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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 30 November 2017 and 18 September 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 materials procurement contracts with Tongda for the procurement of, among others, seamless steel pipes, welded pipes, rebars and angle steel bars 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 announce that on 15 October 2018, (i) Golden Corn and (ii) Golden Corn Biotech entered into new materials procurement contracts amounting to RMB27,913,457.30 with Tongda, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure additional seamless steel pipes and welded pipes from Tongda for the construction of its production facilities at Shouguang.

LISTING RULES IMPLICATIONS

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the entering of the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transactions contemplated under the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III 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 transactions contemplated under the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III, when aggregated 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 30 November 2017 and 18 September 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 materials procurement contracts with Tongda for the procurement of, among others, seamless steel pipes, welded pipes, rebars and angle steel bars 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.

Subsequent to the Previous Materials Procurement Contracts, (i) Golden Corn and (ii) Golden Corn Biotech conducted open tenders for the procurement of additional seamless steel pipes and welded pipes from Tongda for the construction of its production facilities at Shouguang. On 11 October 2018, each of Golden Corn and Golden Corn Biotech issued a letter of acceptance to Tongda, confirming that Tongda has become the successful bidder.

The Board is pleased to announce that on 15 October 2018, (i) Golden Corn and (ii) Golden Corn Biotech entered into new materials procurement contracts amounting to RMB27,913,457.30 with Tongda, pursuant to which each of Golden Corn and Golden Corn Biotech has agreed to procure additional seamless steel pipes and welded pipes from Tongda for the construction of its production facilities at Shouguang.

Set out below is a summary of the principal terms of the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III:

Materials Procurement Contract I

Date of the agreement: 15 October 2018

Parties: Golden Corn, as the purchaser; and
Tongda, as the seller

Materials acquired: 9Mt 304 seamless steel pipes
25Mt 316L seamless steel pipes
10Mt 304 welded pipes
20Mt 316L welded pipes

Consideration: RMB1,995,071.00

Payment terms: (i) 20% of the consideration is payable by Golden Corn as prepayment; (ii) 70% of the consideration is payable by Golden Corn, subject to the satisfaction of the quality inspection of the materials; (iii) 7% of the consideration is payable by Golden Corn in the following month after delivery of all materials; and (iv) the remaining 3% of the consideration is payable by Golden Corn within one month after the materials are tested and compatible with normal operation.

Completion date: Before the end of January 2019

Materials Procurement Contract II

Date of the agreement: 15 October 2018

Parties: Golden Corn Biotech, as the purchaser; and
Tongda, as the seller

Materials acquired: 391Mt 304 seamless steel pipes
289Mt 316L seamless steel pipes
72Mt 304 welded pipes
51Mt 316L welded pipes

Consideration: RMB23,702,309.20

Payment terms: (i) 20% of the consideration is payable by Golden Corn Biotech as prepayment; (ii) 70% of the consideration is payable by Golden Corn Biotech, subject to the satisfaction of the quality inspection of the materials; (iii) 7% of the consideration is payable by Golden Corn Biotech in the following month after delivery of all materials; and (iv) the remaining 3% of the consideration is payable by Golden Corn Biotech within one month after the materials are tested and compatible with normal operation.

Completion date: Before the end of February 2019

Materials Procurement Contract III

Date of the agreement: 15 October 2018

Parties: Golden Corn Biotech, as the purchaser; and
Tongda, as the seller

Materials acquired: 39Mt 304 seamless steel pipes
49Mt 304 welded pipes

Consideration: RMB2,216,077.10

Payment terms: (i) 20% of the consideration is payable by Golden Corn Biotech as prepayment; (ii) 70% of the consideration is payable by Golden Corn Biotech, subject to the satisfaction of the quality inspection of the materials; (iii) 7% of the consideration is payable by Golden Corn Biotech in the following month after delivery of all materials; and (iv) the remaining 3% of the consideration is payable by Golden Corn Biotech within one month after the materials are tested and compatible with normal operation.

Completion date: Before the end of January 2019

Reasons for and Benefit of Materials Procurement Contract I, Materials Procurement Contract II and Materials Procurement Contract III

The Group is expanding its production base located in Shouguang. The seamless steel pipes, welded pipes, rebars, angle steel bars and other steel products procured from Tongda will be used for the construction of the materials and/or products conveying pipelines and their affiliated structures of its production facilities at Shouguang, which is essential for the expansion of the Group's production capacity at Shouguang.

The procurement of the seamless steel pipes and welded pipes from Tongda under the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III form part of the plan to expand the Group's production facilities.

The Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III were determined based on the terms of the open tender and after the arm's length negotiations among the parties thereto.

The Directors (including the independent non-executive Directors) consider that these terms of the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III 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 TONGDA

Tongda is a company incorporated in the PRC with limited liability on 17 March 2014. It is mainly engaged in the sales of compound metals, steel, metal products, plastic products, wire and cable and the installation of mechanical equipment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tongda 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 Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the transactions contemplated under the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III 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 transactions contemplated under the Materials Procurement Contract I, the Materials Procurement Contract II and the Materials Procurement Contract III, when aggregated 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 directors 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 Contract I”	the materials procurement contract dated 15 October 2018 entered into between Golden Corn as purchaser and Tongda as seller
“Materials Procurement Contract II”	the materials procurement contract dated 15 October 2018 entered into between Golden Corn Biotech as purchaser and Tongda as seller
“Materials Procurement Contract III”	the materials procurement contract dated 15 October 2018 entered into between Golden Corn Biotech as purchaser and Tongda as seller
“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 materials procurement contracts entered into between Golden Corn as purchaser and Tongda as seller and (ii) the materials procurement contracts entered into Golden Corn Biotech as purchaser and Tongda as seller during the period from 30 November 2017 to 18 September 2018 in respect of the procurement of, among others, seamless steel pipes, welded pipes, rebars and angle steel bars for the construction of its production facilities at Shouguang
“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
“Tongda”	Shandong Shouguang Tongda Alloys Co., Ltd.* (山東壽光通達合金有限公司), a company established in the PRC with limited liability on 17 March 2014
“%”	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 October 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