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CHINA STARCH HOLDINGS LIMITED

中國澱粉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3838)

DISCLOSEABLE TRANSACTION: PURCHASE OF CERTAIN ELECTRIC EQUIPMENT

SUMMARY

During the period from 15 May 2018 and 11 June 2018, each of Golden Corn, an indirect wholly-owned subsidiary of the Company, and Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company, entered into certain electric equipment procurement contracts with Juneng Electric for the procurement of, among others, switchgears, transformers, soft starters, AC low-voltage distribution cabinets, for the installation of electric power distribution system in the Shouguang production complex. Each of the Previous Electric Equipment Procurement Contracts, whether individually or in aggregate, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules at the time of its signing.

The Board is pleased to announce that on 12 April 2019, (i) Golden Corn and (ii) Golden Corn Biotech entered into new electric equipment procurement contracts amounting to approximately RMB28,386,000 with Juneng Electric, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure additional electric equipment from Juneng Electric for the installation of electric power distribution system in the Shouguang production complex.

LISTING RULES IMPLICATIONS

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the entering of the Electric Equipment Procurement Contract I and the Electric Equipment Procurement Contract II itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transactions contemplated under the Electric Equipment Procurement Contract I and the Electric Equipment Procurement Contract II shall be aggregated with the Previous Electric Equipment Procurement Contracts pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios (after aggregation) is more than 5% but less than 25%, the transactions contemplated under the Electric Equipment Procurement Contract I and the Electric Equipment Procurement Contract II when aggregated with the Previous Electric Equipment Procurement Contracts, constitute discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

During the period from 15 May 2018 and 11 June 2018, each of Golden Corn, an indirect wholly-owned subsidiary of the Company, and Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company, entered into certain electric equipment procurement contracts with Juneng Electric for the procurement of, among others, switchgears, transformers, soft starters, AC low-voltage distribution cabinets, for the installation and use in the Group's Shouguang production complex. Each of the Previous Electric Equipment Procurement Contracts, whether individually or in aggregate, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules at the time of its signing.

The Board is pleased to announce that on 12 April 2019, (i) Golden Corn and (ii) Golden Corn Biotech entered into new electric equipment procurement contracts amounting to approximately RMB28,386,000 with Juneng Electric, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure additional electric equipment from Juneng Electric for the installation of electric power distribution system in the Shouguang production complex.

Set out below is a summary of the principal terms of the Electric Equipment Procurement Contract I and the Electric Equipment Procurement Contract II:

ELECTRIC EQUIPMENT PROCUREMENT CONTRACT I:

Date of the agreement: 12 April 2019

Parties: Golden Corn, as the purchaser; and
Juneng Electric, as the seller

Major equipment acquired: 15 switchgears;
3 GGD AC low-voltage power distribution cabinets;
2 dry type transformers; and
3 capacitor cabinets

Consideration: RMB1,808,993.61

Payment terms: (i) 30% of the consideration is payable by Golden Corn as prepayment;

(ii) 30% of the consideration is payable by Golden Corn immediately before delivery of the equipment; and

(iii) the remaining 40% of the consideration is payable by Golden Corn upon the satisfaction of quality inspection after the installation of the equipment.

Completion date: Before the end of December 2019

ELECTRIC EQUIPMENT PROCUREMENT CONTRACT II:

Date of the agreement:	12 April 2019
Parties:	Golden Corn Biotech, as the purchaser; and Juneng Electric, as the seller
Major equipment acquired:	106 switchgears; 29 MVnex switchgears; 46 transformer cabinets; 36 soft starters; and 12 GGD AC low-voltage power distribution cabinets
Consideration:	RMB26,577,365.69
Payment terms:	(i) 30% of the consideration is payable by Golden Corn Biotech as prepayment; (ii) 30% of the consideration is payable by Golden Corn Biotech immediately before delivery of the equipment; and (iii) the remaining 40% of the consideration is payable by Golden Corn Biotech upon the satisfaction of quality inspection after the installation of the equipment.
Completion date:	Before the end of October 2019

REASONS FOR AND BENEFIT OF ELECTRIC EQUIPMENT PROCUREMENT CONTRACT I AND ELECTRIC EQUIPMENT PROCUREMENT CONTRACT II

The Group is expanding its production base located in Shouguang. The electric equipment procured from Juneng Electric are the necessary electric power distribution system to the production facilities located in the Shouguang production complex.

The Electric Equipment Procurement Contract I and Electric Equipment Procurement Contract II were determined after the arm's length negotiations among the parties thereto.

The Directors consider that these terms of the Electric Equipment Procurement Contract I and Electric Equipment Procurement Contract II are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of cornstarch, lysine, starch-based sweetener, modified starch and ancillary corn-based and corn-refined products.

INFORMATION OF JUNENG ELECTRIC

Juneng Electric is a company incorporated in the PRC with limited liability on 2 December 2002. It is mainly engaged in the manufacture and sales of switchgears, switch cabinets, power transmission and distribution control equipment, insulation equipment, as well as the electrical technical consulting services, software development and power transmission and transformation projects.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Juneng Electric and its ultimate beneficial owner is not a connected person of the Company and is a third party independent of the Company and its connected persons in accordance with the Listing Rules.

LISTING RULES IMPLICATIONS

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the entering of each of the Electric Equipment Procurement Contract I and Electric Equipment Procurement Contract II itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transactions contemplated under the Electric Equipment Procurement Contract I and Electric Equipment Procurement Contract II shall be aggregated with the Previous Electric Equipment Procurement Contracts pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios (after aggregation) is more than 5% but less than 25%, the transactions contemplated under the Electric Equipment Procurement Contract I and Electric Equipment Procurement Contract II, when aggregated with the Previous Electric Equipment Procurement Contracts, constitute discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Starch Holdings Limited (中國澱粉控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3838)
“connected person”	has the same meaning as ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Electric Equipment Procurement Contract I”	the electric equipment procurement contract dated 12 April 2019 entered into between Golden Corn as purchaser and Juneng Electric as seller

“Electric Equipment Procurement Contract II”	the electric equipment procurement contract dated 12 April 2019 entered into between Golden Corn Biotech as purchaser and Juneng Electric as seller
“Golden Corn”	Shandong Shouguang Juneng Golden Corn Development Co., Ltd.* (山東壽光巨能金玉米開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Golden Corn Biotech”	Shouguang Golden Corn Biotechnology Limited* (壽光金玉米生物科技有限公司), a limited liability company established in the PRC and an indirect non-wholly-owned subsidiary of the Company, which is owned as to 55% by Golden Corn and 45% by Linqing Deneng Bio Technology Limited* (臨清德能生物科技有限公司)
“Group”	the Company and its subsidiaries from time to time
“Juneng Electric”	Shandong Shouguang Juneng Electric Co., Ltd. * (山東壽光巨能電氣有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning as ascribed to it under Rule 14.07 of the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Previous Electric Equipment Procurement Contracts”	(i) the electric equipment procurement contracts entered into between Golden Corn as purchaser and Juneng Electric as seller and (ii) the electric equipment procurement contracts entered into Golden Corn Biotech as purchaser and Juneng Electric as seller during the period from 15 May 2018 to 11 June 2018 in respect of the procurement of, among others, switchgears, transformers, soft starters, AC low-voltage distribution cabinets, for the installation of electric power distribution system in the Shouguang production complex
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *Unofficial name for identification only*

By order of the Board
CHINA STARCH HOLDINGS LIMITED
Tian Qixiang
Chairman

Shouguang, The People’s Republic of China, 15 April 2019

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Tian Qixiang (*Chairman*)
Mr. Gao Shijun (*Chief Executive Officer*)
Mr. Yu Yingquan
Mr. Liu Xianggang

Independent non-executive Directors:

Professor Hua Qiang
Mr. Sun Mingdao
Mr. Yue Kwai Wa, Ken