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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)

PROFIT WARNING

This announcement is made by China Starch Holdings Limited (the “**Company**”, 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 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform its shareholders (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2023 (the “**Period**”) and the information currently available to the Board, the Group is expected to record a loss before taxation of approximately RMB32 million, as compared to the profit before taxation of approximately RMB365 million for the corresponding period in 2022.

The decline in the Group’s results was mainly attributable to the following factors:

- (i) The abundant supply of soybean and the decrease in its international prices during the Period, which caused a substantial decrease in the prices of soybean by-products (eg. soybean meal) and indirectly affected the prices of corn by-products and derivative products (eg. corn germ, corn germ meal and lysine);
- (ii) The substantial decrease in wheat prices during the Period, which led to a reduction in the use of cornstarch as a replacement material for wheat by customers;

- (iii) Subsequent to the lifting of COVID-19 control measures in China, many Chinese manufacturers resumed their operations, which led to an increase in the supply of and a decrease in the prices of cornstarch and its derivative products. Meanwhile, there was insufficient demand from both domestic and international markets for various products, such as cornstarch, which affected the profit margins;
- (iv) The electricity and steam costs remained high during the Period; and
- (v) A substantial decrease in swine prices resulted in a decrease in demand for animal feeds and breeding markets, which in turn affected the demand for lysine during the Period.

The management of the Group maintains a conservative view on the market condition for the second half of 2023. Nonetheless, the management considers that the current market condition does not materially affect the financial position of the Group as well as its business development and expansion plans.

The information contained in this announcement is based on the preliminary assessment by the Board mainly with reference to information currently available, including the unaudited consolidated management accounts of the Group for the Period, which is yet to be finalized and has not yet been audited or reviewed by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ending 30 June 2023 which is expected to be published in August 2023.

Shareholders and potential investors of the Company 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, 14 June 2023

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:

Professor Hua Qiang
Mr. Sun Mingdao
Mr. Yue Kwai Wa, Ken