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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)

CONNECTED TRANSACTIONS PURCHASE OF CERTAIN ELECTRIC EQUIPMENTS

- On 3 May 2012, Golden Corn (an indirect wholly-owned subsidiary of the Company) entered into the First Purchase Agreement with Juneng Electricity in relation to the First Connected Transaction. As the First Connected Transaction is a *de minimis* transaction satisfying the requirements as those specified in Rule 14A.31(2) of the Listing Rules at the time when it was entered into by Golden Corn, it was not subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(2) of the Listing Rules at the date of the First Purchase Agreement.
- On 29 May 2012, Golden Corn entered into the Second Purchase Agreement with Juneng Electricity in relation to the Second Connected Transaction. As the Second Connected Transaction, alone or together with the First Connected Transaction, is a *de minimis* transaction satisfying the requirements as those specified in Rule 14A.31(2) of the Listing Rules at the time when it was entered into by Golden Corn, it was not subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(2) of the Listing Rules at the date of the Second Purchase Agreement.
- On 23 November 2012, Golden Corn entered into the Third Purchase Agreement with Juneng Electricity in relation to the Third Connected Transaction. As the highest of the applicable percentage ratios for the Third Connected Transaction, alone or together with the First Connected Transaction and the Second Connected Transaction, is more than 0.1% but less than 5% and the aggregate consideration is more than HK\$1,000,000, the Third Connected Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

THE FIRST CONNECTED TRANSACTION

On 3 May 2012, Golden Corn (an indirect wholly-owned subsidiary of the Company) entered into the First Purchase Agreement with Juneng Electricity, pursuant to which Golden Corn agreed to purchase from Juneng Electricity two box-type transformers on the principal terms set out below.

The First Purchase Agreement

Date: 3 May 2012

Parties: (a) Golden Corn, as purchaser; and
(b) Juneng Electricity, as vendor

Subject assets: Two sets of box-type transformers

Consideration: At a cash consideration of RMB809,066 (equivalent to approximately HK\$993,940), which is the lowest tender price offered by Juneng Electricity amongst all tenderers, for the sale of the subject assets.

Payment terms: The consideration is payable by Golden Corn in three instalments as follows:

- 60% of the consideration in the sum of RMB485,440 (equivalent to approximately HK\$596,364) shall be paid after satisfaction of quality inspection of the subject assets delivered;
- 30% of the consideration in the sum of RMB242,720 (equivalent to approximately HK\$298,182) shall be paid within three months of normal operations of the subject assets delivered; and
- the remaining balance of the consideration in the sum of RMB80,906 (equivalent to approximately HK\$99,394) shall be paid within one year after satisfaction of quality inspection of the subject assets delivered, in the absence of any quality issues during that one year period.

The payment of the consideration was and is to be funded by internal resources of the Group.

90% of the consideration in the amount of RMB728,160 (equivalent to approximately HK\$894,546) was paid as at the date of this announcement.

THE SECOND CONNECTED TRANSACTION

On 29 May 2012, Golden Corn entered into the Second Purchase Agreement with Juneng Electricity pursuant to which Golden Corn agreed to purchase heat shrink tubes and switch from Juneng Electricity on the principal terms set out below.

The Second Purchase Agreement

Date: 29 May 2012

Parties: (a) Golden Corn, as purchaser; and
(b) Juneng Electricity, as vendor

Subject assets: 10KV heat shrink tubes, 35KV heat shrink tubes and switch.

Consideration: At a cash consideration of RMB17,000 (equivalent to approximately HK\$20,885), which is determined with reference to prevailing market prices of products similar and with quality comparable to the subject assets and in any event not higher than the respective selling prices of the subject assets as those offered to independent third parties by Juneng Electricity.

Payment terms: The consideration is payable in full by Golden Corn in the month immediately following receipt of invoice for the subject assets delivered after satisfaction of quality inspection of the subject assets delivered.

The payment of the consideration was funded by internal resources of the Group.

The consideration was fully paid as at the date of this announcement.

THE THIRD CONNECTED TRANSACTION

On 23 November 2012, Golden Corn entered into the Third Purchase Agreement with Juneng Electricity pursuant to which Golden Corn agreed to purchase certain electric equipments from Juneng Electricity on the principal terms set out below.

The Third Purchase Agreement

Date: 23 November 2012

Parties: (a) Golden Corn, as purchaser; and
(b) Juneng Electricity, as vendor

Subject assets: The following electric equipments:

- (1) one set of 10KV switch cabinet for use at substation;
- (2) one set of 35KV switch cabinet;
- (3) two sets of 10KV automatic var compensator;
- (4) one set of transformers, which comprises a total of 18 transformers; and
- (5) three sets of 10KV switch cabinet for use at workshop and 400V switch cabinet.

Consideration: At a cash consideration of RMB40,056,000 (equivalent to approximately HK\$49,208,845).

The consideration for each of the subject assets set out in items (1), (2), (3) and (4) above, is the lowest tender price offered by Juneng Electricity amongst all tenderers, for the sale of the same.

The consideration for each of the subject assets set out in item (5) above was determined with reference to prevailing market prices of products similar and with quality comparable to the subject assets and in any event not higher than the respective selling prices of the subject assets as those offered to independent third parties by Juneng Electricity.

Payment terms: The consideration is payable by Golden Corn in three instalments as follows:

- 60% of the consideration in the sum of RMB24,033,600 (equivalent to approximately HK\$29,525,307) shall be paid after satisfaction of quality inspection of the subject assets delivered;
- 30% of the consideration in the sum of RMB12,016,800 (equivalent to approximately HK\$14,762,654) shall be paid after six months of normal operation of the subject assets delivered without any quality issues during that six-month period; and
- the remaining balance of the consideration in the sum of RMB4,005,600 (equivalent to approximately HK\$4,920,884) shall be paid after one year of normal operation of the subject assets delivered without any quality issues during that one-year period.

The payment of the consideration will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

Juneng Electricity is an producer of electric equipments and other products based in Shouguang, Shandong Province of the PRC. The electric equipments and other products manufactured by Juneng Electricity, including those purchased or to be purchased by the Group, are of high quality standards and specifications which conform with national and industrial standards. The electric equipments and other products of Juneng Electricity purchased or to be purchased by the Group under the Purchase Agreements are required for the Group's expansion and the relocation of the Group's existing production site to other location within Shouguang as disclosed in the announcement of the Company, the latest one was published on 31 October 2012.

The Directors (including the independent non-executive Directors) considered that the respective Purchase Agreements, which are determined after arm's length negotiations, are entered into on normal commercial terms and the terms are fair and reasonable. The Connected Transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

Mr Tian Qixiang ("**Mr Tian**", an executive Director and the chairman of the Company) and Mr Yu Yingquan ("**Mr Yu**", an executive Director), both of whom had a material interest in the Connected Transactions in that both of them are interested in Juneng Holding Group as further described in the paragraph headed "Relationship with the Company" below, have not attended the meeting of the Board at which resolutions were passed for approving the Connected Transactions contemplated under the respective Purchase Agreements.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is one of the largest cornstarch manufacturers and suppliers in the PRC and is principally engaged in the manufacture and sales of cornstarch, lysine, starch-based sweetener and its related products and the generation and sales of electricity and steam.

INFORMATION ON JUNENG ELECTRICITY

Brief details of Juneng Electricity

Juneng Electricity is a company incorporated in the PRC with limited liability. It is mainly engaged in the manufacture and sales of insulate lightning equipment, switches, electric cables, high-voltage switch equipment and electricity transformation equipment, as well as the installation of electricity transformation stations and the sale of construction material, coke and raw chemical material.

Relationships with the Company

As at the date of this announcement, Juneng Electricity is beneficially held as to approximately 54% by Juneng Holding Group, which is in turn owned as to 55% by Mr Tian. Juneng Electricity is an associate of Mr Tian and a connected person of the Company, and each of the Connected Transactions constitutes a connected transaction for the Company.

Apart from the above, one of the executive Directors, Mr Yu, is a director of and is interested in 5% of Juneng Holding Group.

LISTING RULES IMPLICATIONS

The First Connected Transaction

As the highest of the applicable percentage ratios (as defined in the Listing Rules) for the First Connected Transaction is less than 0.1% at the time when it was entered into by Golden Corn and the First Purchase Agreement is on normal commercial terms, the First Connected Transaction was not subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(2) of the Listing Rules at the date of the First Purchase Agreement.

The Second Connected Transaction

As the highest of the applicable percentage ratios for the Second Connected Transaction, alone or together with the First Connected Transaction, is less than 0.1% at the time when it was entered into by Golden Corn and the Second Purchase Agreement is on normal commercial terms, the Second Connected Transaction was not subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(2) of the Listing Rules at the date of the Second Purchase Agreement.

The Third Connected Transaction

As the highest of the applicable percentage ratios for the Third Connected Transaction, alone or together with the First Connected Transaction and the Second Connected Transaction, is more than 0.1% but less than 5% and the aggregate consideration is more than HK\$1,000,000, and the Third Purchase Agreement is on normal commercial terms, the Third Connected Transaction is subject to the reporting and announcement requirements, but not the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“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 meaning ascribed to it under the Listing Rules
“Connected Transactions”	the First Connected Transaction, the Second Connected Transaction and the Third Connected Transaction
“Directors”	the directors of the Company
“First Connected Transaction”	the transaction contemplated under the First Purchase Agreement
“First Purchase Agreement”	the agreement dated 3 May 2012 entered into between Golden Corn as purchaser and Juneng Electricity as vendor for the sale and purchase of box-type transformers on and subject to its terms
“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 wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Juneng Electricity”	Shandong Shouguang Juneng Electricity Steam Co., Ltd.* (山東壽光巨能電氣有限公司), a company established in the PRC with limited liability
“Juneng Holding Group”	Shandong Shouguang Juneng Holding Group Co, Ltd* (山東壽光巨能控股集團有限公司), a company established in the PRC with limited liability
“KV”	kilovolt
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase Agreements”	the First Purchase Agreement, the Second Purchase Agreement and the Third Purchase Agreement
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Connected Transaction”	the transaction contemplated under the Second Purchase Agreement
“Second Purchase Agreement”	the agreement dated 29 May 2012 entered into between Golden Corn as purchaser and Juneng Electricity as vendor for the sale and purchase of heat shrink tubes and switch on and subject to its terms
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Connected Transaction”	the transaction contemplated under the Third Purchase Agreement
“Third Purchase Agreement”	the agreement dated 23 November 2012 entered into between Golden Corn as purchaser and Juneng Electricity as vendor for the sale and purchase of electric equipments on and subject to its terms
“V”	volt
“%”	per cent.

*Unless otherwise specified, the conversion of **RMB** into **HK\$** are based on an exchange rate of **RMB0.8140 = HK\$1.00** respectively. No presentation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or any other rates or at all.*

** Unofficial names for identification purpose only*

By order of the Board
CHINA STARCH HOLDINGS LIMITED
Gao Shijun
Chief Executive Officer

Shouguang, 23 November 2012

As at the date of this announcement, the executive Directors are Mr. Tian Qixiang, Mr. Gao Shijun, Mr. Yu Yingquan and Mr. Liu Xianggang and the independent non-executive Directors are Ms. Dong Yanfeng, Mr. Cao Zenggong and Mr. Yue Kwai Wa, Ken.