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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 EXPANSION PLAN OF THE GROUP: ACQUISITION OF LAND USE RIGHT IN SHOUGUANG

- The purpose of this announcement is to keep the shareholders of the Company informed of the latest progress and development of the expansion plan of the Group.
- On 13 October 2012, Golden Corn (an indirect wholly-owned subsidiary of the Company), as the successful bidder of the listing-for-sale (掛牌出讓) of the Land, entered into the Agreement Confirmation with the Shouguang Land Reserve Centre for the acquisition of the Land at a consideration of RMB36 million (equivalent to approximately HK\$44 million) to facilitate and in furtherance of the Group's expansion plan.

Reference is made to the announcement of the Company dated 20 January 2012 (the “**Announcement**”) in relation to the possible relocation of the Group's existing production site to other location within Shouguang of site as may be granted by the Municipal Government of Shouguang to facilitate and in furtherance of the Group's expansion plan.

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THE LAND ACQUISITION

Further to the Announcement, the Board is pleased to announce that Golden Corn (an indirect wholly-owned subsidiary of the Company), as the successful bidder of the listing-for-sale (掛牌出讓) of the Land, has agreed to acquire the Land on and subject to the terms of the Agreement Confirmation dated 13 October 2012 entered into between Golden Corn and the Shouguang Land Reserve Centre. The principal terms of the Agreement Confirmation are set out in this announcement.

PRINCIPAL TERMS OF THE AGREEMENT CONFIRMATION

- Parties:**
1. Shouguang Land Reserve Centre
 2. Golden Corn (an indirect wholly-owned subsidiary of the Company) as purchaser

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

Information on the Land: The Land is in respect of a piece or parcel of land situated at the north side of Anshun Street and the west side of Xingyuanxi Road, Shouguang, Shandong Province, the PRC, with a total site area of approximately 133,333 square metres for industrial use with a land use term of 50 years.

Earnest money (競買保證金): Earnest money in the sum of RMB14 million (equivalent to approximately HK\$17 million) was pre-paid to the Finance Bureau of Shouguang City.

Land Premium: The consideration payable by Golden Corn for the Land Acquisition is RMB36 million (equivalent to approximately HK\$44 million). The earnest money prepaid was applied as part payment of the Land Premium on the date of the Agreement Confirmation. The balance of the Land Premium in the sum of RMB22 million (equivalent to approximately HK\$27 million) shall be paid in full within 30 days of the date of the Agreement Confirmation.

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

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

Transfer Contract in respect of land use right of State-owned land: Golden Corn is required to enter into the transfer contract (國有建設用地使用權出讓合同) in respect of land use right of State-owned land in respect of the Land with the relevant local Government authority within 30 days of the date of the Agreement Confirmation.

REASONS FOR THE LAND ACQUISITION

The Group is one of the largest cornstarch manufacturers and suppliers in the PRC and principally engaged in the manufacture and sales of cornstarch, lysine, starch-based sweetener and its related products and the generation and sales of electricity and steam.

As disclosed in the Announcement, the Group may relocate the whole of its production plants and facilities at the existing Shouguang production complex to a new production site as may be granted by the Municipal Government of Shouguang to facilitate and in furtherance of the Group's expansion plan. The Land Acquisition is to facilitate and in furtherance of the Group's expansion plan.

The Group is negotiating with the Municipal Government of Shouguang for the possible grant of additional land use rights of land in Shouguang for further development as the Group's new production site. Shareholders of the Company should take note that the grant of additional land use rights of land in Shouguang is subject to approval of the Municipal Government of Shouguang and/or other relevant government authorities of the PRC. The Company will keep its shareholders informed as and when appropriate in compliance with the Listing Rules.

The Directors are of the view that the Land Acquisition is in line with the business expansion strategy of the Group. The Directors consider that the terms of the Agreement Confirmation are fair and reasonable and the Land Acquisition is in the interests of the Company and the shareholders as a whole.

DEFINITIONS

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

“Agreement Confirmation”	Confirmation on agreement for listing-for-sale* (國有建設用地使用權掛牌成交確認書) dated 13 October 2012 entered into between the Shouguang Land Reserve Centre and Golden Corn in relation to the Land Acquisition
“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 Corn”	Shandong Shouguang Juneng Golden Corn Development Co., Ltd.* (山東壽光巨能金玉米開發有限公司), a wholly foreign owned enterprise 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”	the land use right of a piece or parcel of land situated at the north side of Anshun Street and the west side of Xingyuanxi Road, Shouguang, Shandong Province, the PRC, with a total site area of approximately 133,333 square metres, being the subject matter of the Land Acquisition
“Land Acquisition”	the acquisition of the Land by Golden Corn as contemplated under the Agreement Confirmation
“Land Premium”	RMB36 million (equivalent to approximately HK\$44 million), being the consideration payable by Golden Corn for the transfer of the Land pursuant to the Agreement Confirmation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shouguang Land Reserve Centre”	Shouguang Land Reserve Centre* (壽光市土地儲備中心)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*Unless otherwise specified, the conversion of **HK\$** into **RMB** is based on an exchange rate of **HK\$1.00 = RMB0.816**. No presentation is made that any amounts in HK\$ and RMB have been or could be converted at the relevant dates at the above rate or any other rate or at all.*

** Unofficial names for identification purpose only*

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

Shouguang, 31 October 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 Zengong and Mr. Yue Kwai Wa, Ken.