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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)

**UPDATE ON THE EXPANSION PLAN OF THE GROUP**

Reference is made to the announcement dated 20 August 2010 of China Starch Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on the signing of a project development memorandum of understanding between the Group and the Municipal Government of Shouguang (the “**Shouguang Municipal Government**”) in respect of the possible grant of new production site and offer of preferential policies by the Shouguang Municipal Government to the Group in furtherance of the proposed expansion plan of the Group.

To facilitate the grant of new production site to the Group in furtherance of the proposed expansion plan of the Group, the Group may have to relocate the whole of its existing production plants and facilities located at its existing production site in Shouguang, Shandong Province of the People’s Republic of China (the “**PRC**”) to the new production site as may be granted by the Shouguang Municipal Government. The proposed new production site of the Group is expected to be remained in Shouguang with a site area of not less than approximately 330,000 square metres and annual cornstarch and lysine production capacities of approximately 450,000 tonnes and 55,000 tonnes respectively, which are the same as those of the existing production site of the Group in Shouguang which may have to be relocated. Apart from that, further new production site may be granted and preferential policies may be offered to the Group subject to final approval of the Shouguang Municipal Government. Shareholders of the Company should take note that the grant of new production site or sites and the offer of preferential policies to the Group are still subject to final approval of the Shouguang Municipal Government and if any, other relevant Government authorities of the PRC. The Company will keep its shareholders informed as and when appropriate in compliance with the Rules Government the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The existing production site of the Group in Shouguang is expected to cease operation and production and be disposed of after the commencement of operation and production of the proposed new production site of the Group in Shouguang or otherwise.

The Group's proposed expansion plan is still ongoing subject to various factors, such as the availability of suitable production site, economic conditions and market demands of the Group's products. As the Group is yet to secure the grant of suitable new production site from the Shouguang Municipal Government and taking into account the time that would be required for completing the construction and development of the new production site, the expected timetable for increasing the annual production capacities of the Group is likely to take longer than anticipated. The Company will keep its shareholders informed of any progress and development and where necessary, to make appropriate announcement in compliance with the Listing Rules.

By order of the Board

**Tian Qixiang**

*Chairman*

Shouguang, 20 January 2012

*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, Mr. Cao Zenggong and Mr. Yue Kwai Wa, Ken.*