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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)

ANNOUNCEMENT

The Board wishes to announce the proposed expansion plan of the Group to increase its annual production capacity in a span of approximately two years to satisfy and cater for current and future market demands.

Further to the announcement of the Company dated 16 December 2009, the board (the “**Board**”) of directors (the “**Directors**”) of China Starch Holdings Limited (the “**Company**”) is pleased to announce that as part of the business strategies of the Company and its subsidiaries (the “**Group**”), the Group is planning to increase its annual production capacity of cornstarch, lysine, starch-based sweeteners from the current 850,000 tonnes, 55,000 tonnes and 100,000 tonnes per annum to 1,650,000 tonnes, 105,000 tonnes and 300,000 tonnes per annum respectively in a span of approximately two years to satisfy and cater for current and future market demands.

The proposed expansion will principally involve a mix of improvements in production technologies and equipment.

It is expected that the expansion will be funded by a combination of internal resources of the Group, bank borrowings and/or other financing.

The Group is one of the largest cornstarch manufacturers and suppliers in the People’s Republic of China (the “**PRC**”). Apart from the production of cornstarch, the Group also manufactures other cornstarch related products including lysine, other ancillary corn-refined and corn-based products and starch-based sweeteners, all of which are principal raw materials applied in the production of a wide range of foods, soft drinks and beverages products as well as in the pharmaceutical, textile, chemical and other industries including paper, fermentation, animal feeds and agricultural fertilisers industries. With a well-established based of customers most of which are leading and major players within these industries, as well as advanced production technologies and advantageous production locations in one of the major corn growing provinces of the PRC of the Group, the Directors consider that the Group is well-positioned to benefit from the rapid and continued growth in demands for foods, soft drinks, beverages and other downstream cornstarch related products.

The Directors consider that the proposed expansion would bring growth to the Group, provide a platform for further development and expansion of the Group's business, increase its overall competitiveness and is in the interests of the Company and its shareholders as a whole. The Company will keep its shareholders informed of any development and where necessary, to make appropriate announcement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board

Tian Qixiang

Chairman

Hong Kong, 19 January 2010

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.