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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) NEW MASTER AGREEMENTS FOR CONTINUING CONNECTED TRANSACTIONS**

##### **(2) SUPPLY OF UPSTREAM PRODUCTS TO THE GBT GROUP**

##### **(3) REVISION OF THE PRESCRIBED GUIDELINES**

#### **NEW MASTER AGREEMENTS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 20 April 2009 in relation to the Existing Master Agreements.

As it is expected that the Group will continue to supply corn sweeteners to the GBT Group after the expiry of the Existing Corn Sweeteners Master Sales Agreement on 31 December 2012, and members of the Group which have or will have their production facilities established in Changchun, the PRC will continue to require the provision and supply of electricity, water, steam and wastewater treatment services and the supply of corn starch by the GBT Group after the expiry of the Existing Utilities Master Supply Agreement and the Existing Corn Starch Master Purchase Agreement on 31 December 2012, the Group has entered into the New Master Agreements with the GBT Group with effect from 1 January 2013.

\* *For identification purpose only*

## **SUPPLY OF UPSTREAM PRODUCTS TO THE GBT GROUP**

On 30 August 2012, Changchun Dihao (for itself and as trustee for the benefit of other members of the Group) and Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Changchun Group which have or will have their production facilities for the production of corn starch in slurry form and corn steep liquor in Changchun, the PRC) entered into the Upstream Products Master Sales Agreement for the supply of corn starch and corn steep liquor by the Group to the GBT Changchun Group with effect from 30 August 2012.

## **REVISION OF THE PRESCRIBED GUIDELINES**

In view of the entering into of the Upstream Products Master Sales Agreement, as recommended by the CCT Supervisory Committee, the Board has revised the Prescribed Guidelines on 30 August 2012 to set out the procedures for the CCT Executive Committee to follow in the determination of the unit selling price and other commercial terms in respect of the supply of corn starch and corn steep liquor under the Upstream Products Master Sales Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Global Corn Bio-chem, a wholly owned subsidiary of GBT, is a substantial Shareholder holding in aggregate approximately 64% interest in the issued share capital of the Company as at the date of this announcement, and Changchun Baocheng is a wholly owned subsidiary of GBT, both Global Corn Bio-chem and Changchun Baocheng are connected persons of the Company under the Listing Rules. Therefore, the transactions contemplated under each of the New Master Agreements and the Upstream Products Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the annual consideration receivable from or, as the case may be, payable to the GBT Group under each of the New Master Agreements for each of the three years ending 31 December 2015 and the Upstream Products Master Sales Agreement for each of the three years ending 31 December 2014 are expected to represent more than 5% of each of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million each, the continuing connected transactions under each of the New Master Agreements, the Upstream 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.

In view of the foregoing, the Company will seek to obtain the approval of the independent Shareholders on the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps at the EGM.

## **GENERAL**

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps; (ii) a letter from an independent financial adviser containing its advice in connection with the aforesaid; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 20 September 2012.

### **(A) NEW MASTER AGREEMENTS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 20 April 2009 in relation to the Existing Master Agreements.

Pursuant to the Existing Master Agreements, the Group has been supplying corn sweeteners to the GBT Group and the GBT Group has been supplying corn starch and utilities services to the Group. The Existing Master Agreements will expire on 31 December 2012.

As it is expected that the Group will continue to supply corn sweeteners to the GBT Group after the expiry of the Existing Corn Sweeteners Master Sales Agreement on 31 December 2012, and members of the Group which have or will have their production facilities established in Changchun, the PRC will continue to require the provision and supply of electricity, water, steam and wastewater treatment services and the supply of corn starch by the GBT Group after the expiry of the Existing Utilities Master Supply Agreement and the Existing Corn Starch Master Purchase Agreement on 31 December 2012, the Group has entered into the New Master Agreements with the GBT Group with effect from 1 January 2013, details of which are set out below.

#### **(a) New Corn Sweeteners Master Sales Agreement**

##### ***Principal terms of the New Corn Sweeteners Master Sales Agreement***

On 30 August 2012, Changchun Dihao (for itself and as trustee for the benefit of other members of the Group) and Global Corn Bio-chem (for itself and as trustee for the benefit of other members of the GBT Group) entered into the New Corn Sweeteners Master Sales Agreement for the supply of corn sweeteners by the Group to the GBT Group.

Pursuant to the New Corn Sweeteners Master Sales Agreement, the GBT Group will purchase corn sweeteners from the Group solely for its own production use at prices to be determined from time to time by the relevant member of the GBT Group and the Group on arm's length basis and with reference to the prevailing market rates of the relevant corn sweeteners and on such other standard terms of sale and purchase from time to time,

provided that such terms are on normal and usual commercial terms and are no more favourable as those applicable to the sales of the same type and quality of corn sweeteners for comparable quantity by the Group to Independent Third Parties. The payment terms for the products will be set out in the purchase order for each order to be placed under the New Corn Sweeteners Master Sales Agreement, provided that the purchase price shall be payable by the relevant member of the GBT Group within 60 days after the date of the relevant invoice issued by the Group. The New Corn Sweeteners Master Sales Agreement is for a term of three years commencing from 1 January 2013 and expiring on 31 December 2015 unless terminated earlier by three months' written notice by either party.

### ***Proposed annual caps***

The historical annual caps for the supply of corn sweeteners by the Group under the Existing Corn Sweeteners Master Sales Agreement for each of the three years ending 31 December 2012, were HK\$994.3 million, HK\$1,131.0 million and HK\$1,287.3 million, respectively.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2011 and the unaudited consolidated financial statements of the Group for the seven months ended 31 July 2012, the sales of corn sweeteners by the Group to the GBT Group for the two years ended 31 December 2011 and the seven months ended 31 July 2012 amounted to approximately HK\$634.8 million, HK\$730.1 million and HK\$394.9 million, respectively.

The Directors expect that the aggregate selling prices receivable by the Group from the GBT Group for the supply of corn sweeteners by the Group to the GBT Group under the New Corn Sweeteners Master Sales Agreement for each of the three years ending 31 December 2015 will not exceed the annual caps of HK\$1,275.7 million, HK\$1,580.3 million and HK\$1,738.3 million, respectively.

The above proposed annual caps were determined by the Directors by reference to the historical aggregate selling prices receivable for the sale of corn sweeteners products by the Group to the GBT Group, the estimated demand of the Group's corn sweeteners by the GBT Group for the three years ending 31 December 2015 and the expected increase in the market prices of corn sweeteners in the coming years.

### ***Reasons for the continuing connected transactions***

The GBT Group had been sourcing corn sweeteners from the Group and third party suppliers as one of the principal production materials for production of its amino acids and polyol products. Leveraged from the Group's efficient cost control, the Group has been able to offer its corn sweeteners products to its Independent Third Party customers in Changchun at more competitive prices than that offered to the GBT Group by third party suppliers in Changchun for corn sweeteners products sourced thereby. As such, it

is beneficial to both the Group and the GBT Group for the GBT Group to source corn sweeteners from the Group, with assurance as to quality and at more competitive prices. With the expected increase in demand of the Group's crystallised glucose products by the GBT Group due to the expansion of its polyol and lysine business, the sale of corn sweeteners by the Group to the GBT Group under the New Corn Sweeteners Master Sales Agreement will also provide a secured source of revenue for the Group.

The terms and conditions of the New Corn Sweeteners Master Sales Agreement were negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the New Corn Sweeteners Master Sales Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions under the New Corn Sweeteners 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 executive Directors are also of the view that the proposed annual caps for the continuing connected transactions under the New Corn Sweeteners Master Sales Agreement for each of the three years ending 31 December 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**(b) New Utilities Master Supply Agreement**

***Principal terms of the New Utilities Master Supply Agreement***

On 30 August 2012, Changchun Dihao (for itself and as trustee for the benefit of other members of the Changchun Group) entered into the New Utilities Master Supply Agreement with Changchun Baocheng to ensure continual supply of utilities services by the GBT Group to the Changchun Group after the expiry of the term of the Existing Utilities Master Supply Agreement.

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

The New Utilities Master Supply Agreement shall have an initial term of three years commencing on 1 January 2013 and expiring on 31 December 2015, with an option by the Changchun Group, but not Changchun Baocheng, to renew the term for three years on the expiry of such term and on the expiry of every successive period of three years thereafter (subject however to the compliance by the Company and GBT of the applicable Listing

Rules), unless terminated earlier by three months' written notice by the Group. Changchun Baocheng shall indemnify and hold the Changchun Group fully indemnified against any claims, damages, losses, costs and expenses arising out of or in connection with any breach of obligations in the course of providing its services under the New Utilities Master Supply Agreement, including any failure to comply with the applicable national and provincial environmental protection laws and regulations in respect of the discharge of wastewater and other waste by its wastewater treatment facilities, or any failure or disruption in providing its services to the Changchun Group other than as a result of any force majeure events such as war, calamity or any other events which are beyond the control of Changchun Baocheng.

### ***Proposed new annual caps***

The historical annual caps for the supply of utilities services by the GBT Group to the Changchun Group under the Existing Utilities Master Supply Agreement for each of the three years ending 31 December 2012, were HK\$124.3 million, HK\$268.0 million and HK\$324.0 million, respectively.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2011 and the unaudited consolidated financial statements of the Group for the seven months ended 31 July 2012, the aggregate amount of fees payable by the Changchun Group to the GBT Group in respect of the provision of utilities services by the GBT Group for the two years ended 31 December 2011 and the seven months ended 31 July 2012 amounted to approximately HK\$87.7 million, HK\$112.2 million and HK\$118.2 million, respectively.

The Directors expect that the aggregate fees payable by the Changchun Group to Changchun Baocheng for the supply of utilities services by Changchun Baocheng to the Changchun Group for each of the three years ending 31 December 2015 will not exceed HK\$255.0 million, HK\$280.7 million and HK\$309.2 million, respectively.

The above proposed annual caps were determined by the Directors by reference to the historical aggregate fees payable by the Changchun Group to the GBT Group for provision of utilities services, the expected increase in the cost of providing the utilities services by the GBT Group in the coming years, the impact on the inflation rate and the expected increase in the requirements and demand for supply of electricity, water and steam and the provision of wastewater treatment services from Changchun Baocheng by the Changchun Group as a result of the expected increase in the production of corn sweeteners products during the three years ending 31 December 2015.

### ***Reasons for the continuing connected transactions***

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

The terms and conditions of the New Utilities Master Supply Agreement were negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the New Utilities Master Supply Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions under the New Utilities Master Supply 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 executive Directors are also of the view that the proposed annual caps for the continuing connected transactions under the New Utilities Master Supply Agreement for each of the three years ending 31 December 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **(c) New Corn Starch Master Purchase Agreement**

##### ***Principal terms of the New Corn Starch Master Purchase Agreement***

On 30 August 2012, Changchun Dihao (for itself and as trustee for the benefit of other members of the Changchun Group) entered into the New Corn Starch Master Purchase Agreement with Changchun Baocheng (for itself and as trustee for the benefit of other members of the GBT Group which have or will have their production facilities for the production of corn starch in slurry form in Changchun, the PRC) to ensure continual supply of corn starch by the GBT Group to the Changchun Group after the expiry of the term of the Existing Corn Starch Master Purchase Agreement.

Pursuant to the New Corn Starch Master Purchase Agreement, the Changchun Group will purchase corn starch in the form of starch slurry from the relevant member of the GBT Group at prices to be from time to time determined by the relevant members of the GBT Group and the 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, transportation, storage and other related costs which should be borne by the Changchun Group but for the delivery arrangement explained below, and on such other standard terms of sale and purchase from time to time.

Pursuant to the New Corn Starch Master Purchase Agreement, the GBT Group will procure the delivery of corn starch to the Group's Changchun production plants by way of starch pipeline. There are meters between the Changchun Group's and the relevant GBT Group member's production plants in Changchun measuring the amount of corn starch consumed. The payment terms for the products will be set out in the purchase order for each order to be placed under the New Corn Starch Master Purchase Agreement, provided that the purchase price shall be payable by the relevant member of the Changchun Group within 60 days after the date of the relevant invoice issued by the relevant member of the GBT Group. The New Corn Starch Master Purchase Agreement is for a term of three years commencing from 1 January 2013 and expiring on 31 December 2015 unless terminated earlier by three months' written notice by either party.

#### ***Proposed new annual caps***

The historical annual caps for the purchase of corn starch from the GBT Group under the Existing Corn Starch Master Purchase Agreement for each of the three years ending 31 December 2012 were HK\$797.9 million, HK\$877.6 million and HK\$965.5 million, respectively.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2011 and the unaudited consolidated financial statements of the Group for the seven months ended 31 July 2012, the aggregate amount of fees payable by the Changchun Group to the GBT Group in respect of the purchase of corn starch from the GBT Group for the two years ended 31 December 2011 and the seven months ended 31 July 2012 amounted to approximately HK\$794.8 million, HK\$865.8 million and HK\$133.4 million, respectively.

The Directors expect that the aggregate purchase prices payable by the Changchun Group for the purchase of corn starch from the GBT Group by the Changchun Group for each of the three years ending 31 December 2015 will not exceed HK\$533.9 million, HK\$587.2 million and HK\$645.9 million, respectively.



The proposed annual caps for each of the three years ending 31 December 2015 are determined by the Directors by reference to the historical aggregate purchase prices payable by the Changchun Group to the GBT Group for the purchase of corn starch and the expected increase in the price of corn starch.

***Reasons for the continuing connected transactions***

The Group had been sourcing corn starch from the GBT Group as one of the principal production materials for the Group's production. The Directors consider that the purchase of corn starch from the GBT Group under the New Corn Starch Master Purchase Agreement is beneficial to the Group as the GBT Group has a proven track record of quality products and the Group can source reliable supply and consistent quality of production materials and at the same time, owing to the close proximity of the production facilities of the Group and the GBT Group in Changchun, the supply of corn starch by the GBT Group to the Group in slurry form through a pipeline arrangement could largely save the Group's processing, packaging, dehumidifying, storage, transportation and other related costs.

The terms and conditions of the New Corn Starch Master Purchase Agreement were negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the New Corn Starch Master Purchase Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions under the New Corn Starch Master Purchase 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 executive Directors are also of the view that the proposed annual caps for the continuing connected transactions under the New Corn Starch Master Purchase Agreement for each of the three years ending 31 December 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**(B) SUPPLY OF UPSTREAM PRODUCTS TO THE GBT GROUP**

**Principal terms of the Upstream Products Master Sales Agreement**

On 30 August 2012, Changchun Dihao (for itself and as trustee for the benefit of other members of the 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 for the supply of corn starch and corn steep liquor by the Changchun Group to the GBT Changchun Group.

Pursuant to the Upstream Products Master Sale Agreement, the GBT Changchun Group will purchase corn starch in the form of starch slurry and corn steep liquor from the relevant member of the Changchun Group at prices to be from time to time determined by the relevant members of the GBT Changchun Group and the 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, transportation, storage and other related costs which should be borne by the Changchun Group but for the delivery arrangement explained below, and on such other standard terms of sale and purchase from time to time.

Pursuant to the Upstream Products Master Sales Agreement, the Changchun 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 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 Upstream 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 Changchun Group. The Upstream Products Master Sales Agreement is for a term of three years commencing from 30 August 2012 and expiring on 31 December 2014 unless terminated earlier by three months' written notice by either party.

### **Proposed new annual caps**

The Directors expect that the aggregate selling prices receivable by the Group from the GBT Group for the supply of corn starch and corn steep liquor by the Changchun Group to the GBT Changchun Group under the Upstream Products Master Sales Agreement for each of the three years ending 31 December 2014 will not exceed the annual caps of HK\$127.4 million, HK\$422.8 million and HK\$463.9 million, respectively.

The proposed annual caps for each of the three years ending 31 December 2014 are determined by the Directors by reference to the terms offered by the Group to Independent Third Parties and the prevailing market rates of corn steep liquor and corn starch powder 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, transportation, storage costs and other related costs such as insurance and utility cost.

## **Reasons for the continuing connected transactions**

Pursuant to the Jincheng S&P Agreement entered into between GSIL and the Company dated 2 September 2011, the Company has acquired the entire equity interest of Changchun Jincheng on 17 November 2011. Prior to the Jincheng Completion, Changchun Jincheng had been supplying corn starch and corn steep liquor to the GBT Changchun Group. After the Jincheng Completion, the GBT Changchun Group had been sourcing corn starch and corn steep liquor within the GBT Group. Due to the production requirement, GBT Changchun Group had experienced shortage in corn starch and corn steep liquor during the past few months after the Jincheng Completion. Given that there are no Independent Third Parties supplies 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 Parties supplies. As the facilities of Changchun Jincheng and the GBT Changchun Group are connected with pipeline, Changchun Jincheng 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, 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 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 corn steep liquor by the Group to the GBT Group under the Upstream Products Master Sales Agreement will also provide a secured source of revenue for the Group.

The terms and conditions of the Upstream Products Master Sales Agreement were negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the Upstream Products Master Sales Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions under the Upstream 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 executive Directors are also of the view that the proposed annual caps for the continuing connected transactions under the Upstream Products Master Sales Agreement for each of the three years ending 31 December 2014 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **(C) REVISION OF THE PRESCRIBED GUIDELINES**

As disclosed in prospectus of the Company for its initial public offering dated 10 September 2007, the Board has established the CCT Executive Committee to monitor, review and manage the continuing connected transactions between the Group and the GBT Group from time to time. The Board has also established the CCT Supervisory Committee to supervise the performance of the CCT Executive Committee, including but not limited to reviewing and approving of the terms and conditions, in particular the pricing formulae and other major commercial terms governing the continuing connected transactions, and devising and revising detailed rules and guidelines from time to time for the CCT Executive Committee to follow in order to ensure that the continuing connected transactions would be entered into in accordance with the respective master agreements, on normal commercial terms and on terms that would be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the entering into of the Upstream Products Master Sales Agreement, as recommended by the CCT Supervisory Committee, the Board has revised the Prescribed Guidelines on 30 August 2012 to set out the procedures for the CCT Executive Committee to follow in the determination of the unit selling price and other commercial terms in respect of the supply of corn starch and corn steep liquor under the Upstream Products Master Sales Agreement.

Any findings and any further changes to the Prescribed Guidelines will be reported by way of announcement on a quarterly basis, and by inclusion in the corporate governance report in the Company's annual report.

## **(D) IMPLICATIONS UNDER THE LISTING RULES**

As Global Corn Bio-chem, a wholly owned subsidiary of GBT, is a substantial Shareholder holding in aggregate approximately 64% interest in the issued share capital of the Company as at the date of this announcement, and Changchun Baocheng is a wholly owned subsidiary of GBT, both Global Corn Bio-chem and Changchun Baocheng are connected persons of the Company under the Listing Rules. Therefore, the transactions contemplated under each of the New Master Agreements and the Upstream Products Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the annual consideration receivable from or, as the case may be, payable to the GBT Group under each of the New Master Agreements for each of the three years ending 31 December 2015 and under the Upstream Products Master Sales Agreement for each of the three years ending 31 December 2014 are expected to represent more than 5% of each of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million each, the continuing connected transactions under each of the New Master Agreements and the Upstream 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.

In view of the foregoing, the Company will seek to obtain the approval of the independent Shareholders on the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps at the EGM. GBT Group and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the New Master Agreements and the Upstream Products Master Sales Agreement are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps.

The Company will establish the Independent Board Committee to advise the independent Shareholders as to whether the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps are fair and reasonable, whether the continuing connected transactions under the New Master Agreements and the Upstream Products Master Sales Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser.

An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders as to whether the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps are fair and reasonable, whether the continuing connected transactions under the New Master Agreements and the Upstream Products Master Sales Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders on how to vote at the EGM.

## **(E) GENERAL**

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.

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps; (ii) a letter from an independent financial adviser containing its advice in connection with the aforesaid; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 20 September 2012.

## (F) DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“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 Dihao”	長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.), a wholly owned subsidiary of the Company
“Changchun Baocheng”	長春寶成生化發展有限公司 (Changchun Baocheng Bio-chem Development Co., Ltd.), a member of the GBT Group
“Changchun Group”	the Company and its subsidiaries which have or will have their production facilities established in Changchun, the PRC and which, as the case may be, (i) in respect of the New Utilities Master Supply Agreement, require the supply and provision of the utilities and wastewater treatment services from Changchun Baocheng; and/or (ii) in respect of the New Corn Starch Master Purchase Agreement, require the supply of corn starch in slurry form from members of the GBT Group; and/or (iii) in respect of the Upstream Products Master Sales Agreement, provide the supply of corn starch and corn steep liquor to the GBT Changchun Group
“Changchun Jincheng”	長春金成玉米開發有限公司 (Changchun Jincheng Corn Development Co., Ltd.), a sino-foreign joint venture enterprise established in the PRC and a wholly owned subsidiary of the Company

“Company”	Global Sweeteners Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for, among others, considering, and if thought fit, approval by the independent Shareholders of the continuing connected transactions contemplated under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps
“Existing Corn Starch Master Purchase Agreement”	the agreement dated 16 April 2009 entered into between the GBT Group as supplier and the Group as purchaser relating to the purchase of corn starch by the Group from the GBT Group for the term commencing from 1 January 2010 to 31 December 2012 (both days inclusive)
“Existing Corn Sweeteners Master Sales Agreement”	the agreement dated 16 April 2009 entered into between the Group as supplier and the GBT Group as purchaser relating to the supply of glucose, maltose, crystallised glucose and other corn sweeteners products by the Group to the GBT Group for the term commencing from 1 January 2010 to 31 December 2012 (both days inclusive)
“Existing Master Agreements”	collectively, the Existing Corn Sweeteners Master Sales Agreement, the Existing Corn Starch Master Purchase Agreement and the Existing Utilities Master Supply Agreement
“Existing Utilities Master Supply Agreement”	the agreement dated 16 April 2009 entered into between the GBT Group and the Group relating to the supply of electricity, water and steam and the provision of wastewater treatment services by the GBT Group to the Group for an initial term commencing from 1 January 2010 to 31 December 2012 (both days inclusive)
“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 Upstream Products Master Sales Agreement
“GBT Group”	GBT and its subsidiaries which , for the purpose of this announcement, excludes the Group
“Global Corn Bio-chem”	Global Corn Bio-chem Technology Company Limited, a wholly owned subsidiary of GBT
“Group”	the Company and its subsidiaries
“GSIL”	Global Corn Investments (HK) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of GBT
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, established to advise the independent Shareholders in respect of the continuing connected transactions contemplated under the New Master Agreements, the Upstream Products Master Sales Agreement and the related annual caps
“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
“Jincheng Completion”	completion of the Jincheng S&P Agreement
“Jincheng S&P Agreement”	the agreement entered into between GSIL and the Company dated 2 September 2011 in relation to the acquisition of the group of companies comprising of, among others, Changchun Jincheng
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange



“New Corn Starch Master Purchase Agreement”	the agreement dated 30 August 2012 entered into between the GBT Group as supplier and the Group as purchaser relating to the purchase of corn starch by the Group from the GBT Group for the term commencing from 1 January 2013 to 31 December 2015 (both days inclusive)
“New Corn Sweeteners Master Sales Agreement”	the agreement dated 30 August 2012 entered into between the Group as supplier and the GBT Group as purchaser relating to the supply of corn sweeteners by the Group to the GBT Group for the term commencing from 1 January 2013 to 31 December 2015 (both days inclusive)
“New Master Agreements”	collectively, the New Corn Sweeteners Master Sales Agreement, the New Corn Starch Master Purchase Agreement and the New Utilities Master Supply Agreement
“New Utilities Master Supply Agreement”	the agreement dated 30 August 2012 entered into between the GBT Group as supplier and the Group as customer relating to the supply of electricity, water and steam and the provision of wastewater treatment services by the GBT Group to the Group for the term commencing from 1 January 2013 to 31 December 2015 (both days inclusive)
“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 the Group as supplier and the GBT Group as purchaser relating to the supply of corn starch and corn steep liquor by the Group to the GBT 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, the People’s Republic of China

“%” per cent.

By order of the Board  
**Global Sweeteners Holdings Limited**  
**Lee Chi Yung**  
*Company Secretary*

Hong Kong, 30 August 2012

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