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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 ACQUISITION OF LAND USE RIGHT IN SHOUGUANG**

## **THE LAND ACQUISITION**

On 18 December 2020, Golden Far East, an indirect wholly owned subsidiary of the Company, has received the Agreement Confirmation I from NRPA confirming that Golden Far East is the successful bidder in the process of the listing-for-sale (掛牌出讓) of the Land I, which, together with the Land II, will be used as new lactic acid and polylactic acid production sites of the Group. Golden Far East signed the Land Use Rights Grant Contract I with NRPA on 25 December 2020 in accordance with the terms and conditions of Agreement Confirmation I. The Land Acquisition I does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 12 March 2021, Golden Far East has received the Agreement Confirmation II from NRPA confirming that Golden Far East is the successful bidder in the process of the listing-for-sale (掛牌出讓) of the Land II, which, together with the Land I, will be used as new lactic acid and polylactic acid production sites of the Group. Golden Far East will sign the Land Use Rights Grant Contract II with NRPA as soon as practicable in accordance with the terms and conditions of Agreement Confirmation II.

## **LISTING RULES IMPLICATIONS**

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, the Land Acquisition II itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, the counterparty to each of the Agreement Confirmation I and Agreement Confirmation II is the same party (i.e. NRPA), the Land Acquisition II shall be aggregated with the Land Acquisition I pursuant to Rule 14.23(1) of the Listing Rules when determining their classification under Chapter 14. As one of the applicable percentage ratios (after aggregation) is more than 5% but less than 25%, the Land Acquisition II, when aggregated with the Land Acquisition I, constitutes discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## PRINCIPAL TERMS OF THE AGREEMENT CONFIRMATION II

The principal terms of the Agreement Confirmation II are as follows.

- Parties:
1. NRPA as seller
  2. Golden Far East as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, NRPA is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Information on the Land II: The land use right of a piece or parcel of land situated at the east side of Xingyuandong Road and the south side of Nanxin Road, Shouguang, Shandong Province, the PRC, with a total site area of approximately 67,621 square metres for industrial use with a land use term of 50 years.

Security deposit: A security deposit for land auction of approximately RMB10,401,000 was paid to the Finance Bureau of Shouguang City.

Land Premium: The consideration payable by Golden Far East for the Land Acquisition II is RMB27,190,000. The security deposit would be applied as a part payment of the Land Premium in accordance with the Agreement Confirmation II. The balance of the Land Premium of approximately RMB16,789,000 shall be paid in full in accordance with the Land Use Rights Grant Contract II.

The Land Premium is the bid price made by Golden Far East at the listing-for-sale (掛牌出讓) and was determined having taken into account the location and development potential of the Land II.

The Land Premium will be funded by the Group's internal resources.

## **REASONS FOR THE LAND ACQUISITION II**

The Land II, together with the Land I, are to be constructed for use as new lactic acid and polylactic acid production sites of the Group, which are expected to be completed by the end of 2021.

The Directors are of the view that the Land Acquisition II is in line with the business development plan of Golden Far East, and the business expansion strategy of the Group. The Directors consider that the terms of the Agreement Confirmation II are on normal commercial terms, fair and reasonable and the Land Acquisition II is in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE GROUP**

The principal activity of the Company is research, development, manufacture and sale of modified starch, cornstarch, glucose, maltose, dextrin, animal feed additives, food-grade enzymes, biobased materials and related products. 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 NRPA**

NRPA is a department directly under the Shouguang Municipal Government and is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Shouguang, the PRC, and issue of different land certificates.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, NRPA is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

## **LISTING RULES IMPLICATIONS**

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## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement Confirmation I”	Confirmation on agreement for listing-for-sale* (國有建設用地使用權掛牌成交確認書) dated 18 December 2020 entered into between NRPA and Golden Far East in relation to the Land Acquisition I
“Agreement Confirmation II”	Confirmation on agreement for listing-for-sale* (國有建設用地使用權掛牌成交確認書) dated 12 March 2021 entered into between NRPA and Golden Far East in relation to the Land Acquisition II
“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)
“Directors”	the directors of the Company
“Golden Far East”	Shouguang Golden Far East Modified Starch Company Limited* (壽光金遠東變性澱粉有限公司), 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 dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land I”	the land use right of a piece or parcel of land situated at the east side of Xingyuandong Road and the south side of Nanxin Road, Shouguang, Shandong Province, the PRC, with a total site area of approximately 80,572 square metres, being the subject matter of the Land Acquisition I
“Land II”	the land use right of a piece or parcel of land situated at the east side of Xingyuandong Road and the south side of Nanxin Road, Shouguang, Shandong Province, the PRC, with a total site area of approximately 67,621 square metres, being the subject matter of the Land Acquisition II
“Land Acquisition I”	the acquisition of the Land I by Golden Far East as contemplated under the Agreement Confirmation I
“Land Acquisition II”	the acquisition of the Land II by Golden Far East as contemplated under the Agreement Confirmation II
“Land Premium”	RMB27,190,000, being the consideration payable by Golden Far East for the acquisition of the Land II pursuant to the Agreement Confirmation II
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land Use Rights Grant Contract I”	the land use rights grant contract (國有建設用地使用權出讓合同) entered into between Golden Far East and NRPA in respect of the Land I
“Land Use Rights Grant Contract II”	the land use rights grant contract (國有建設用地使用權出讓合同) to be entered into between Golden Far East and NRPA in respect of the Land II
“NRPA”	Natural Resources and Planning Administration of Shouguang Municipality* (壽光市自然資源和規劃局)

“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)
“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
“%”	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, 12 March 2021

*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*