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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

Reference is made to the announcement of the Company dated 10 July 2018 in respect of certain materials procurement contracts entered into by each of Golden Corn and Golden Biotech with Wuxi Qiuhe during the period from 27 January 2018 to 10 July 2018.

The Board is pleased to announce that subsequent to the previous materials procurement contracts signed with Wuxi Qiuhe, on 15 August 2018, Golden Corn Biotech, an indirect non-wholly owned subsidiary of the Company, entered into a new materials procurement contract amounting to RMB1,293,276.10 with Wuxi Qiuhe, pursuant to which Golden Corn Biotech has agreed to procure additional hot rolled stainless steel sheets and plates from Wuxi Qiuhe for the construction of its production facilities at Shouguang. This new material procurement contract is the eleventh materials procurement contract signed with Wuxi Qiuhe by members of the Group.

LISTING RULES IMPLICATIONS

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the entering of the Eleventh Materials Procurement Contract itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transaction contemplated under the Eleventh Materials Procurement Contract shall be aggregated with the Previous Materials 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 transaction contemplated under the Eleventh Materials Procurement Contract, when aggregated with the Previous Materials Procurement Contracts, constitutes discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 10 July 2018 in respect of the certain materials procurement contracts entered into by each of Golden Corn and Golden Biotech with Wuxi Qiuhe during the period from 27 January 2018 to 10 July 2018.

Subsequent to the Previous Materials Procurement Contracts, Golden Corn Biotech conducted open tenders for the procurement of additional hot rolled stainless steel sheets and plates for the construction of its processing facilities. On 8 August 2018, 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 Biotech.

The Board is pleased to announce that on 15 August 2018, Golden Corn Biotech entered into a materials procurement contract amounting to RMB1,293,276.10 with Wuxi Qiuhe, pursuant to which Golden Corn Biotech has agreed to procure additional hot rolled stainless steel sheets and plates from Wuxi Qiuhe for the construction of its production facilities at Shouguang. This new material procurement contract is the eleventh materials procurement contract signed with Wuxi Qiuhe by members of the Group.

THE ELEVENTH MATERIALS PROCUREMENT CONTRACT

Set out below is a summary of the principal terms of the Eleventh Materials Procurement Contract:

Date of the agreement: 15 August 2018

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

Materials acquired: 11Mt 316L hot rolled stainless steel plates
56Mt 304 hot rolled stainless steel sheets
4Mt 304 hot rolled stainless flat steel plates

Consideration: RMB1,293,276.10

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

Completion date: September 2018

REASONS FOR AND BENEFIT OF THE ELEVENTH MATERIALS PROCUREMENT CONTRACT

The Group is 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 equipment 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 Eleventh Materials Procurement Contract form part of the plan to expand the Group's production facilities.

The Eleventh Materials Procurement Contract was entered into after completion of the open tender process, the terms of which 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 Eleventh Materials Procurement Contract 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

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the entering of the Eleventh Materials Procurement Contract itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transaction contemplated under the Eleventh Materials Procurement Contract shall be aggregated with the Previous Materials 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 transaction contemplated under the Eleventh Materials Procurement Contract, when aggregated with the Previous Materials Procurement Contracts, constitutes discloseable transaction for the Company and is 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
“Eleventh Materials Procurement Contract”	the materials procurement contract dated 15 August 2018 entered into between Golden Corn Biotech as the purchaser and Wuxi Qiuhe as the 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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 five materials procurement contracts entered into between Golden Corn as the purchaser and Wuxi Qiuhe as the seller and (ii) the five 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 10 July 2018 in respect of the procurement of the hot rolled stainless steel plates and sheets, the particulars of which are disclosed in the announcement of the Company dated 10 July 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) 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 company established in the PRC with limited liability 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, 15 August 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