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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: RELOCATION OF PRODUCTION SITE

This announcement is made by China Starch Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement dated 20 January 2012 of the Company on, among others, the relocation (the “**Relocation**”) of the Group’s existing production plants and facilities located in Shouguang, Shandong Province of the People’s Republic of China (the “**Existing Plant**”) to a new production site (the “**New Plant**”) as might be granted by the Municipal Government of Shouguang (the “**Shouguang Government**”) to facilitate the expansion plan of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that completion of the Relocation is expected to be by the end of 2014.

The New Plant is in Shouguang and located on the lands acquired by the Group in October 2012, November 2013 and May 2014 respectively, with an aggregate site area of approximately 299,873 square metres. Details of the acquisitions of these lands were disclosed in the announcements of the Company dated 31 October 2012 and 26 May 2014 respectively. The annual cornstarch and lysine production capacities of the New Plant are the same as the production capacities of the Existing Plant. The production facilities of modified starch are being constructed and are expected to be completed in or about the fourth quarter of 2014, with an annual production capacity of approximately 100,000 tonnes. For purpose of the Relocation, the modified starch production line of the Existing Plant has been temporarily suspended since mid July 2014 and is expected to last for approximately 3 months. The Group’s modified starch production will resume shortly after completion of the modified starch production facilities on the New Plant. In anticipation of the temporary

suspension in production of modified starch, the Group has stocked up finished modified starch to meet demands of the Group's customers. The Board considers that the temporary suspension in the production of modified starch would not have any material adverse impact on the financial performance of the Group.

The Group's production of electricity and steam at the Existing Plant will cease on or prior to completion of the Relocation. No facilities for the production of electricity and steam will be constructed on the New Plant. The Group may or may not further engage in this segment of business, subject to any acquisition opportunities, which the Group is yet to identify as at the date of this announcement.

It is estimated that the Relocation will result in a write-off of non-current assets of the Group of approximately RMB187 million in respect of the existing production facilities and buildings located on the Existing Plant. The land on which the Existing Plant is located will be resumed by the Shouguang Government after completion of the Relocation. Subsidies, the extent of which is subject to determination by the Shouguang Government, are expected to be provided to the Group by the Shouguang Government as a result of or in connection with the Relocation.

The Board is of the opinion that the Relocation and the proposed suspension in the Group's electricity and steam production will not have a material adverse impact on the business operation and financial position of the Company as (i) the New Plant has the same cornstarch, lysine and modified starch production capacities as the Existing Plant; (ii) the electricity and steam segment only contributed insignificantly to the total turnover and gross profits of the Group (as to approximately 1.7% and 3.7% respectively for the year ended 31 December 2013); and (iii) the subsidies to the Group from the Shouguang Government, if granted, will have a positive impact on the Group's financial position in the long run.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shouguang, the People's Republic of China, 15 July 2014

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:

Mr. Yue Kwai Wa, Ken
Mr. Chen Zhijun
Mr. Sun Mingdao