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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 year ended 31 December 2023 and the information currently available to the Board, the Group is expected to record a substantial decline in profit before taxation by approximately 70%, as compared to the profit before taxation of approximately RMB621 million for the year ended 31 December 2022.

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

- (i) subsequent to the lifting of COVID-19 control measures, market players have resumed their businesses rapidly in a very short period of time, which aggravated the problem of oversupply of cornstarch under our major upstream products business segment. Meanwhile, there were insufficient demand for such products from both domestic and international markets. These adverse factors affected the profit margin of this business segment, which attributed to approximately over 70% of our revenue for the year ended 31 December 2023;

- (ii) 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 under our fermented and downstream products business segment; and
- (iii) corn kernel, electricity and steam costs remained high, which attributed to the increase in cost of sales.

The Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2023. The information contained in this announcement is only a preliminary assessment by the Board mainly based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 with reference to information currently available, and is not based on any figures or information which have been reviewed or confirmed by the audit committee of the Board, or reviewed or audited by the auditors of the Company. The actual results of the Group for the year ended 31 December 2023 may differ from those disclosed in this announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and read carefully the announcement of the annual results of the Group for the year ended 31 December 2023, which is expected to be published in March 2024.

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

Shouguang, The People's Republic of China, 2 February 2024

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