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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)

PROPOSED BONUS ISSUE OF SHARES PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND PROPOSED CHANGE IN BOARD LOT SIZE

SUMMARY

Proposed Bonus Issue of Shares

The Directors recommend a bonus issue of new Shares to the Shareholders (except the Overseas Shareholders) whose names appear on the register of members of the Company on the Record Date on the basis of four Bonus Shares for every one existing Share held by the Shareholders on the Record Date.

To qualify for the Bonus Issue, any transfer of Shares must be lodged for registration by 4:00 p.m. on 13 May 2008 (Tuesday). **The register of members of the Company will be closed from 14 May 2008 (Wednesday) to 16 May 2008 (Friday), both days inclusive.**

Proposed increase in authorised share capital

In contemplation of the Bonus Issue and to provide flexibility to accommodate future expansion and growth of the Group, the Company proposes to increase its authorised share capital from HK\$100,000,000 comprising 1,000,000,000 Shares to HK\$1,000,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,000,000,000 Shares.

EGM

An EGM is to be convened and held at 10:30 a.m. on 16 May 2008 (Friday) immediately after the conclusion or adjournment of the 2008 Annual General Meeting at which resolutions for approving the proposed Bonus Issue and the proposed increase in the Company's authorised share capital will be proposed.

Proposed Change in Board Lot Size

Subject to the approval of the proposed Bonus Issue and the proposed increase in the Company's authorised share capital by Shareholders at the EGM, the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 shares to 5,000 Shares with effect from 26 May 2008 (Monday).

General

A circular containing details of the proposed Bonus Issue, the proposed increase in the Company's authorised share capital and the proposed change in board lot size of Shares and the notice of the EGM will be despatched to Shareholders as soon as possible.

PROPOSED BONUS ISSUE OF SHARES

Basis of the Bonus Issue

The Board is pleased to announce that, in addition to the final dividend of HK3.83 cents for the financial year ended 31 December 2007 as announced by the Company on 16 April 2008, the Directors had on 21 April 2008 resolved to recommend the Bonus Issue on the basis of four Bonus Shares for every one existing Share held by Shareholders (except Overseas Shareholders) whose names are on the register of members of the Company on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an application of an amount of HK\$209,000,000 in the share premium account of the Company.

Effect to the shareholding on the Bonus Issue

On the basis of 522,500,000 Shares in issue as at the date of this announcement, and assuming no further Shares are issued or repurchased before the Record Date, 2,090,000,000 Bonus Shares will be issued pursuant to the Bonus Issue. After completion of the Bonus Issue, there will be a total of 2,612,500,000 Shares in the enlarged issued share capital of the Company.

Status of the Bonus Shares

The Bonus Shares will rank pari passu in all respects with the existing Shares from their date of issue except that they are not entitled to the proposed dividend for the financial year ended 31 December 2007 and will not rank for the Bonus Issue.

Fractions of the Bonus Shares

The Company will not allot any fractions of Bonus Shares. Fractional Entitlements, if any, to the Bonus Shares will not be allotted to Shareholders and will be aggregated and sold and the benefit accrued for the Company.

Application of Listing

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue and the proposed increase in the authorised share capital of the Company as mentioned below by the Shareholders at the EGM; and
- (ii) the Listing Committee granting listing of, and permission to deal in, the Bonus Shares.

Subject to fulfillment of the above conditions, certificates for the Bonus Shares are expected to be despatched to the Shareholders at their own risk on 23 May 2008 (Friday).

Reasons for the Bonus Issue

The Directors believe that the Bonus Issue is a return to the support of the Shareholders as well as allowing the Shareholders to participate in the growth of the Company by way of capitalization of a portion of the share premium account.

Closure of Register of Members

The register of members of the Company will be closed from 14 May 2008 (Wednesday) to 16 May 2008 (Friday) (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the Bonus Issue, all transfers of Shares, accompanied by the relevant share certificates, must be duly lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 13 May 2008 (Tuesday).

Expected Timetable

Despatch of the circular	on or before 29 April 2008
Last day of dealings in the Shares cum entitlement to the Bonus Shares	Thursday, 8 May 2008
First day of dealings in the Shares ex-entitlement to the Bonus Shares.	Friday, 9 May 2008
Latest time for lodging transfer of Shares in order to be entitled to the Bonus Shares.	4:00 p.m. on Tuesday, 13 May 2008
Latest time for lodging forms of proxy for the EGM.	10:30 a.m. on Wednesday, 14 May 2008
EGM	10:30 a.m. on Friday, 16 May 2008
Closure of register of members of the Company for the Bonus Issue (both days inclusive).	Wednesday, 14 May 2008 to Friday, 16 May 2008
Record Date of determining entitlement to the Bonus Shares	Friday, 16 May 2008
Announcement of the results of the EGM.	Monday, 19 May 2008
Re-open of register of members of the Company	Monday, 19 May 2008
Despatch of the share certificates for the Bonus Shares	on or before Friday, 23 May 2008
First day of dealing in Bonus Shares	Monday, 26 May 2008

Overseas Shareholders

As at the date of this Announcement, none of the Shareholders as recorded on the register of members of the Company had address(es) which is/are outside Hong Kong.

The Directors consider that the issue of the Bonus Shares to the Shareholders with addresses outside Hong Kong (if any), would or might, in the absence of compliance with registration or other special formalities in such other territories, be unlawful or impracticable. As a result, no issue of Bonus Shares will be made to Overseas Shareholders. However, arrangements will be made for the Bonus Shares which

would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by post at his own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In contemplation of the Bonus Issue and in order to provide flexibility to accommodate future expansion and growth of the Group, an ordinary resolution, which is conditional upon the Bonus Issue being approved by the Shareholders at the EGM, will be proposed at the EGM to approve an increase in the authorised share capital of the Company from HK\$100,000,000 comprising 1,000,000,000 Shares to HK\$1,000,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,000,000,000 Shares.

EGM

An EGM is proposed to be convened and held at 10:30 a.m. on 16 May 2008 (Friday) immediately after the conclusion or adjournment of the 2008 Annual General Meeting on the same day and at the same place at which resolutions will be proposed to approve the Bonus Issue and the proposed increase in the authorised share capital of the Company.

PROPOSED CHANGE IN BOARD LOT SIZE

Subject to the approval of the Bonus Issue and the proposed increase in the authorised share capital of the Company by the Shareholders at the EGM, the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 shares to 5,000 Shares with effect from 26 May 2008 (Monday).

The increase in board lot size of the Shares is being implemented to increase the value of each board lot of Shares and to reduce the trading costs for Shareholders and investors of the Company. The change in board lot size will not affect the rights of the Shareholders.

At present, the Company does not envisage that any parallel trading and/or odd lot arrangement would be necessitated as a result of the proposed change in board lot size of Shares. In the event that such trading arrangements are considered necessary and/or appropriate, a separate announcement will be made by the Company.

GENERAL

A circular containing details of the proposed Bonus Issue, the proposed increase in the Company's authorised share capital and the proposed change in board lot size of the Shares, as well as the notice of the EGM, will be despatched to Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following words and phrases have the following meanings:

“2008 Annual General Meeting”	the annual general meeting of the Company to be convened and held at 10:00 a.m. on 16 May 2008 (Friday) (and any adjournment thereof)
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date on the basis of four Bonus Shares for every one existing Share held on that day
“Bonus Share(s)”	new Share(s) to be issued by way of Bonus Issue by the Company as described in this announcement
“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
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 10:30 a.m. on 16 May 2008 (Friday) immediately after the conclusion or adjournment of the 2008 Annual General Meeting on the same day and at the same place (and any adjournment thereof)
“Entitlement”	entitlement to the Bonus Issue
“Group”	the Company and its subsidiaries
“HK Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Overseas Shareholders”	Shareholders whose address as shown on the register of members of the Company on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China
“Record Date”	16 May 2008 (Friday), being the date for determining the Entitlement of each Shareholder
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 22 April 2007

As at the date of this announcement, the executive Directors are Mr Tian Qixiang, Mr Gao Shijun, Mr Yu Yingquan and Mr Liu Xianggang and the independent non-executive Directors are Ms Dong Yanfeng, Ms Yu Shumin, Mr Cao Zenggong and Mr Yue Kwai Wa, Ken.