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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “Board”) of directors (the “Directors”) of China Starch Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3	5,814,323	5,814,428
Cost of sales		(5,639,076)	(5,088,949)
Gross profit		175,247	725,479
Distribution expenses		(82,360)	(85,501)
Administrative expenses		(98,603)	(104,325)
Research expenses		(94,056)	(151,496)
Other net income	4	54,037	61,049
Operating (loss)/profit		(45,735)	445,206
Finance income		8,132	8,453
Finance expenses		(697)	(1,005)
(Loss)/profit before taxation	5	(38,300)	452,654
Income tax credit/(expense)	6	9,341	(87,959)
(Loss)/profit and total comprehensive income for the period		(28,959)	364,695
Attributable to:			
Owners of the Company		(37,754)	262,330
Non-controlling interests		8,795	102,365
		(28,959)	364,695
(Loss)/earnings per share			
Basic and diluted (RMB)	7	(0.0063)	0.0438

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,932,179	1,892,095
Right-of-use assets		431,107	436,292
Deposits for acquisition of property, plant and equipment		66,654	38,946
Equity investments		21,275	9,995
Deferred tax assets		58,282	61,999
Total non-current assets		2,509,497	2,439,327
Current assets			
Inventories		621,868	866,404
Trade and other receivables	9	479,678	589,550
Pledged bank deposits		201,645	207,582
Cash and cash equivalents		1,102,821	1,002,985
Total current assets		2,406,012	2,666,521
Total assets		4,915,509	5,105,848
EQUITY			
Equity attributable to owners of the Company			
Share capital		532,500	532,500
Other reserves		481,536	481,536
Retained earnings		2,505,167	2,581,054
		3,519,203	3,595,090
Non-controlling interests		234,082	226,693
Total equity		3,753,285	3,821,783
LIABILITIES			
Non-current liabilities			
Deferred income		203,856	244,722
Deferred tax liabilities		68,184	73,410
Total non-current liabilities		272,040	318,132

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current liabilities			
Trade and other payables	<i>10</i>	351,333	369,149
Advances from customers		234,313	205,166
Borrowings		227,365	285,925
Income tax payable		15,176	54,522
Dividend payable		38,133	27,307
Employee housing deposits		23,864	23,864
		<hr/>	<hr/>
Total current liabilities		890,184	965,933
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Total liabilities		1,162,224	1,284,065
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Total equity and liabilities		4,915,509	5,105,848
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Notes:**1 BASIS OF PREPARATION**

The condensed consolidated interim financial statements of China Starch Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) for the six months ended 30 June 2023 have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2022 (the “2022 Financial Statements”), except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with the 2022 Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Unless otherwise stated, these condensed consolidated interim financial statements are presented in Renminbi (“RMB”). The condensed consolidated interim financial statements have been prepared on the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value.

2 ADOPTION OF NEW/REVISED HKFRSS

In 2023, the Group has adopted the following amendments to HKFRSs which are pertinent to the Group’s operations and effective for accounting periods beginning on or after 1 January 2023. The adoption of these amendments does not have any impact to the results and financial position of the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

3 SEGMENT INFORMATION

	Six months ended 30 June 2023		
	Upstream products RMB’000	Fermented and downstream products RMB’000	Total RMB’000
Sales to external customers	4,349,545	1,464,778	5,814,323
Inter-segment sales	731,429	–	731,429
Reportable segment results	(93,324)	58,500	(34,824)
Unallocated income			20,077
Unallocated expenses			(30,988)
Finance income			8,132
Finance expenses			(697)
Loss before income tax			(38,300)
			<hr/> <hr/>
	Six months ended 30 June 2022		
	Upstream products RMB’000	Fermented and downstream products RMB’000	Total RMB’000
Sales to external customers	4,132,319	1,682,109	5,814,428
Inter-segment sales	728,182	–	728,182
Reportable segment results	222,092	283,666	505,758
Unallocated income			4,288
Unallocated expenses			(64,840)
Finance income			8,453
Finance expenses			(1,005)
Profit before income tax			452,654
			<hr/> <hr/>

4 OTHER NET INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortisation of government grants	40,866	41,276
Gain on sale of scrap material	7,836	10,373
Gain on disposals of property, plant and equipment	1,962	7,462
Net foreign exchange gain	1,505	100
Government grant	148	90
Gain on futures	13	639
Others	1,707	1,109
	<u>54,037</u>	<u>61,049</u>

5 (LOSS)/PROFIT BEFORE INCOME TAX

The major expenses of the Group are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of inventories	5,560,092	4,857,351
Salaries and other related expenses	139,483	125,578
Depreciation of property, plant and equipment	138,588	134,266
Depreciation of right-of-use assets	5,185	5,521
Delivery and logistics	66,939	70,794
Research expenses (<i>note</i>)	94,056	151,496
	<u>94,056</u>	<u>151,496</u>

Note:

Research expenses include cost of inventories, staff costs and depreciation, which are included in the above respective expenses, in the Research and Development Department of the Group.

6 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax		
– PRC Enterprises Income Tax (“EIT”)	6,325	104,378
– Over-provision in prior years	(14,156)	–
Deferred tax	(1,510)	(16,419)
	<u>(9,341)</u>	<u>87,959</u>

The Group’s major business is in the PRC. Under the law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25% for both periods, except for one subsidiary of the Group which is recognised as high technology enterprise is entitled to enjoy a preferential EIT rate of 15% (2022:15%).

No provision for Hong Kong Profits Tax has been made as the Group entities’ profit neither arose in nor was derived from Hong Kong during both periods.

7 (LOSS)/EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
(Loss)/profit attributable to owners of the Company (<i>RMB'000</i>)	(37,754)	262,330
Weighted average number of ordinary shares in issue (<i>thousands</i>)	5,994,132	5,994,132

No diluted (loss)/earnings per share has been presented because no dilutive potential ordinary shares exist for both six months ended 30 June 2023 and 2022.

8 DIVIDENDS

The Board does not recommend the payment of an interim dividend for six months ended 30 June 2023 (2022: nil).

On 23 May 2023, the shareholders of the Company approved to declare a final dividend of HK0.69 cents per share for 2022 (2022: HK0.69 cents for 2021).

9 TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	183,440	145,594
Bank acceptance bills	150,733	239,531
Prepayments and other tax receivables	135,229	195,490
Others	10,276	8,935
	479,678	589,550

The carrying amounts of trade and other receivables are mainly denominated in RMB.

The Group normally grants credit period ranging from 0 to 150 days (31 December 2022: 0 to 150 days) to customers.

At the end of the reporting period, the ageing analysis of trade receivables based on the invoice date is as follows:

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	166,707	134,162
31-60 days	8,360	5,391
61-90 days	6,250	1,022
Over 90 days	2,123	5,019
	183,440	145,594

No loss allowance of trade receivables is recognised as at 30 June 2023 and 31 December 2022.

At the end of the reporting period, the bank acceptance bills consist of:

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Bills on hand	99,647	131,039
Endorsed bills	47,693	48,792
Discounted bills	3,393	59,700
	150,733	239,531

The bank acceptance bills are normally with maturity period of 180 days (31 December 2022: 180 days). There is no recent history of default on bank acceptance bills.

As at 30 June 2023, bank acceptance bills of RMB1,103,000 and discounted bills of RMB3,393,000 were pledged to banks for securing bills payables and bank borrowing respectively. As at 31 December 2022, bank acceptance bills of RMB7,530,000 and discounted bills of RMB59,700,000 were pledged to banks for securing bills payables and bank borrowing respectively.

10 TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000	31 December 2022 RMB'000
Trade payables	172,241	188,973
Bills payables	<u>1,103</u>	<u>7,530</u>
Total trade and bills payables	173,344	196,503
Payable for construction and equipment	62,293	64,653
Accrued expenses	40,344	31,949
Payroll and welfare payables	39,414	33,843
Tender deposits	15,332	19,636
Other tax payables	8,951	12,464
Sales commission	4,095	3,140
Others	<u>7,560</u>	<u>6,961</u>
	351,333	369,149

As at 30 June 2023, bills payables are secured by bank acceptance bills of RMB1,103,000 (31 December 2022: RMB7,530,000) (note 9).

The following is the ageing analysis for the trade and bills payables based on invoice date at the end of the reporting period:

	30 June 2023 RMB'000	31 December 2022 RMB'000
0-60 days	107,588	163,355
61-90 days	8,680	2,558
Over 90 days	<u>57,076</u>	<u>30,590</u>
	173,344	196,503

The average credit period on purchases is 80 days (31 December 2022: 80 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The carrying amounts of trade and other payables are mainly denominated in RMB.

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 3 July 2023, the Company obtained a new borrowing of HK\$16,000,000 from Merry Boom Group Limited ("Merry Boom"), a controlling shareholder of the Company. The new borrowing was unsecured and carried at a one-month Hong Kong Interbank Offered Rate. There was no financial covenant imposed by Merry Boom.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW AND COMPANY DEVELOPMENT

Overview

This year, people step out from the epidemic and return to a long-awaited normal life. Every individual and enterprise looks forward to welcoming the dawn with vigorous growth and opportunities. Although there will be many challenges in the future, we have the confidence and ability to deal with every difficulty.

As we expected at the beginning of this year, a new equilibrium of demand and supply would occur when control measures were released. First, the resumption of operations by cornstarch and derivative product manufacturers resulted in an excessive supply of the products during the period under review. However, the rebound power in demand, particularly export sales, was limited, leading to a substantial decrease in the market prices for many products.

Second, the demand from the consumer market and food market remained weak in China. For example, the swine prices dropped dramatically in the first half of 2023 and resulted in a significant reduction in the number of pigs in the pig-farming industry, in turn, caused a reduction in demand for lysine products.

Third, the decrease in wheat and soybean prices led to a decline in market prices of wheat flour and soybean by-products, such as soybean meal. This trend discouraged downstream manufacturers from using cornstarch and its by-products as a replacement material for wheat and soybean by-products.

Despite the unsatisfactory market conditions during the period under review, the Group implemented several strategies to maintain our competitive advantages:

- (i) We optimised the production schedule to achieve a better combination of product output and cost reduction;
- (ii) We reduced our inventory level to release working capital pressure; and
- (iii) We strengthened the production quality monitoring system and achieved higher output ratios.

The market conditions of cornstarch and its derivative products were challenging during the period under review, our agile management team took proactive measures to maintain our competitive edge.

As disclosed in the 2022 Annual Report, the projects for (i) the expansion of lysine production capacity from 300,000 tonnes to 500,000 tonnes per annum and (ii) the construction of lactide and polylactide trial production lines (5,000 tonnes per annum) were carried on as originally planned. The target completion date for these two projects is still the end of 2023.

As at the date of this announcement, our joint venture company (Shouguang Juneng Musashino Biotechnology Co., Ltd. 壽光巨能武藏野生物科技有限公司) requires a longer period of time to coordinate with the local government on the selection of an appropriate site for the construction of lactate production facilities. The result of the site selection process may affect the completion date as originally expected for this project. Further announcement(s) will be made as and when appropriate in compliance with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

BUSINESS REVIEW

Upstream products

The upstream products include cornstarch, corn gluten meal, corn fibre, corn germ and corn slurry. These products are grouped as a business segment because they are extracted from corn kernels directly. These products were widely used in different market sectors, such as paper-making, chemical production, animal feed and breeding, and food and beverage.

During the period under review, the business performances of cornstarch and its by-products were not satisfactory, which reflected that the general economy was not recovered and was still stagnant. Cornstarch was the largest element in corn kernel and was an input raw material for our subsequent fermented and downstream products. Therefore, the Group had to maintain an appropriate level of output to fulfil the production requirement for fermented and downstream products.

Fermented and downstream products

Lysine could be used for the production of animal feeds. During the period under review, the oversupply problem was re-crystallised subsequent to the resumption of operating activity in China. In addition, swine prices in China slumped significantly causing a reduction in the number of pigs in the pig-farming industry and, in return, reduced the demand for lysine. Although the market performance of lysine in the first half of 2023 was not good, we had still been expanding our lysine capacity from 300,000 tonnes to 500,000 tonnes per annum. The advantage of this move could allow us to offer more product varieties and reduce our fixed unit cost.

During the period under review, the business performance of starch-based sweetener was relatively stable as compared with our other products. Our major product was still liquid-based sweetener.

Modified starch business was previously affected by the city sewage control measure. The Group had improved our products and promoted the use of liquid-modified starch which could reduce the cost of crystallisation and sewage volume to the city. This strategy helped us increase the sales volume of modified starch for the period under review.

During the period under review, the business performance of new biobased materials was inevitably affected by the poor economic conditions in the China market. We strengthened the controls of the production and inventory level to maintain the profitability of this product sector.

FINANCIAL PERFORMANCE

Overview

During the period under review, the Group's revenue experienced a slight decrease to RMB5,814,323,000 (2022: RMB5,814,428,000), which was attributed to a number of external factors, including insufficient demand from both international and domestic markets, an excessive supply problem of cornstarch and its derivative products, as well as competition from other manufacturers and replacement raw materials. However, our management team has demonstrated exceptional competency in navigating these challenging market conditions and achieved a gross profit of RMB175,247,000 (2022: RMB725,479,000).

The Group recorded loss before taxation for the six months ended 30 June 2023 of RMB38,300,000 (2022: profit of RMB452,654,000). The Group's loss after taxation for the period under review was RMB28,959,000 (2022: profit of RMB364,695,000).

SEGMENT PERFORMANCE

Upstream products

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,349,545	4,132,319
Gross profit	16,051	268,389
Gross profit margin	0.4%	6.5%

Revenue of upstream products increased to RMB4,349,545,000 (2022: RMB4,132,319,000). Each of the products derived from corn kernel, including cornstarch, corn gluten meal, corn fibre and corn germ, recorded a substantial increase in sales quantity. However, the average selling prices were suppressed attributable to the oversupply problem and the stagnant demand from markets. The sales volume of cornstarch was about 1,007,971 tonnes (2022: 927,221 tonnes). The average selling price of cornstarch was about RMB2,740 (2022: RMB2,936) per tonne.

Gross profit margin of upstream products decreased substantially to 0.4% (2022: 6.5%) which reflected the gloomy mood in the market.

Fermented and downstream products

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue		
– Lysine	1,012,954	1,275,857
– Starch-based sweetener	237,182	285,148
– Modified starch	154,371	94,541
– Others	60,271	26,563
	<u>1,464,778</u>	<u>1,682,109</u>
Total	<u>1,464,778</u>	<u>1,682,109</u>
Gross profit	159,196	457,090
Gross profit margin	10.9%	27.2%

Revenue from fermented and downstream products segment decreased substantially to RMB1,464,778,000 (2022: RMB1,682,109,000). The Group still recorded a gross profit margin of 10.9% (2022: 27.2%) and a gross profit of RMB159,196,000 (2022: RMB457,090,000). The substantial decrease in both revenue and gross profit margin was mainly attributable to the stagnant market demand from our downstream market sectors.

Revenue of lysine products was RMB1,012,954,000 (2022: RMB1,275,857,000). As the swine prices in the domestic market decreased substantially during the period under review, the demand for lysine products from the animal feed and breeding market, in turn, was also affected. The average selling price of lysine products decreased substantially to RMB6,344 (2022: RMB8,344) per tonne. Sales volume for lysine products was about 159,682 tonnes (2022: 152,910 tonnes).

Revenue of starch-based sweetener was RMB237,182,000 (2022: RMB285,148,000). The sales volume of starch-based sweetener decreased substantially to 93,998 tonnes (2022: 132,384 tonnes). The percentage of crystallised starch-based sweetener to total sweetener in sales volume increased to 33.7% (2022: 22.8%) during the period under review. The average selling price of starch-based sweetener for the period ended 30 June 2023 was approximately RMB2,523 per tonne (2022: RMB2,154 per tonne). The increase in average selling price of sweetener reflected the increased corn kernel cost and the additional cost incurred during the crystallisation process.

Revenue of modified starch increased to RMB154,371,000 (2022: RMB94,541,000). The increase in revenue was mainly attributable to the successful development of liquid-modified starch during the period under review.

Revenue of new biobased material and others was RMB60,271,000 (2022: RMB26,563,000). The substantial increase in revenue from biobased material was mainly attributable to the full year effect after the trial-run in 2022.

Cost of sales

The domestic and international prices for wheat, soybean and corn kernel reduced gradually during the first half of 2023. The purchase prices of corn kernels, being our major raw material of production, had also decreased during the period under review. However, despite the decline, the average purchase price of corn kernels was still higher than that of the corresponding period in the past year. The average corn kernel cost was approximately RMB2,554 per tonne (2022: RMB2,529 per tonne) (net of value-added tax).

In the meantime, the Group's electricity and steam expenses remained high regardless of the economic recession in the domestic market.

The gross profit margin of the Group diminished as compared with the corresponding previous period as a result of (i) the suppressed market demand and prices of cornstarch and its related products, and (ii) the comparatively higher production cost per unit.

The Group did not enter into any forward/futures contracts to hedge the price fluctuation of corn kernel during the period under review.

REVIEW OF OTHER OPERATIONS

Distribution and administrative expenses

During the period under review, distribution expenses decreased to RMB82,360,000 from RMB85,501,000. Delivery expenses reduced as customers showed more interest in self-arranged delivery; and the Group used more bulk cargo delivery to reduce delivery expenses directly.

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Distribution expenses:		
Delivery and logistic	66,939	70,794
Marketing expenses	7,716	7,200
Staff costs	4,134	4,133
Others	3,571	3,374
	<u>82,360</u>	<u>85,501</u>

During the period under review, administrative expenses decreased significantly to RMB98,603,000 from RMB104,325,000. The decrease was mainly attributable to a decrease in government levies.

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Administrative expenses:		
Staff costs	53,037	53,168
Depreciation and amortisation	18,207	16,311
Government levies	13,368	18,358
Others	13,991	16,488
	<u>98,603</u>	<u>104,325</u>

Research expenses

During the period under review, research expenses decreased substantially to RMB94,056,000 from RMB151,496,000. The research expenditure was mainly affected by various factors, including the number of new research projects, the level of complexity of research projects, the progress of projects and the available resources of the Group, during the period under review. Research expenses mainly consisted of material costs used for research projects. The Group has shown our strong commitment to research and development activities. The management might use the result to develop new products, change our production method or explore new production techniques depending on the prevailing market conditions in the future.

Other net income

Other net income decreased to approximately RMB54,307,000 (2022: RMB61,049,000) during the period under review. The major items of other net income are set out below:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortisation of government grants	40,866	41,276
Gain on sales of scrap materials	7,836	10,373
Gain on disposals of property, plant and equipment	1,962	7,462
Net foreign exchange gain	1,505	100
Government grants (one-off)	148	90
Gain on futures	13	639
Others	1,707	1,109
	<u>54,037</u>	<u>61,049</u>

Liquidity, financial resources and capital structure

The key financial performance indicators are summarised as follows:

	Units	30 June 2023	31 December 2022
Debtors turnover	days	11	11
Creditors turnover	days	6	7
Inventories turnover	days	24	25
Current ratio	times	2.7	2.8
Quick ratio	times	2.0	1.9
Gearing ratio – borrowings to total assets	%	4.6	9.4

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. As at 30 June 2023, all borrowings of the Group were short-term borrowings. The aggregated bank borrowings of RMB203,393,000 were denominated in Renminbi and carried interest at fixed rates. The loan from a controlling shareholder of RMB23,972,000 was denominated in Hong Kong Dollar and carried interest at a floating rate. The Group's cash and cash equivalents were mostly denominated in Renminbi.

Human resources and remuneration policies

As at 30 June 2023, the Group had 2,310 (2022: 2,392) staff. Total staff costs, including directors' emoluments, for the six months ended 30 June 2023 were approximately RMB139,483,000 (2022: RMB125,578,000). The Company's remuneration policy has remained unchanged since our 2022 Annual Report. As at 30 June 2023, no share options have been granted under the Company's share option scheme.

Financial management, treasury policy and foreign currency exposure

The Group's financial management, treasury policy and foreign currency exposure had not been materially changed since the information disclosed in our 2022 Annual Report.

Pledge of assets

As at 30 June 2023, the Group provided a deposit of RMB201,645,000 and bank acceptance bills of RMB4,496,000 for securing banking facilities and bills payables.

The Group did not pledge any land use rights and building to secure banking facilities as at 30 June 2023.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2023.

Significant investments

Save for the business development plans as disclosed in this announcement, the Group did not have other significant investments or future plans for material investments or capital assets as at 30 June 2023.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Group during the period ended 30 June 2023.

CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the Company had complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and had applied the principles as laid down with the aim of achieving a high level of governance, except that Mr. Tian Qixiang (the chairman of the Board) did not attend the 2023 annual general meeting because of his other business engagement.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023.

INTERIM REPORT

The 2023 Interim Report will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company (www.chinastarch.com.hk) by the end of September 2023.

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

Shouguang, The People's Republic of China, 11 August 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