices, we have reviewed the corn starch powder price and raw corn oil price based on the market information published on 中國玉米市場網 (China Corn Market Information*, www.ex-starch.com) and 中國糧油信息網 (China Grain and Oil Information*, www.chinagrains.com) respectively (both being the websites to be used by the Company in obtaining the market price for determination of the unit selling price under the Continuing Connected Transactions). We noted that the links of China Corn Market Information* (www.ex-starch.com) and 吉林玉米中心批發市場有限公司 (Jilin Corn Center Exchange Ltd.*, www.jcce.cn) refer to the same website. As set out in the aforesaid website, the establishment of Jilin Corn Center Exchange Ltd.* was approved by the local PRC government in Jilin Province in 2000 and is a nationwide internet trading platform with news and market price information on corn and starch products. On the other hand, we also noted from the website of China Grain and Oil Information* that it is a provider of industry

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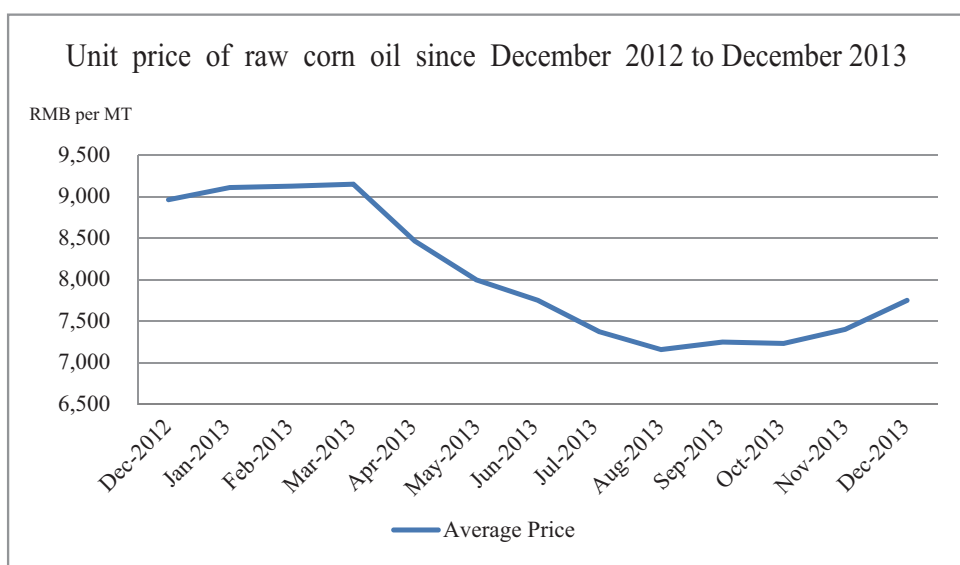
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information, market price, import and export statistics and regulations in different cities of the PRC in respect of various agricultural products such as corn, bean, wheat and etc.. Set out below are the charts illustrating the price of corn starch powder and raw corn oil.



Source: 中國玉米市場網

As set out in the chart above, the unit price of corn starch powder has been decreasing from approximately RMB3,300 per MT in mid 2011 to approximately RMB2,900 per MT in December 2012 but the magnitude has been diminishing since 2013.



Source: 中國糧油信息網

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As set out in the chart above, the unit price of raw corn oil has been decreasing from approximately RMB9,000 per MT in December 2012 to approximately RMB7,200 per MT in September 2013. Afterward, it has rebounded in general and reached the level of approximately RMB7,700 per MT.

Although it is unlikely that the unit price of corn starch will experience a drastic growth in the short-run, as advised by the Company, the 10% growth in unit price of product to be transacted was assumed after taking into account the combined result of the inflation in the PRC, appreciation in Renminbi and buffer. Given that the reporting currency of the Group is Hong Kong Dollars, the transaction amount will have to be translated from Renminbi into Hong Kong Dollar and any appreciation in Renminbi will inflate the actual transaction amount. We have also reviewed the exchange rate of Renminbi and Hong Kong Dollar over the past five years from 2009 to 2013 and noted the exchange rate of Renminbi and Hong Kong Dollar has been appreciated at a compound annual growth rate of approximately 2.3%. In addition, we have also reviewed the total consumer price index for the past five years from 2009 to 2013 and noted that the total consumer price index has increased at a compound annual growth rate of approximately 2.6%. After taking into account the historical price movement of corn starch and raw corn oil, the inflation and Renminbi appreciation in the past and the expected growth rate serving the purpose of buffer, we consider that the growth rate of unit price as expected by the Company is acceptable.

(III) The CCT Executive Committee and the CCT Supervisory Committee

To assess the experience and independence of the CCT Executive Committee and the CCT Supervisory Committee, we have obtained and reviewed the term of reference of the CCT Executive Committee and noted that the CCT Executive Committee was established on 3 September 2007 and comprises at least two executive Directors (currently comprises Mr. Lee Chi Yung (“Mr. Lee”) and Mr. Zhang Fazheng (“Mr. Zhang”)). The duties of the CCT Executive Committee includes but not limited to (i) monitoring, review and managing the continuing connected transactions between the Group and GBT Group under the supervision of the CCT Supervisory Committee; (ii) following the Prescribed Guidelines that devised and revised from time to time by CCT Supervisory Committee and ensure that the continuing connected transactions with GBT Group will be entered into in accordance with the respective agreements entered into between the Group and the GBT Group, on normal commercial terms and on terms that are fair and reasonable and in the interests

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of the shareholders as a whole; and (iii) preparing continuing connected transactions report and submitting to CCT Supervisory Committee on regular basis.

As noted from the annual report of the Company for the year ended 31 December 2012, Mr. Lee is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants and has over 12 years of experience in the related fields of finance, auditing, accounting and corporate governance practices. Mr. Lee joined the GBT Group in September 2000 and then the Group in August 2007. Mr. Lee is responsible for overseeing the Group's financial reporting procedures, internal controls and compliance with the Listing Rules and other relevant laws and regulations. Mr. Zhang graduated from Jilin Finance and Trade College in 1992, majoring in corporate accounting and has over 24 years of experience in the management of production plant. Mr. Zhang was appointed as an executive Director in June 2008 and was appointed as the chief executive officer of the Group on 6 February 2009. Mr. Zhang is responsible for overseeing the Group's operation management and product development. Therefore, we consider that the CCT Executive Committee has the relevant experience in the managing corn refinery business and internal control of the Group which enables the CCT Executive Committee to monitor, review and manage the Continuing Connected Transactions.

As advised by the Company, although the members of the CCT Executive Committee are all executive Directors, it is supervised and guided by the CCT Supervisory Committee. We have obtained and reviewed the terms of reference of the CCT Supervisory Committee and noted that the CCT Supervisory Committee was established on 3 September 2007 and comprises at least three independent non-executive Directors (currently comprises Mr. Chan Yuk Tong ("Mr. Chan"), Mr. Gao Yunchun ("Mr. Gao") and Mr. Ho Lic Ki ("Mr. Ho")). The duties of the CCT Supervisory Committee include but not limited to (i) review and approving the terms and conditions, in particular the pricing formulae and other major commercial terms (including credit terms) of the agreements governing the continuing connected transactions; (ii) review, on a quarterly basis, the quarterly reports to be submitted by the CCT Executive Committee in relation to the execution of any continuing connected transactions; (iii) devising and revising the Prescribed Guidelines from time to time for the CCT Executive Committee to follow in order to ensure that the continuing connected transactions will be entered into in accordance with the respective master agreements, on normal commercial terms and on terms

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that will be fair and reasonable and in the interests of the Shareholders; and (iv) to review and, where applicable, to pre-approve any application in respect of any continuing connected transactions from time to time submitted by the CCT Executive Committee to ensure that such transactions will comply with the Prescribed Guidelines and in accordance with the respective master agreements. According to the Prescribed Guidelines, if the CCT Supervisory Committee is aware of any breach to the Prescribed Guidelines or relevant master agreement in respect of the continuing connected transactions, the CCT Supervisory Committee has the power to require the Group to take any measure as the CCT Supervisory Committee considers appropriate (including price adjustments) to ratify the breach.

As noted from the annual report of the Company for the year ended 31 December 2012, Mr. Chan has more than 25 years of experience in auditing, accounting, management consultancy and financial advisory services and is a practicing fellow member of the Hong Kong Institute of Certificate Public Accountants and a member of CPA Australia. Mr. Chan was appointed as an independent non-executive Director in June 2008 and Mr. Chan also holds directorship (as independent non-executive director) in various publicly listed companies in Hong Kong. Mr. Gao was appointed as an independent non-executive Director in August 2007 and has about 15 years of experience in the field of chemical engineering and corn refinery industry. Mr. Ho was appointed as an independent non-executive Director in August 2007 and has about 40 years of experience in banking, finance and asset management. Mr. Ho had also been an independent non-executive director of another listed company in Hong Kong. In view of that the CCT Supervisory Committee possesses the relevant experience in corn refinery industry and corporate governance and is composed of independent non-executive Directors, we consider the CCT Supervisory Committee has the independence and relevant experience in supervising and guiding the CCT Executive Committee in performing their duties.

On the above basis, we consider that the bases on which the Proposed Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

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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 subject to the following conditions:

1. The Continuing Connected Transactions will be:
 - (i) entered into by the Group in the ordinary and usual course of its business;
 - (ii) conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from Independent Third Parties; and
 - (iii) entered into in accordance with the terms of the relevant framework agreement governing the Continuing Connected Transactions that are fair and reasonable and in the interests of the Shareholders of the Company as a whole;
2. The transacted amount of the transactions under the Continuing Connected Transactions shall not exceed the Proposed Caps;
3. The Company will comply with all other relevant requirements under the Listing Rules.

Taking into account the conditions attached 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 relevant transaction price and

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whether the Continuing Connected Transactions are on normal commercial terms and no less favourable to the Company; and (iv) the review by the CCT Executive Committee and the CCT Supervisory Committee comprising all independent 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.

RECOMMENDATION

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

- (i) the Continuing Connected Transactions will generate additional revenue and income from sales of corn starch and the By-products;
- (ii) the Continuing Connected Transactions will achieve cost saving in respect of processing costs and administrative costs and enhance utilisation of both the Group and the GBT Group in terms of usage of corn starch and the By-products;
- (iii) the mechanism and measures taken/to be taken by the Group in ensuring the Continuing Connected Transactions are on normal commercial terms or on terms no less favourable to the Company than terms available to or from Independent Third Parties;
- (iv) the restriction by way of setting of the Proposed Caps; and
- (v) the quarterly review by the CCT Supervisory Committee comprising all independent non-executive Directors on the terms of and relevant internal guidelines governing the continuing connected transactions of the Group,

we are of the opinion that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Company; and (ii) the terms of the Continuing Connected Transactions, the Corn Starch and By-products Master Sales Agreement and the Proposed Caps are on normal commercial terms (except the basis of adjustment to the unit price of corn starch slurry which is not a usual product in the market), fair and reasonable and 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, the Corn Starch and By-products Master Sales Agreement and the Proposed Caps.

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THE HISTORICAL TRANSACTIONS

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Historical Transactions, we have considered the following principal factors and reasons:

1. *Background of the Historical Transactions*

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. Changchun Wanxiang is principally engaged in corn oil refinery and sale of corn oil products and was an Independent Third Party to the Group and the GBT Group before it was acquired by the GBT Group in April 2013. As advised by the Company, raw corn oil (being one type of the By-products) is produced during the process of corn refinery to corn starch and the GS Group does not have any refinery facilities to refiner such raw corn oil into edible corn oil. Therefore, the sale of raw corn oil can provide additional revenue source to the GS Group.

As mentioned in the Letter from the Board, the GS Group has been supplying raw corn oil to Changchun Wanxiang since December 2010. Written sales contracts have been entered into between the parties for each sale. In April 2013, the GBT Group acquired the entire issued share capital of the holding company of Changchun Wanxiang and Changchun Wanxiang subsequently became a member of the GBT Group and a connected person of the Company, and the supply of raw corn oil by the GS Group to Changchun Wanxiang has subsequently become continuing connected transactions of the Company. Under Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting, annual review and disclosure requirements upon it becoming aware of the fact that Changchun Wanxiang has become a connected person of the Company, and the Company is required to comply in full with all applicable reporting, annual review, disclosure and independent shareholders' requirements upon the entering into of new sales contract with Changchun Wanxiang after it became a connected person.

As advised by the Company, in July 2013, the Company was preparing its continuing connected transactions report for the second quarter of 2013 to its auditor for review. Due to the misunderstanding by the management of the Company, it was believed that the sale of raw corn oil, being an upstream product of the Group, should have been covered by the Upstream Product Master Sales Agreement and the Company

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treated the sales of raw corn oil as part of the relevant continuing connected transactions under the Upstream Product Master Sales Agreement. The transactions have been reviewed by CCT Executive Committee in accordance with CCT guidelines and the selling price was crossed checked with reference to the market selling prices of Jinzhou Yuancheng and Independent Third Parties and the relevant review report was approved by CCT Executive Committee in August 2013. Until November 2013, the Directors first became aware of the breaches of Rules 14A.35 and 14A.41 of the Listing Rules when the CCT Executive Committee reviewed the Historical Transactions again when preparing its continuing connected transactions report for the third quarter of 2013 and realised that the sale of raw corn oil was not covered under the Upstream Product Master Sales Agreement after consultation with the relevant professional parties and the Stock Exchange. Transactions between the GS Group and Changchun Wanxiang were then halted accordingly.

Since the date of Changchun Wanxiang becoming a connected person of the Company to 31 October 2013, the sales amount payable by Changchun Wanxiang to the GS Group amounted to approximately HK\$60.3 million, which represents more than 5% of each of the applicable percentage ratios and the sales amount exceeded HK\$10 million. Under Chapter 14A of the Listing Rules, such sale of raw corn oil constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders' approval requirements. In this regard, the Board proposed to obtain the Independent Shareholders' approval to ratify the Historical Transactions.

2. *Terms of the Historical Transactions*

As set out in the Letter from the Board, written sale contracts have been entered into between the GS Group and Changchun Wanxiang for each sale of raw corn oil. As advised by the Company, the GS Group has continued to enter into written sale contracts with Changchun Wanxiang after Changchun Wanxiang was acquired by the GBT Group in April 2013. As such, we have obtained the written sale contracts, on sample basis, between the GS Group and Changchun Wanxiang for the ten months ended 31 October 2013. We note that the principal terms (including credit period) for the sale of raw corn oil before and after the acquisition of Changchun Wanxiang are comparable. As advised by the Company, pricing of raw corn oil was determined with reference to the then prevailing market price. We were advised by the Company that Changchun Wanxiang has been the only customer in respect of corn oil produced by GS Group (in Changchun city) since late 2012 and there was no direct comparable transaction with Independent Third Party for comparison. However, we

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have compared with the unit price of raw corn oil set out in the sample invoices with Changchun Wanxiang against the then market price of raw corn oil and noted that the unit price of raw corn oil sold by the GS Group to Changchun Wanxiang was roughly comparable to the then market price. In addition, we have also obtained, on sample basis, the invoices for the sale of raw corn oil by the GS Group (in Jinzhou city) to the Independent Third Party customers and compared against those between the GS Group and Changchun Wanxiang. Upon comparison, we note that the pricing offered to Changchun Wanxiang was roughly comparable to those offered to Independent Third Parties, after taking into account the relevant transportation costs whilst the principal terms (including credit period) were generally the same.

Based on the above, we consider that the Historical Transactions were carried out on normal commercial terms and the prices offered to Changchun Wanxiang were not less favourable to the Group than those offered to the customers who are Independent Third Parties.

3. *Enhancement of internal control*

As set out in the Letter from the Board, the Directors consider that the failure to comply with Rules 14A.35 and 14A.41 of the Listing Rules was inadvertent and the Company has taken steps to tighten its internal control procedures with a view to ensuring full understanding and timely compliance with the relevant requirements of the Listing Rules and to preventing a recurrence of similar event in the future, including circulation of an internal communication guideline to the staff of the Group regarding the reporting procedure for continuing connected transactions and provision of training to the relevant responsible staff to enhance their understanding of the guideline and remind them of the importance of timely reporting of continuing connected transactions to the management of the Group. Monthly meetings are held by the CCT Executive Committee to review all continuing connected transactions between the Group and the GBT Group.

We have obtained and reviewed the relevant reporting guideline of the Company and noted that it requires the staff of the Group to report to the management in Hong Kong when they are aware of any material issues in relation to the Group, such as transactions with connected persons of the Company. In addition, we have also obtained and reviewed the relevant training material of the Company and noted that such training material covers, among other things, the definition of connected persons and connected transactions and the requirements under the Listing Rules. As advised by the Company, such relevant training materials will be updated from time to time so as to be in line with the latest Listing Rules and staff of the

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Group will also be reminded of the types of products that are being covered by the existing master agreements in relation to various continuing connected transactions between the Group and the GBT Group. As such, we consider that the Company has implemented sufficient measures to enable its staff to detect and report any transaction with connected persons. The Continuing Connected Transactions must be monitored and reviewed by the CCT Executive Committee before execution and the CCT Supervisory Committee of the Company also takes the responsibility to, among other things, (i) devise and revise the Prescribed Guidelines from time to time for the CCT Executive Committee to follow in order to ensure that the continuing connected transactions with GBT Group will be entered into in accordance with the respective agreements entered into between the Group and the GBT Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (ii) review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to the Continuing Connected Transactions as to whether they have been carried out in accordance with the Prescribed Guidelines. As advised by the Company, the Company will reassess the existing review mechanism carried out by the CCT Supervisory Committee in order to ensure that the Prescribed Guidelines are followed strictly. Having considered the existing reporting and review mechanism of the Continuing Connected Transactions and the enhancement to be taken by the Company, we consider that the Company is able to govern the execution of the Continuing Connected Transactions so as to safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that (i) the Historical Transactions were in the ordinary and usual course of business of the Company; and (ii) the terms of the Historical Transactions are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM for the ratification of the Historical Transactions.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Louis Chan

Managing Director

Director

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. DIRECTORS' 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 Securities and Futures Ordinance (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 (the “Model Code”) 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 (Note 1)	Approximate percentage of shareholding
Kong Zhanpeng	GBT	Beneficial owner	18,256,000 ordinary shares of HK\$0.10 each (L)	0.56
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK\$0.10 each (L) (Note 2)	7.41
	The Company	Beneficial owner	1,984,000 shares (L) (Note 3)	0.13

Name of Director	Company/name of associated corporation	Capacity/ Nature of interest	Number and class of securities held (Note 1)	Approximate percentage of shareholding
	The Company	Beneficial owner	6,000,000 shares (L) (Note 4)	0.39
	GBT	Interest of a controlled corporation	Bonds in the principal amount of RMB3,000,000 (Note 5)	N/A
Zhang Fazheng	The Company	Beneficial owner	2,000,000 shares (L) (Note 6)	0.13
Lee Chi Yung	The Company	Beneficial owner	4,000,000 shares (L) (Note 7)	0.26
Chan Yuk Tong	The Company	Beneficial owner	2,000,000 shares (L) (Note 8)	0.13
Ho Lic Ki	The Company	Beneficial owner	2,000,000 shares (L) (Note 9)	0.13

Notes:

1. The letter “L” represents the Directors’ interests in the Shares and underlying Shares of the Company or its associated corporation.
2. These 241,920,000 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 held by Hartington Profits Limited.
4. These shares are underlying shares comprised in the options granted to Mr. Kong Zhanpeng pursuant to the share option scheme of the Company.
5. These 7.0% guaranteed bonds due 2014 are held by Hartington Profits Limited.
6. These shares are underlying shares comprised in the options granted to Mr. Zhang Fazheng pursuant to the share option scheme of the Company.
7. These shares are underlying shares comprised in the options granted to Mr. Lee Chi Yung pursuant to the share option scheme of the Company.

8. These shares are underlying shares comprised in the options granted to Mr. Chan Yuk Tong pursuant to the share option scheme of the Company.
9. 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 above, 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 of its 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.

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 2012, 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, was interested in transactions as contemplated under the Corn Starch and By-products Master Sales Agreement and the sale of corn oil from the Group to the GBT Group for the year ended 31 December 2013 by virtue of his interest in the shares of GBT.

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' INTERESTS IN SHARES AND UNDERLYING SHARES

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	Number and class of securities (<i>Note 1</i>)	Approximate percentage of shareholding
Global Corn Bio-chem Technology Company Limited (“ Global Corn Bio-chem ”)	Beneficial owner	977,778,000 Shares of HK\$0.10 each (L)	64.01
GBT	Interest of a controlled corporation (<i>Note 2</i>)	977,778,000 Shares of HK\$0.10 each (L)	64.01
	Beneficial owner	500,000 Shares of HK\$0.10 each (L)	0.03

Notes:

1. The letter “L” denotes the person’s interest in the share capital of the Company.
2. These Shares are registered in the name of Global Corn Bio-chem, which is a wholly-owned subsidiary of GBT. Therefore, GBT is deemed to be interested in all the Shares in which Global Corn Bio-chem is interested according to the SFO. Mr. Kong Zhanpeng, an executive Director, is an executive director of 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

Save as disclosed in the announcement of the Company dated 27 December 2013 that it is expected that the Group will record a significant increase in net loss from continuing operation in the annual results of the Group for the year ended 31 December 2013 as compared with that for the year ended 31 December 2012, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, 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 7.97% of the issued share capital of GBT through his interest as beneficial owner and interest in Hartington Profits Limited and he is also an executive director of GBT. The GBT Group is engaged in, among other things, the production and sale (the “**Excluded Business**”) of corn starch, corn steep liquor, corn oil, germ cake, corn fiber feed, corn gluten meal, corn gluten feed pellets and other co-products (“**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 production and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group’s upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, which corn kernels are purchased directly from corn origination silos for cost savings. The production and sale of the Products are not the core business of the Group and the management team of the Group is substantially independent from the management team of the GBT Group. The core business of the Group is not dependent or otherwise rely on the sales of Products, and also given 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.

In order to facilitate the Group's sale of Products to its customers at arm's length from the GBT Group's Excluded Business and protect the Group from any possible direct and indirect competition from the GBT Group in respect of the Excluded Business, Changchun Dihao (for itself and on behalf of the Group) has entered into a sales agency agreement with Global Corn (for itself and on behalf of the GBT Group) on 12 December 2013 (the "Sales Agency Agreement"). Under the Sales Agency Agreement, Changchun Dihao (for itself and on behalf of the Group) has appointed Global Corn (for itself and on behalf of the GBT Group) as its exclusive agent for the sale of the Products which are not required by the Group or in excess of the internal consumption of the Group from time to time produced by the Group. The Sales Agency Agreement has a term of two years commencing from 1 January 2014 and ending on 31 December 2015. Under the Sales Agency Agreement, the GBT Group would use its best endeavours to procure the sale and marketing of the Products produced by the Group in priority to any Products produced by any members of the GBT Group (other than those goods produced by Global Corn or any member of the GBT Group for sales in Jilin and Heilongjiang Provinces of the PRC). The Group would reimburse the GBT Group for its costs for the performance of its obligations under the Sales Agency Agreement on a semi-annual basis and there would not be any other agency fee payable to the GBT Group for the services rendered.

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 were 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 inclusion of its letter and the reference to its name 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 2012, 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 leased, 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 Upstream Products Master Sales Agreement, the Corn Starch and By-products Master Sales Agreement and the Sales Agency Agreement will be available for inspection at Unit 2403, Admiralty Centre, Tower II, No. 18 Harcourt Road, Hong Kong during normal business hours from 29 January 2014 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 KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 2403, Admiralty Centre, Tower II, No. 18 Harcourt Road, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary 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.

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 Rooms 3&4, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 3 March 2014 to consider, if though fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the master sales agreement in relation to the sale of corn starch and by-products that are produced during the course of production of corn starch (“**Corn Starch and By-products Master Sales Agreement**”) to Global Bio-chem Technology Group Company Limited and its subsidiaries to be entered into between Changchun Dihao Foodstuff Development Co., Ltd. and Changchun Baocheng Bio-chem Development Co., Ltd. (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\$494 million and HK\$616 million for each of the two years ending 31 December 2015, respectively, in respect of the transactions contemplated under the Corn Starch and By-products 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) that are ancillary to the transactions contemplated thereby and are of administrative nature as they consider necessary, desirable or expedient in connection with the Corn Starch and By-products Master Sales Agreement or the transactions contemplated thereby.”

* *for identification purposes only*

NOTICE OF EGM

2. “**THAT** the sales of corn oil by the Company and its subsidiaries to Global Biochem Technology Group Company Limited and its subsidiaries during the year ended 31 December 2013 be and are hereby approved, confirmed and ratified, 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 therewith.”

By order of the Board of
Global Sweeteners Holdings Limited
Kong Zhanpeng
Chairman

Hong Kong, 29 January 2014

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place

of business in Hong Kong:
Unit 2403, Admiralty Centre
Tower II
No. 18 Harcourt Road
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more shares (“**Shares**”) of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Hong Kong branch share registrar and transfer office (“**Branch Registrar**”) of the Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof.
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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