

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 25 June 2017, Golden Corn, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with the JV Partner for the formation of the JV Company with registered capital of RMB200 million, of which 55% is to be contributed by Golden Corn and the remaining 45% is to be contributed by the JV Partner.

The JV Company was established on 30 June 2017 upon being issued with a business licence on that date and owned as to 55% by Golden Corn and 45% by the JV Partner. Golden Corn and the JV Partner are required to make full contribution of the registered capital in cash on or before 31 December 2017. No registered capital contribution was made by Golden Corn or the JV Partner as at the date of this announcement.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total capital commitment of the Group to the JV Company pursuant to the JV Agreement exceeds 5% but is less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and requires disclosure by way of this announcement.

The Board is pleased to announce that on 25 June 2017, Golden Corn, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with the JV Partner for the formation of the JV Company with registered capital of RMB200 million. The date, parties and the principal terms of the JV Agreement are set out below.

THE JV AGREEMENT

Date: 25 June 2017

Parties: (a) Golden Corn
(b) the JV Partner

Registered capital: The registered capital of the JV Company is RMB200 million (equivalent to approximately HK\$230.38 million) which was determined on an arm's length basis between Golden Corn and the JV Partner with reference to the intended scale of operation of the JV Company

Capital contribution: The registered capital of the JV Company will be contributed as to RMB110 million (equivalent to approximately HK\$126.71 million) by Golden Corn and as to the remaining RMB90 million (equivalent to HK\$103.67 million) by the JV Partner by way of cash.

Apart from the registered capital commitment, there is no further capital commitments required to be made by Golden Corn or the JV Partner pursuant to the terms of the JV Agreement.

The Group intends to finance its registered capital commitment to the JV Company by internal resources of the Group.

Principal business: The principal business of the JV Company is manufacture, research and development, sale of starch and starch products, food additives, feeds, amino acids for feeds, vitamin and enzyme, lactic acids, corn germ, edible glucose, maltose, maltodextrin, corn slurry and corn acquisition.

Board composition: The board of directors of the JV Company shall consist of 7 directors, all of them shall be appointed by shareholders of the JV Company.

The chairman of the JV Company shall be elected by the board of directors of the JV Company.

Profit sharing: Golden Corn and the JV Partner are to share the profits of the JV Company available for distribution in proportion to their respective shares of registered capital in the JV Company.

Transfer restrictions on registered capital: Golden Corn or the JV Partner (“**Transferring Shareholder**”) may only transfer its equity interest in the JV Company to a third party with the consent of the other. The consent is deemed to have been given by the non-transferring shareholder if:

- the non-transferring shareholder does not respond within 30 days after being notified by the Transferring Shareholder of the proposed transfer; or
- the non-transferring shareholder does not purchase the equity interest proposed to be transferred in case it makes any objection to the proposed transfer.

THE JV COMPANY

The JV Company was established on 30 June 2017 upon being issued with a business licence on that date. Golden Corn and the JV Partner are required to pay their respective shares of registered capital commitment in respect of the JV Company on or before 31 December 2017 pursuant to the terms of the JV Articles. As at the date of this announcement, no registered capital contribution was made by Golden Corn or the JV Partner.

The JV Company plans to construct a production site with production plant and facilities (“**Possible Production Site Construction**”) in Shouguang for its own use and operation. No binding agreement has been entered into by the JV Company or the Group in respect of or in connection with the Possible Production Site Construction as at the date of this announcement. Neither the Group nor the JV Partner is under any obligation to fund the Possible Production Site Construction. In case the Possible Production Site Construction does materialise, the Company will comply with the relevant requirements of the Listing Rules applicable to or in connection with the Possible Production Site Construction.

The financial results of the JV Company, of which the Company has a 55% equity interest, will be consolidated into the results of the Company.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group has been placing emphasis on new product development in the past years. Through the formation of the JV Company, Golden Corn and the JV Partner will be able to draw their expertise and resources together and achieve greater innovation in the development of corn starch, corn starch products and other related products. The parties can also complement each other in the respective resources advantages on technology, management and marketing, and thus promotes stronger competitiveness of the products of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE JV PARTNER

The JV Partner is a company established in the PRC with limited liability on 17 May 2006 principally engaged in the production and sale of electricity and steam.

As at the date of this announcement, the JV Partner is holding 9% equity interest in 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited*), a 91% indirect non-wholly owned subsidiary of the Company.

Save the 9% interest of the JV Partner as mentioned above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the JV Partner 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

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total capital commitment of the Group to the JV Company pursuant to the JV Agreement exceeds 5% but is less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and requiring disclosure by way of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms used herein have the followings meaning:

“Board”	the board of Directors
“Company”	China Starch Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director”	a director of the Company
“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
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Agreement”	the joint venture agreement dated 25 June 2017 entered into between Golden Corn and the JV Partner in relation to the formation of the JV Company
“JV Articles”	the articles of the JV Company entered into on 26 June 2017 in conjunction with the JV Agreement

“JV Company”	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 pursuant to the JV Agreement, which is owned as to 55% by Golden Corn and the remaining 45% by the JV Partner
“JV Partner”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.
“*”	unofficial name for identification only

Unless otherwise specified, the conversion of HK\$ into RMB is based on the exchange rate of HK\$1.00:RMB0.86813. No presentation is made that the amounts stated in this announcement have been or could be converted at the above rates.

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

Shouguang, The People's Republic of China, 5 July 2017

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