

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT

**INCREASE IN REGISTERED CAPITAL OF DENENG GOLDEN CORN AND
EXPANSION PLAN OF STARCH-BASED SWEETENER PRODUCTION CAPACITY**

INTRODUCTION

The Board is pleased to announce that Golden Corn has on 16 December 2009 entered into the Capital Increase Agreement to increase the registered capital of Deneng Golden Corn from RMB128 million to RMB200 million. The Board has also resolved to commence the expansion plan of the starch-based sweetener production capacity of Deneng Golden Corn from the existing 100,000 tonnes to 300,000 tonnes.

INCREASE IN REGISTERED CAPITAL OF DENENG GOLDEN CORN

The Board is pleased to announce that Golden Corn has on 16 December 2009 entered into the Capital Increase Agreement with its joint venture partners of Deneng Golden Corn to increase the registered capital of Deneng Golden Corn from RMB128 million to RMB200 million. According to the Capital Increase Agreement, the additional registered capital of RMB72 million shall be contributed solely by Golden Corn within five days following the execution of the Capital Increase Agreement. The following table illustrates the equity ownership of Deneng Golden Corn upon completion of the capital contribution:

	Before		After	
	Capital	% equity	Capital	% equity
	contribution	interest	contribution	interest
	<i>(RMB million)</i>		<i>(RMB million)</i>	
Golden Corn	110	85.94	182	91.00
<i>Other joint venture partners</i>				
Deneng Bio Tech	10	7.81	10	5.00
Mr. Dong Zhen Tao (董振濤)	4.9	3.83	4.9	2.45
Mr. Shi Feng Qi (石風旗)	3.1	2.42	3.1	1.55
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	18	14.06	18	9.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total	128	100.00	200	100.00
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The capital contribution of RMB72 million will be funded as to approximately RMB67 million from the remaining net proceeds of the Company's global offering in 2007 and as to the remaining approximately RMB5 million from Golden Corn's internally generated funds.

After the said capital contribution into Deneng Golden Corn, the Company will have fully utilised the net proceeds raised from its global offering in 2007.

REASON OF CAPITAL INJECTION

As stated in the prospectus of the Company dated 12 September 2007, it is one of the Group's business strategies to increase its annual cornstarch and lysine production capacity and, depending on future developments in market conditions, expand vertically into the provision of starch-based sweetener in a longer run.

As disclosed in the Company's 2009 interim report, construction and instalment of a production facility of 100,000 tonnes starch-based sweetener in Deneng Golden Corn was scheduled to be completed by the end of 2009. It was further announced on 7 December 2009 that the Company has a preliminary business expansion plan to expand its starch-based sweetener production capacity. The Board is pleased to announce that Deneng Golden Corn has completed installation of its 100,000 tonnes starch-based sweetener production facility in October 2009, and it has resolved to commence the expansion plan of Deneng Golden Corn's starch-based sweetener production capacity further to 300,000 tonnes. The Company will make further announcement(s) in respect of our future development in accordance with the Listing Rules, if and when appropriate.

According to the research report provided by National Bureau of Statistics of China, the growth rate for the production volume of soft drinks for the period from January to October in 2009 compared with last corresponding period is approximately 24.3%. As starch-based sweetener is the major raw material of such soft drinks that are commonly used as a substitute of cane sugar, the Directors is positive on the expansion of the Group's starch-based sweetener production, and consider it in the interest of the Group.

INFORMATION OF DENENG GOLDEN CORN

Deneng Golden Corn was duly registered on 13 March 2008 with an approved business scope of the purchase and sale of corn, processing, manufacture and sale of cornstarch, starch-based sweetener, amino acid and other ancillary products, and the provision of related services. As at the date of this announcement, it has a corn starch production capacity of 400,000 tonnes and a starch-based sweetener production capacity of 100,000 tonnes.

DEFINITIONS

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

“Board”	The board of Directors
“Company”	China Starch Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Deneng Bio Tech”	臨清德能生物科技有限公司 (Linqing Deneng Bio Technology Limited), a limited liability company established in the PRC on 17 May 2006 and a joint venture partner in Deneng golden Corn having an equity interest of about 7.81% at the date of this announcement
“Deneng Golden Corn”	臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited), a limited liability company established in the PRC on 13 March 2008 and owned as to approximately 85.94% by Golden Corn as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Golden Corn”	山東壽光巨能金玉米開發有限公司 (Shangdong Shouguang Juneng Golden Corn Development Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and the Company's indirect wholly owned subsidiary
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“PRC”	The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of PRC
“%”	Per cent

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

Hong Kong, 16 December 2009

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.