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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: PROCUREMENT OF MATERIALS FOR THE CONSTRUCTION OF THE PRODUCTION FACILITIES**

#### **SUMMARY**

During the period from 27 January 2018 to 6 June 2018, each of Golden Corn and Golden Corn Biotech entered into, in aggregate, eight separate materials procurement contracts with Wuxi Qiuhe for the procurement of hot rolled stainless steel sheets and plates for the construction of its production facilities at Shouguang. Each of the Previous Materials 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 announcement that on 10 July 2018, each of (i) Golden Corn, an indirect wholly-owned subsidiary of the Company and (ii) Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company entered into the Materials Procurement Contracts with Wuxi Qiuhe, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure the additional hot rolled stainless steel sheets and plates from Wuxi Qiuhe for the construction of its production facilities.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Materials Procurement Contracts should be aggregated with the Previous Materials Procurement Contracts. As one of the applicable percentage ratios (after aggregation) is more than 5% but less than 25%, the transactions contemplated under the Materials Procurement Contracts, together with the Previous Materials 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 27 January 2018 to 6 June 2018, each of Golden Corn and Golden Corn Biotech entered into, in aggregate, eight separate materials procurement contracts with Wuxi Qiuhe for the procurement of hot rolled stainless steel sheets and plates for the construction of its production facilities at Shouguang, with an aggregate amount of approximately RMB70.6 million. Each of the Previous Materials 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.

## **PREVIOUS MATERIALS PROCUREMENT CONTRACTS**

Set out below is a summary of the principal terms of each of the Previous Materials Procurement Contracts:

### **The First Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe: 27 January 2018

Date of the agreement: 27 January 2018

Parties: Golden Corn Biotech, as the purchaser; and  
Wuxi Qiuhe, as the seller.

Materials acquired:

- (i) 583Mt 316L hot rolled stainless steel sheets;
- (ii) 178Mt 316L hot rolled stainless steel plates;
- (iii) 156Mt 304 hot rolled stainless steel sheets; and
- (iv) 63Mt 304 hot rolled stainless steel plates

Consideration: RMB21,026,470.60

Payment terms: The consideration is payable by Golden Corn Biotech in the following manner:

- (i) 20% of the consideration shall be paid upon signing of the agreement;
- (ii) 70% of the consideration shall be paid within 10 days upon the satisfaction of quality inspection of the materials delivered; and
- (iii) remaining 10% of the consideration shall be paid in the next month after all materials delivered to Golden Corn Biotech.

Completion date: April 2018

## **The Second Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe: 27 January 2018

Date of the agreement: 3 February 2018

Parties: Golden Corn, as the purchaser; and  
Wuxi Qiuhe, as the seller.

Materials acquired: (i) 168Mt 316L hot rolled stainless steel sheets;  
(ii) 101Mt 316L hot rolled stainless steel plates; and  
(iii) 31Mt 304 hot rolled stainless steel plates

Consideration: RMB6,747,611.00

Payment terms: The consideration is payable by Golden Corn in the following manner:

- (i) 20% of the consideration shall be paid upon signing of the agreement;
- (ii) 70% of the consideration shall be paid within 10 days upon the satisfaction of quality inspection of the materials delivered; and
- (iii) remaining 10% of the consideration shall be paid in the next month after all materials delivered to Golden Corn.

Completion date: May 2018

### **The Third Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe:	28 February 2018
Date of the agreement:	1 March 2018
Parties:	Golden Corn Biotech, as the purchaser; and  Wuxi Qiuhe, as the seller.
Materials acquired:	(i) 730Mt 316L hot rolled stainless steel plates; and  (ii) 76Mt 304 hot rolled stainless steel plates
Consideration:	RMB20,383,753.60
Payment terms:	The consideration is payable by Golden Corn Biotech in the following manner:  (i) 20% of the consideration shall be paid upon signing of the agreement;  (ii) 70% of the consideration shall be paid within 10 days upon the satisfaction of quality inspection of the materials delivered; and  (iii) remaining 10% of the consideration shall be paid in the next month after all materials delivered to Golden Corn Biotech.
Completion date:	July 2018

## **The Fourth Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe:	28 February 2018
Date of the agreement:	3 March 2018
Parties:	Golden Corn, as the purchaser; and Wuxi Qiuhe, as the seller.
Materials acquired:	(i) 232Mt 316L hot rolled stainless steel sheets; and (ii) 294Mt 316L hot rolled stainless steel plates
Consideration:	RMB12,267,523.00
Payment terms:	The consideration is payable by Golden Corn in the following manner:  (i) 20% of the consideration shall be paid upon signing of the agreement;  (ii) 70% of the consideration shall be paid within 10 days upon the satisfaction of quality inspection of the materials delivered; and  (iii) remaining 10% of the consideration shall be paid in the next month after all materials delivered to Golden Corn.
Completion date:	June 2018

## **The Fifth Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe: 8 May 2018

Date of the agreement: 10 May 2018

Parties: Golden Corn, as the purchaser; and  
Wuxi Qiuhe, as the seller.

Materials acquired: 10Mt 316L hot rolled stainless steel plates

Consideration: RMB247,675.70

Payment terms: The consideration is payable by Golden Corn, subject to the satisfaction of quality inspection, in the next month upon the receipt of the VAT invoice issued by Wuxi Qiuhe on or before 20th day of the month of delivery of the materials.

Completion date: July 2018

## **The Sixth Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe:	8 May 2018
Date of the agreement:	11 May 2018
Parties:	Golden Corn Biotech, as the purchaser; and  Wuxi Qiuhe, as the seller.
Materials acquired:	112Mt 316L hot rolled stainless steel plates
Consideration:	RMB2,614,600.40
Payment terms:	The consideration is payable by Golden Corn Biotech, subject to the satisfaction of quality inspection, in the next month upon the receipt of the VAT invoice issued by Wuxi Qiuhe on or before 20th day of the month of delivery of the materials.
Completion date:	July 2018



## **The Seventh Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe:	4 June 2018
Date of the agreement:	6 June 2018
Parties:	Golden Corn, as the purchaser; and  Wuxi Qiuhe, as the seller.
Subject assets:	63Mt 316L hot rolled stainless steel plates
Consideration:	RMB1,516,188.10
Payment terms:	The consideration is payable by Golden Corn in the following manner:  (i) 20% of the consideration shall be paid upon signing of the agreement; and  (ii) remaining 80% of the consideration shall be paid immediately, subject to the satisfaction of quality inspection upon delivery and the receipt of VAT invoice issued by Wuxi Qiuhe.
Completion date:	August 2018

## **The Eighth Materials Procurement Contract**

Date of acceptance of the tender from Wuxi Qiuhe:	4 June 2018
Date of the agreement:	6 June 2018
Parties:	Golden Corn Biotech, as the purchaser; and  Wuxi Qiuhe, as the seller.
Materials acquired:	(i) 165Mt 316L hot rolled stainless steel sheets;  (ii) 45Mt 316L hot rolled stainless steel plates; and  (iii) 52Mt 304 hot rolled stainless steel plates
Consideration:	RMB5,841,863.50
Payment terms:	The consideration is payable by Golden Corn Biotech in the following manner:  (i) 20% of the consideration shall be paid upon signing of the agreement; and  (ii) remaining 80% of the consideration shall be paid immediately, subject to the satisfaction of quality inspection upon delivery and the receipt of VAT invoice issued by Wuxi Qiuhe.
Completion date:	August 2018

## **MATERIALS PROCUREMENT CONTRACTS**

Each of Golden Corn and Golden Corn Biotech conducted open tenders for the procurement of the hot rolled stainless steel sheets and plates for the construction of its processing facilities. On 6 July 2018, each of Golden Corn and Golden Corn Biotech issued a letter of acceptance to Wuxi Qiuhe, confirming that Wuxi Qiuhe has become the successful bidder for the provision of the hot rolled stainless steel sheets and plates as the construction materials for the construction of the processing facilities of Golden Corn and Golden Corn Biotech.

The Board is pleased to announcement that on 10 July 2018, each of (i) Golden Corn, an indirect wholly-owned subsidiary of the Company and (ii) Golden Corn Biotech, an indirect non-wholly-owned subsidiary of the Company entered into the Materials Procurement Contracts with Wuxi Qiuhe, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure the additional hot rolled stainless steel sheets and plates from Wuxi Qiuhe for the construction of its production facilities. The consideration payable by Golden Corn and Golden Corn Biotech under the Materials Procurement Contracts, in aggregate, is approximately RMB8.5 million. The aggregate consideration payable by Golden Corn and Golden Corn Biotech under the Previous Materials Procurement Contracts and the Materials Procurement Contracts is approximately RMB79.2 million.

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

**Materials Procurement Contract 1**

Date of the agreement: 10 July 2018

Parties: Golden Corn, as the purchaser; and  
Wuxi Qiuhe, as the seller.

Materials acquired: 10Mt 316L hot rolled stainless steel plates

Consideration: RMB229,887.20

Payment terms: The consideration is payable by Golden Corn in the following manner:

- (i) 20% of the consideration shall be paid upon signing of the agreement; and
- (ii) remaining 80% of the consideration shall be paid immediately, subject to the satisfaction of quality inspection upon delivery and the receipt of VAT invoice issued by Wuxi Qiuhe.

Completion date: September 2018

## **Materials Procurement Contract 2**

Date of the agreement: 10 July 2018

Parties: Golden Corn Biotech, as the purchaser; and  
Wuxi Qiuhe, as the seller.

Materials acquired: (i) 117Mt 316L hot rolled stainless steel plates;  
(ii) 129Mt 316L hot rolled stainless steel sheets;  
(iii) 60 Mt 304 hot rolled stainless steel plates; and  
(iv) 101Mt 304 hot rolled stainless steel sheets

Consideration: RMB8,312,337.79

Payment terms: The consideration is payable by Golden Corn Biotech in the following manner:  
(i) 20% of the consideration shall be paid upon signing of the agreement; and  
(ii) remaining 80% of the consideration shall be paid immediately, subject to the satisfaction of quality inspection upon delivery and the receipt of VAT invoice issued by Wuxi Qiuhe.

Completion date: September 2018

## **REASONS FOR AND BENEFIT OF THE PROPOSED PROCUREMENT AGREEMENT**

Golden Corn and Golden Corn Biotech are expanding its production base located in Shouguang. The hot rolled stainless steel plates and sheets procured from Wuxi Qiuhe will be used for the construction of the production facilities, such as soaking tanks, raw materials tanks, saccharification tanks and fermentation tanks, which are the necessary equipments for the expansion of the Group's production capacity at Shouguang.

The procurement of the hot rolled stainless steel plates and sheets from Wuxi Qiuhe under the Previous Materials Procurement Contracts and the Materials Procurement Contracts form part of the plan to expand the Group's production facilities.

The Previous Materials Procurement Contracts and the Materials Procurement Contracts were entered into after completion of the open tender process. The terms of the Previous Materials Procurement Contracts and the Materials Procurement Contracts were determined on the terms of the open tender and after arm's length negotiations among the parties thereto.

The Directors (including the independent non-executive Directors) consider that the terms of the Previous Materials Procurement Contracts and the Materials Procurement Contracts 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 WUXI QIUHE**

Wuxi Qiuhe is a company incorporated in the PRC with limited liability on 6 July 2011. It is mainly engaged in the sales of metal materials and products and the import and export of various commodity and technology for itself and/or as agent for others.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Wuxi Qiuhe 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**

As the highest applicable percentage ratio in respect of any of the Previous Materials Procurement Contracts, by itself and on an aggregated basis, is less than 5% at the time when such materials procurement contract was entered into by (i) Golden Corn and Wuxi Qiuhe and (ii) Golden Corn Biotech and Wuxi Qiuhe (as the case may be), those transactions under the Previous Materials Procurement Contracts were not subject to the reporting and announcement requirements pursuant to Rule 14.06 of the Listing Rules at the time of its signing.

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Materials Procurement Contracts should be aggregated with the Previous Materials Procurement Contracts. As the highest applicable percentage ratio (after aggregation) is more than 5% but less than 25%, the transactions contemplated under the Materials Procurement Contracts, together with the Previous Materials 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 director(s) of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Materials Procurement Contracts”	the two materials procurement contracts all dated 10 July 2018, one is entered into between Golden Corn as the purchaser and Wuxi Qiuhe as the seller and the other is entered into between Golden Corn Biotech as the purchaser and Wuxi Qiuhe as the seller on the terms and conditions contained in these materials procurement contracts (i.e. Materials Procurement Contract 1 and Materials Procurement Contract 2 as mentioned in the paragraph headed “MATERIALS PROCUREMENT CONTRACTS” in this announcement)
“Mt”	Metric tonne(s) or 1,000 kilograms
“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 Materials Procurement Contracts”	(i) the four materials procurement contracts entered into between Golden Corn as the purchaser and Wuxi Qiuhe as the seller and (ii) the four materials procurement contracts entered into Golden Corn Biotech as the purchaser and Wuxi Qiuhe as the seller during the period from 27 January 2018 to 6 June 2018 in respect of the procurement of the hot rolled stainless steel plates and sheets (i.e. the First Materials Procurement Contract, the Second Materials Procurement Contract, the Third Materials Procurement Contract, the Fourth Materials Procurement Contract, the Fifth Materials Procurement Contract, the Sixth Materials Procurement Contract, the Seventh Materials Procurement Contract and the Eighth Materials Procurement Contract as mentioned in the paragraph headed “PREVIOUS MATERIALS PROCUREMENT CONTRACTS” in this announcement)
“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

“Wuxi Qiuhe”	Wuxi Qiuhe Stainless Steel Co., Ltd.* (無錫求和不銹鋼有限公司), a limited liability company established in the PRC on 6 July 2011
“VAT”	the value-added tax
“%”	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, 10 July 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