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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: EQUIPMENT PROCUREMENT CONTRACTS**

The Board is pleased to announce that on 23 March 2018, Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company, entered into nine Equipment Procurement Contracts with Shanghai Senon, pursuant to which Golden Corn Biotech agreed to purchase and Shanghai Senon agreed to sell, among others, (i) seven MVR vacuum evaporators, and (ii) two forced circulation evaporators.

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the nine Equipment Procurement Contracts have to be aggregated. As the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the nine 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

The Board is pleased to announce that on 23 March 2018, Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company, entered into nine Equipment Procurement Contracts with Shanghai Senon, pursuant to which Golden Corn Biotech agreed to purchase and Shanghai Senon agreed to sell (i) seven MVR vacuum evaporators and (ii) two forced circulation evaporators.

## THE EQUIPMENT PROCUREMENT CONTRACTS

Set out below is a summary of the principal terms of the Equipment Procurement Contracts:

	Equipment Procurement Contract 1	Equipment Procurement Contract 2	Equipment Procurement Contract 3	Equipment Procurement Contract 4	Equipment Procurement Contract 5	Equipment Procurement Contract 6	Equipment Procurement Contract 7	Equipment Procurement Contract 8	Equipment Procurement Contract 9
<b>Date:</b>	23 March 2018								
<b>Purchaser:</b>	Golden Corn Biotech								
<b>Supplier:</b>	Shanghai Senon								
<b>Equipment:</b>	MVR vacuum evaporators							Forced circulation evaporators	
<b>Model:</b>	42.24t/h	19.94t/h	44t/h	50t/h	50t/h	9.16t/h	15.654t/h	2.174t/h	2.174t/h
<b>Aggregate value of the Consideration:</b>	RMB94,700,000 (net of value added tax)								
<b>Basis of determination of the Consideration:</b>	The Consideration was agreed after arm's length negotiation between Golden Corn Biotech and Shanghai Senon with regard to the prevailing market price of similar equipments.								
<b>Payment terms:</b>	<p>(1) 25% of the Consideration payable under each of the Equipment Procurement Contracts as first instalment upon its signing by Golden Corn Biotech and Shanghai Senon. The aggregate amount payable upon signing of the Equipment Procurement Contracts is RMB23,675,000;</p> <p>(2) 45% of the Consideration payable under each of the Equipment Procurement Contracts as second instalment shall be payable after the delivery of the heater and separator which comprises the main components of the equipment under each of the Equipment Procurement Contracts. The aggregate amount payable under the Equipment Procurement Contracts as the second instalment is RMB42,615,000;</p> <p>(3) 20% of the Consideration payable under each of the Equipment Procurement Contracts as third instalment shall be payable three months after their installation and passing of the examination of the specification of the equipments, on the condition that the value-added tax invoices have been issued to Golden Corn Biotech. The aggregate amount payable under Equipment Procurement Contracts as third instalment is RMB18,940,000; and</p> <p>(4) The remaining 10% of the Consideration payable under each of the Equipment Procurement Contracts as final instalment shall be paid after the expiry of (i) the one-year warranty period commencing on the equipments having been assembled and operated up to the technical specifications or (ii) the 18-month period commencing on the date of delivery of the equipments, whenever is earlier. The aggregate amount payable under the Equipment Procurement Contracts as final instalment is RMB9,470,000.</p>								

Other principal terms:	<p>(1) <b>Warranty:</b> A warranty period of (i) one year commencing on the equipments having been assembled and operated up to the technical specifications or (ii) a period of 18-month commencing from the date of delivery of the equipment, whenever is earlier</p> <p>(2) <b>Termination:</b></p> <ul style="list-style-type: none"> <li>• If Shanghai Senon fails to deliver, install the equipments, and/or provide the after-sale services in accordance with the terms of the Equipment Procurement Contracts, Shanghai Senon shall pay 0.5% of the Consideration as compensation for every one week's delay</li> <li>• If Shanghai Senon fails to deliver the equipment in accordance with the terms of the Equipment Procurement Contracts or a later date as agreed by both parties thereto, Golden Corn Biotech is entitled to terminate the respective Equipment Procurement Contracts.</li> </ul>
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## **REASONS FOR, AND BENEFITS OF, THE EQUIPMENT PROCUREMENT CONTRACTS**

As disclosed in the announcement of the Company dated 5 July 2017, Golden Corn Biotech was established on 30 June 2017. The construction of the production base of Golden Corn Biotech has commenced at the beginning of 2018 and the production base is expected to commence operation by the end of 2019. The procurement of the MVR vacuum evaporators and forced circulation evaporators is the first move of Golden Corn Biotech to equip itself to enter into the full operation by the end of 2019.

The terms of the Equipment Procurement Contracts were determined after arm's length negotiations among Golden Corn Biotech and Shanghai Senon with regard to the prevailing market price of similar equipments. The Directors (including the independent non-executive Directors) consider that the terms of the Equipment Procurement Contracts are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## **INFORMATION ON SHANGHAI SENON**

Shanghai Senon is a company established in the PRC with limited liability on 12 April 2004. It is principally engaged in designing, manufacturing, installing and debugging evaporation and crystallisation equipment for fermentation industry, food industries, pulp and paper making industry, fiber industry, chemical industry, edible salt industry and lithium battery industry and providing training on the use of such equipments.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shanghai Senon and its ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules.

## **INFORMATION ON 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.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Equipment Procurement Contracts have to be aggregated. As the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the Equipment Procurement Contracts constitute a 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, unless the context otherwise requires, the following terms 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
“Consideration”	the consideration payable by Golden Corn Biotech to Shanghai Senon under each of the Equipment Procurement Contracts
“Deneng Bio Technology”	臨清德能生物科技有限公司 (Linqing Deneng Bio Technology Limited*), a limited liability company established in the PRC on 17 May 2006
“Directors”	the directors of the Company
“Equipment Procurement Contracts”	the nine equipment procurement contracts all dated 23 March 2018 entered into between Golden Corn Biotech as the purchaser and Shanghai Senon as the supplier in respect of the procurement of, among others, MVR vacuum evaporators and forced circulation evaporators on terms and conditions contained in these equipment procurement contracts (i.e. Equipment Procurement Contract 1, Equipment Procurement Contract 2, Equipment Procurement Contract 3, Equipment Procurement Contract 4, Equipment Procurement Contract 5, Equipment Procurement Contract 6, Equipment Procurement Contract 7, Equipment Procurement Contract 8, Equipment Procurement Contract 9 as mentioned in the paragraph headed “THE EQUIPMENT PROCUREMENT CONTRACTS” in this announcement)

“Golden Corn”	山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Golden Corn Biotech”	壽光金玉米生物科技有限公司 (Shouguang Golden Corn Biotechnology Limited Company*), a limited liability company established on 30 June 2017 in the PRC which is owned as to 55% by Golden Corn and the remaining 45% by the Deneng Bio Technology
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MVR”	mechanical vapor recompression
“percentage ratio(s)”	has the same meaning as ascribed to it under 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)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Senon”	上海神農節能環保科技股份有限公司 (Shanghai Senon Co., Ltd.*), a limited liability company incorporated in the PRC
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“t/h”	tonnes per hour
“%”	per cent.
“*”	Unofficial names for identification purpose only

*Unless otherwise specified, the conversion of RMB into HK\$ are based on an exchange rate of RMB0.816 = HK\$1.00. No presentation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rates or any other rates or at all.*

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

Shouguang, The People’s Republic of China, 23 March 2018

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