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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)

UPDATES ON RELOCATION OF PRODUCTION FACILITIES AND SUSPENSION OF PRODUCTION OF UPSTREAM PRODUCTS

Reference is made to the announcement of the Company dated 7 January 2014 in relation to, among others, the resumption and the status of relocation of the production facilities of the Group in Changchun.

As resolved by the Board, as part of the relocation plan of the Group's production facilities, the Group will start gradually relocating its production facilities to the Xinglongshan Site in April 2014. On the other hand, in light of the current market sentiment of the upstream corn refinery, the Group has decided to halt its production of upstream products in Changchun for a period of approximately nine months pending its relocation of production facilities to the Xinglongshan Site.

During this period, to meet the production requirement of the Group's downstream products in Changchun, the Group will source corn starch externally from either independent third parties or the GBT Group. The Group will also optimise the utilisation of the downstream sweeteners operations at its current production site in Changchun and maintain its flexibility to continue to serve local customers according to market needs.

It is expected that the suspension of the production of corn starch and By-products would not have a significant adverse impact on the Group's financial performance due to the availability of corn starch in the market and the optimisation of the production of the Group's downstream products.

This announcement is made by Global Sweeteners Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

* *For identification purpose only*

Reference is made to the announcement of the Company dated 7 January 2014 in relation to, among others, the resumption of land of the Group in Changchun, the People's Republic of China ("**PRC**").

The Group has been manufacturing corn starch as raw material for its downstream production at its production facilities in Changchun. In the course of corn starch production, certain corn refined by-products, such as gluten meal, corn steep liquor and corn oil (the "**By-products**"), are also produced. Such By-products, together with the excessive corn starch not utilised by the Group for its downstream production, have been sold to the market by the Group as its upstream products.

As resolved by the board of directors of the Company (the "**Board**"), as part of the relocation plan of the Group's production facilities, the Group will start gradually relocating its production facilities to the new site in Xinglongshan, Changchun, the PRC (the "**Xinglongshan Site**") in April 2014. On the other hand, in light of the current market sentiment of the upstream corn refinery, the market price of corn starch has remained low since the fourth quarter of 2011. At the same time, there has been an increase of the Group's cost of production of corn starch and the By-products due to the increase of raw materials costs and other manufacturing costs. The Group's sale of By-products has been loss-making. The Company considers it more cost-efficient for the Group to source corn starch externally to meet its production needs, rather than to produce corn starch and By-products on its own. Therefore, the Group has decided to halt its upstream production in Changchun, the PRC for a period of approximately nine months starting from the date of this announcement pending its relocation to the Xinglongshan Site.

During this period, to meet the production requirement of the Group's downstream products in Changchun, the Group will source corn starch externally from either independent third parties or Global Bio-chem Technology Group Company Limited and its subsidiaries (excluding the Group) (the "**GBT Group**") pursuant to the corn starch master purchase agreement entered into between the Group and the GBT Group on 30 August 2012.

For the year ended 31 December 2013, the corn refinery and the sweeteners plants of the Group in Changchun incurred a net loss of approximately HK$214 million which included depreciation amounted to approximately HK$82 million. The Group will optimise the utilisation of the downstream sweeteners operations in its current production site in Changchun and maintain its flexibility to continue to serve local customers according to market needs. It is expected that the suspension of the production of corn starch and By-products would not have a significant adverse impact on the Group's financial performance due to the availability of corn starch in the market and the optimisation of the production of the Group's downstream products.

The Board considers that the relocation of production facilities provides a good opportunity for the Group to re-adjust its product mix to focus on high value-added products to adapt to the changing market needs. At the same time, by upgrading the current production facilities during the relocation process, the Group could further enhance operation efficiency and cost competitiveness. It is expected that the Group shall commence construction of the production facilities and installation of new equipment at the Xinglongshan Site in the second quarter of 2014. Commercial production of its downstream production facilities at the Xinglongshan Site shall commence by the first half of 2015. Depending on the then market environment, the Group will reassess whether to re-commence the production of these upstream products or continue to source corn starch externally after its relocation to the Xinglongshan Site.

On 30 December 2013 and 31 December 2013, the Group entered into compensation agreements (the "**Compensation Agreements**") with the Changchun Land Reserve Centre pursuant to which the Group has agreed to the resumption of a piece of land with an approximate area of 70,000 square metres located on the west side of Xihuancheng Road, Changchun, the PRC ("**GSH Land**") and the building and fixtures erected on the GSH Land. Pursuant to the Compensation Agreements, the Changchun Land Reserve Centre shall make a compensation of RMB35,320,000 (approximately to HK$44,709,000) in respect of the GSH Land, and a compensation of RMB86,480,000 (approximately to HK$109,468,000) in relation to the buildings and fixtures erected on the GSH Land. Such amounts have been received by the Group in the first quarter of 2014.

As at the date of this announcement, the remaining part of the Group's production site in Changchun has an aggregate area of approximately 257,290 square metres and the production facilities erected thereon are pending for relocation. The Group is currently in negotiation with the local governments with respect to the details of the resumption and the compensation.

The Board will closely monitor the market situation of upstream products from time to time, and will modify and adjust its relocation and production plan accordingly. Further announcement(s) on any major update of the production plan of the Group's upstream products and status of relocation of the Group's production facilities in Changchun will be made by the Company as and when necessary.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Kong Zhanpeng, Mr. Zhang Fazheng, Mr. Lee Chi Yung, Ms. Wang Guifeng and Mr. Nie Zhiguo and three independent non-executive directors, namely Mr. Chan Yuk Tong, Mr. Ho Lic Ki and Mr. Lo Kwing Yu.