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 2008

INTERIM RESULTS

The board of directors (the "Board") of China Starch Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2008, together with the unaudited comparative figures as follows.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		RMB'000	*RMB'000*
	Notes	**(unaudited)**	(unaudited)
Turnover	*3*	**778,164**	603,171
Cost of goods sold		**(654,982)**	(494,461)
Gross profit		**123,182**	108,710
Other income		**9,700**	4,584
Interest income		**2,237**	1,137
Distribution and selling expenses		**(22,427)**	(17,852)
Administrative expenses		**(25,444)**	(13,550)
Finance costs		**(2,494)**	(10,916)
Share of results of an associate		**2,350**	(2,089)
Profit before taxation		**87,104**	70,024
Taxation	*4*	**(12,779)**	–
Profit for the period	*5*	**74,325**	70,024
Attributable to:			
Equity holders of the Company		**75,023**	70,024
Minority interests		**(698)**	–
		74,325	70,024
Dividends	*6*	**17,869**	20,793
Earnings per share			
Basic (RMB)	*7*	**0.0287**	0.0534

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2008** *RMB'000* **(unaudited)**	31 December 2007 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**547,566**	425,518
Prepaid lease payments		**46,038**	28,190
Interests in an associate		**32,210**	29,643
Deferred tax assets		**1,068**	1,183
		626,882	484,534
Current assets			
Inventories		**150,463**	117,695
Prepaid lease payments		**1,430**	819
Trade and other receivables	*8*	**186,965**	144,559
Amounts due from a related company		**13**	230
Pledged bank deposits		**–**	2,000
Bank balances and cash		**184,458**	362,648
		523,329	627,951
Current liabilities			
Trade and other payables	*9*	**199,683**	133,260
Income tax payable		**18,675**	11,379
Employee housing deposits		**30,444**	30,703
Borrowings		**1,108**	92,885
		249,910	268,227
Net current assets		**273,419**	359,724
Total assets less current liabilities		**900,301**	844,258
Non-current liabilities			
Employee housing deposits		**7,458**	15,409
Borrowings		**8,642**	19,085
Deferred income		**17,404**	17,423
		33,504	51,917
Net assets		**866,797**	792,341
Capital and reserves			
Share capital		**237,762**	50,477
Reserves		**409,077**	596,362
Retained earnings		**202,656**	145,502
Equity attributable to equity holders of the Company		**849,495**	792,341
Minority interests		**17,302**	–
Total equity		**866,797**	792,341

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION

The Company was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on 29 November 2006 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 27 September 2007.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Group.

The principal activities of the Group are the manufacture and sale of cornstarch, lysine and its related products and generation and sales of electricity and steam.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2007.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007.

The Group, in the current period, has for the first time applied all of the new interpretations issued by the HKICPA (hereinafter collectively referred to as "new HKFRSs") that are effective for the financial periods beginning on 1 January 2008. The adoption of new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior adjustment has been recognised.

The Group has not early applied the following new Hong Kong Accounting Standards ("HKAS"s) or interpretations that have been issued but are not yet effective for the Group's financial year beginning on 1 January 2008.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK (IFRIC)* – Int 13	Customer Loyalty Programmes[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
* IFRIC represents the International Financial Reporting Interpretations Committee

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is currently organised into three operating divisions – cornstarch, lysine, electricity and steam. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cornstarch	–	the manufacture and sale of cornstarch and its related products
Lysine	–	the manufacture and sale of lysine and its related products
Electricity and steam	–	the production and sale of electricity and steam

Segment information about these business is presented below:

Six months ended 30 June 2008

(Unaudited)

	Cornstarch *RMB'000*	**Lysine** *RMB'000*	**Electricity and steam** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
TURNOVER					
External sales	**547,301**	**173,871**	**56,992**	**–**	**778,164**
Inter-segment sales	**–**	**–**	**58,634**	**(58,634)**	**–**
Total	**547,301**	**173,871**	**115,626**	**(58,634)**	**778,164**

Inter-segment sales are charged at cost.

RESULT					
Segment result	**62,298**	**35,632**	**10,709**	**–**	**108,639**
Unallocated distribution and selling expenses					**(5,422)**
Administrative expenses					**(25,444)**
Share of result of an associate					**2,350**
Other income					**7,238**
Interest income					**2,237**
Finance costs					**(2,494)**
Profit before taxation					**87,104**
Taxation					**(12,779)**
Profit for the period					**74,325**

Six months ended 30 June 2007

(Unaudited)

	Cornstarch *RMB'000*	Lysine *RMB'000*	Electricity and steam *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
TURNOVER					
External sales	417,334	132,390	53,447	–	603,171
Inter-segment sales	–	–	39,667	(39,667)	–
Total	417,334	132,390	93,114	(39,667)	603,171

Inter-segment sales are charged at cost.

	Cornstarch *RMB'000*	Lysine *RMB'000*	Electricity and steam *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
RESULT					
Segment result	38,541	38,123	17,879	–	94,543
Unallocated distribution and selling expenses					(1,701)
Administrative expenses					(13,550)
Share of result of an associate					(2,089)
Other income					2,600
Interest income					1,137
Finance costs					(10,916)
Profit before taxation					70,024
Taxation					–
Profit for the period					70,024

4. TAXATION

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC enterprise income tax	**12,664**	–
Deferred tax	**115**	–
Income tax expense for the period	**12,779**	–

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

Pursuant to the relevant law and regulations in the People's Republic of China ("PRC"), 山東壽光巨能金玉米開發有限公司 (Shangdong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), a subsidiary of the Company, was entitled to exemption from PRC Foreign Enterprise Income Tax for two years in 2006 and 2007, followed by a 50% relief on the income tax rate of 25% for the next three years. The first 50% relief year is claimed for year 2008.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 27% to 25% for the Company's subsidiaries in the PRC from 1 January 2008. The new tax law provides a five-year transitional period from its effective date for those enterprises which were established before the promulgation date of the new tax law and which were entitled to a preferential lower tax rate under the then effective tax laws or regulations. Thus, Golden Corn can still entitle the tax exemption of PRC Foreign Enterprise Income Tax for two years commencing from its first profit-making year, followed by a 50% relief for the next three years. In March 2008, 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) ("Deneng Golden Corn"), a subsidiary of the Company was newly established. Deneng Golden Corn is subject to applicable tax rate of 25%.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Amortisation of prepaid lease payments (included in administrative expenses)	**507**	475
Depreciation of property, plant and equipment	**25,930**	23,716
Loss on disposal of properties, plant and equipment	**615**	22
Loss on disposal of prepaid lease payments	**–**	46
Exchange loss	**4,217**	405

6. DIVIDENDS

On 6 June 2008, a dividend of HK3.83 cents per share was paid to shareholders as the final dividend for 2007.

The directors do not further propose any interim dividend for the six months ended 30 June 2008.

Dividend of RMB20,793,000 was paid by the Company to Merry Boom Group Limited, the ultimate holding company of the Group, on 20 March 2007 before the Company's shares were listed on the Stock Exchange.

7. EARNINGS PER SHARE

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share for the period attributable to equity shareholders of the Company	**75,023**	70,024

	Six months ended 30 June	
	2008	2007
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,612,500**	1,312,500

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB75,023,000 (for the six months ended 30 June 2007: RMB70,024,000) and the weighted average number of shares of 2,612,500,000 (for the six months ended 30 June 2007: 1,312,500,000) ordinary shares in issue during the six months ended 30 June 2008. The weighted average number of ordinary share for the purpose of basic earnings per share has been adjusted for the bonus issue made on 16 May 2008.

No diluted earnings per share has been presented because no dilutive potential ordinary shares exists for both 6 months ended 30 June 2008 and 2007.

8. TRADE AND OTHER RECEIVABLES

Trade receivables mainly arise from sales of cornstarch, lysine, their related products and electricity and steam. Credit terms to both third parties and related parties for respective products are as follow:

Cornstarch and its related products	Within 30 days
Lysine and its related products	30 to 60 days
Electricity and steam	Within 30 days

The following is an aging analysis of trade receivables at the balance sheet date:

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables		
0-30 days	**66,147**	39,337
31-60 days	**17,200**	1,134
61-90 days	**397**	519
Over 90 days	**2,737**	1,156
	86,481	42,146
Bank acceptance bills	**67,932**	99,734
Advance payment for purchase of coal	**26,514**	–
Other receivables	**6,038**	2,679
	186,965	144,559

Aging analysis of bank acceptance bills at the balance sheet date:

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-30 days	**39,867**	60,381
31-60 days	**17,136**	3,354
61-90 days	**8,656**	14,882
Over 90 days	**2,273**	21,117
	67,932	99,734

9. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payable at the balance sheet date:

	30 June 2008 *RMB'000* **(unaudited)**	31 December 2007 *RMB'000* (audited)
Trade payables		
0-60 days	**94,697**	47,831
61-90 days	**2,391**	7,567
Over 90 days	**13,126**	23,524
	110,214	78,922
Other payables	**89,469**	54,338
	199,683	133,260

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Full of opportunity and challenge, 2008 is the transitional period for the Group. Firstly, the Company successfully established a joint venture company, 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) ("Deneng Golden Corn") in March 2008. It is a cornerstone which enables us to extend our sales network in the middle and western China and also provides an opportunity to develop more advanced corn-based products, such as amino acid or starch-based sweeteners in this new production plant. Secondly, 65% lysine has commenced pilot-run and the corresponding new production facility was recognised by 壽光市科學技術局 (Shougguang Technology Bureau).

Turnover for the six months ended 30 June 2008 increased by 29.0% to approximately RMB778,164,000. Profit before taxation for the period increased by 24.4% to approximately RMB87,104,000 (2007: RMB70,024,000).

Although the Group experienced pressure from the surge of coal price and the tax burden from the PRC Enterprise Income Tax (the "PRC EIT") and Deneng Golden Corn was yet to have any profit contribution to the Group because of its limited history, the Group's gross profit and net profit still increased to approximately RMB123,182,000 and RMB74,325,000 respectively.

Basic earnings per share of the Company was RMB0.0287 per share based on the weighted average number of 2,612,500,000 shares in issue during the period (2007: RMB0.0534 per share based on the weighted average number of 1,312,500,000 shares).

REVIEW OF BUSINESS

Profit for the year

Net profit for the six months ended 30 June 2008 increased by 6.1% to approximately RMB74,325,000 (2007: RMB70,024,000). Net profit margin of the Group decreased to 9.6% from 11.6%.

Turnover

Cornstarch

Turnover of cornstarch and ancillary corn-refinery products increased by 31.1% to approximately RMB547,301,000 (2007: RMB417,334,000). As consistent with past corresponding period, it was the largest business segment which represented about 70.3% (2007:69.2%) of total sales of the Group.

Sales volume of cornstarch for the six months ended 30 June 2008 increased by 12.6%, of which 9.4% was contributed by Deneng Golden Corn, to approximately 175,455 tonnes. Meanwhile, the average selling price of cornstarch and ancillary corn-refinery products increased by 2.4% and 44.8% respectively. The significant increase in the average selling price of ancillary corn-refinery products was mainly due to the robust demand from overseas customers on corn fibre and corn gluten meal.

Cost of goods sold in respect of cornstarch and ancillary corn-refinery products increased by 28.8% to approximately RMB470,307,000. During the period, the averaged purchase price of corn kernel decreased by 7.0% to approximately RMB1,502 per ton from the highest record in 2007. As a result, the gross profit margin increased from 12.5% to 14.1% in this business segment.

Lysine

Turnover of lysine and related products had shown a substantial growth by 31.3% to RMB173,871,000 for the six months ended 30 June 2008. The increase was mainly attributable to both the increase in average selling price of 98.5% lysine by 14.3% and the increase in production capacity. During the period under review, sales volume of lysine was about 15,822 tonnes (2007: 11,907 tonnes).

The cost of goods sold of lysine and related products increased significantly by 46.7% to RMB135,930,000 due to (i) the increase in electricity and steam expenses and (ii) the increase in consumables, especially chemicals used for the production of lysine.

As the increase in cost of goods sold exceeded the effect of increase in average selling price and sales volume, the gross profit margin in this business segment reduced to 21.8% from 30.0%.

Electricity and steam

During the period under review, coal price increased by 47.9% as compared to the averaged coal price in 2007. The percentage of coal in the cost of electricity and steam increased from 79.7% to 86.3%.

During the period under review, the Group terminated sales of steam to 山東壽光巨能特鋼有限公司 (Shandong Shouguang Juneng Special Steel Co., Ltd.) ("Juneng Special Steel") for its production because of our increasing internal demand for steam. Turnover of steam for the period was approximately RMB31,887,000 (2007: RMB53,447,000). Subsequent to termination of sales of steam to Juneng Special Steel, we also adjusted our production mix to generate additional electricity for sale. Turnover of electricity for the period was approximately RMB25,105,000 (2007: Nil). Overall, turnover of electricity and steam still increased by 6.6% to approximately RMB56,992,000.

The gross profit margin of this business segment decreased to 14.5% from 31.6% partly because of the increased coal price.

Other income

Other income mainly consisted of sales of scrap of coal and oil, staff quarter rental income, steam connection income, government grants. The increase in other income was attributable to the receipt of government grants amounting to RMB5,000,000 from 壽光市科學技術局 (Shougguang Technology Bureau) in respect of the development of 65% lysine technology.

Interest income

Interest income increased by 96.7% to RMB2,237,000 was mainly due to the increase in bank deposits after the Company's listing in September 2007.

Distribution and selling expenses

Distribution and selling expenses for the period under review was approximately RMB22,427,000 (2006: RMB17,852,000). The increase in distribution and selling expenses was mainly due to an increase in export expenses, such as export tariff, quality inspection charges and declaration.

Administrative expenses

Administrative expenses increased significantly by 87.8% to approximately RMB25,444,000. Such increase was mainly attributable to (i) the increase in number of employees, (ii) the increase in office expenses, such as rental, travelling and depreciation as a result of the establishment of our Hong Kong office and the formation of Deneng Golden Corn, and (iii) the loss on foreign exchange.

Share of results of an associate

The share of profit from our associate, 壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd.) was approximately RMB2,350,000 (2007: share of loss RMB2,089,000) for the six months ended 30 June 2008.

Taxation

Tax expenses for the period under review mainly represented the PRC EIT which amounted to approximately RMB12,664,000 (2007: Nil).

Our wholly-owned subsidiary, Golden Corn, was converted into a wholly foreign owned enterprise on 26 September 2006. Accordingly, it was entitled to exemption from the PRC EIT for two years commencing from its first profit making year, followed by a 50% relief for the next three years (the "2 + 3 tax concession"). Pursuant to the Notice by the PRC State Council on the Implementation of the Grandfathering Preferential Policies under the PRC Enterprise Income Tax Law, (Guofa [2007] No.39), from 1 January 2008, enterprises that have been granted the "2 + 3 tax concession" shall continue to enjoy the tax concessions until the expiry day in accordance with the tax preferences under the old income tax law, regulations and relevant provisions. Therefore, Golden Corn is subject to the PRC EIT with a 50%-relief from 2008 to 2010.

We were not liable for income tax in Hong Kong during the period under review as we did not have any assessable income arising in Hong Kong.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2008, the Group had approximately 1,953 full time employees (2006: 1,460, of which 434 were seconded from 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd.) ("Juneng Holding Group")). The staff secondment arrangement with Juneng Holding Group has ceased since 1 January 2008 as all such secondment staff were transferred to our Group under our employment. Total staff costs, including Directors' emoluments, of the Group was approximately RMB19,025,000 (2007: RMB17,021,000).

The Group considers the experience, responsibility, and performance devoted by the Directors and employees of the Group to determine their respective remuneration packages. The Company has also adopted a share option scheme with primary purpose of motivating our employees and other eligible persons entitled under the scheme to optimise their contributions to the Group and to reward them for their contribution to the Group. In addition, a remuneration committee is delegated by the Board to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management.

As at 30 June 2008, no option has been granted under the share option scheme of the Company.

REVIEW OF FINANCIAL POSITION

Financial Management and Treasury Policy

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The unutilised portion of the net proceeds from the global offering of its shares in 2007 have been placed on short-term deposits with authorised financial institutions in Hong Kong and/or the PRC.

Use of net proceeds

The net proceeds received by the Company from the Company's global offering of its shares in 2007 amounted to approximately RMB350,258,000. The net proceeds utilised as at 30 June 2008 is set out as follows:

Intended use	**Available** *RMB'000*	**Utilised** *RMB'000*
Acquisitions of other manufacturer(s)/capital injections of subsidiary(ies)/joint venture	177,000	110,000
Acquisition of new machineries/conduct production technology enhancement	73,000	43,716
Acquisition of new machineries for cornstarch and lysine production facilities expansion	20,000	20,000
Purchase of raw materials and general productions expenses of new machineries	22,258	22,258
Repayment of borrowing	23,000	23,000
General working capital	35,000	35,000
	350,258	253,974

The unutilised portion of the net proceeds have been deposited on short term basis in licensed financial institutions in Hong Kong and/or the PRC.

Foreign currency exposure

The Directors regard that the Group has limited foreign currency exposure because our operation is mainly conducted in the PRC. Sales and purchases are mainly denominated in Renminbi and the foreign currency risk associated with export sales is not material. In view of the minimal foreign currency exchange risk, we monitored the exchange rate closely instead of entering into any foreign exchange hedge arrangement.

Finance costs

Finance cost reduced significantly by 77.2% from approximately RMB10,916,000 to approximately RMB2,494,000 for the six months ended 30 June 2008. As the loan from shareholder, Merry Boom Group Limited, was capitalised upon listing in September 2007, the Company was not required to provide any imputed interest on such loan. In light of the strong financial position after listing, we repaid some bank borrowings and stopped discounting bills during the period.

Liquidity, financial resources and capital structure

The major financial figures and key financial ratios are summarised as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Borrowings *(Note)*:		
– within one year	**1,108**	92,885
– more than one year, but not exceeding two years	**886**	886
– more than two years, but not exceeding five years	**2,659**	12,659
– more than five years	**5,097**	5,540
Total	**9,750**	111,970
Debtors turnover (days)	**34**	38
Creditors turnover (days)	**26**	23
Inventories turnover (days)	**37**	39
Current ratio	**2.1**	2.3
Quick ratio	**1.5**	1.9
Gearing ratio – borrowings divided by total equity	**1.1%**	14.1%

Note: As at the balance sheet date, the amount represented a fixed rate borrowing (2007: fixed rate borrowings RMB81,970,000; floating rate borrowings: RMB30,000,000).

Pledge of assets and contingent liabilities

As at 30 June 2008, the Group did not have any pledged assets to secure banking facilities or bank borrowings.

As at 30 June 2008, the Group did not have material contingent liabilities.

FUTURE PLAN AND PROSPECTS

Expansion of production capacity

The Group's annual production capacity of cornstarch as at 31 December 2007 was 450,000 tonnes. In order to consolidate the market and maintain our leading position, we established Deneng Golden Corn in March 2008.

During the period under review, Deneng Golden Corn and its minority shareholder, 臨清德能生物科技有限公司 (Linqing Deneng Bio Technology Limited), reached agreement on 9 April 2008 for the proposed acquisition by Deneng Golden Corn of certain machineries and equipment, and associated land, buildings and ancillary structures for the implementation of a cornstarch production project of the Group as disclosed in the Company's announcements dated 11 April and 6 June 2008 and the circular dated 14 May 2008. Subject to fulfillment of the conditions precedent to the completion of the proposed acquisition, the implementation of the project will enlarge the scale of the existing operation of, and pave the way for sustained capacity growth for, the Group in the long run.

Deneng Golden Corn is operating two cornstarch production lines with a production capacity of 150,000 tonnes each at present. During the period under review, these two production lines were still in pilot-run stage and one of which was temporaily suspended for technological upgrade from 150,000 tonnes to 200,000 tonnes. The upgrade of the first production line has been completed in August 2008, and the upgrade of the second production line will follow immediately thereafter with expected completion by the end of 2008.

After the completion of technological upgrade in Deneng Golden Corn, the Group's total annual production capacity of cornstarch will be increased from 450,000 tonnes to 850,000 tonnes.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the period ended 30 June 2008 (2007: Nil).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Securities Dealing Code (the "Dealing Code") on terms no less exacting than the Model Code. The Dealing Code applies to all Directors and to all employees to whom the Code is given and whom are informed that they are subject to its provisions. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Dealing Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with the management of the Company the unaudited interim results for the six months ended 30 June 2008.

The Audit Committee of the Company comprises Mr Yue Kwai Wa, Ken (Chairman), Ms Dong Yanfeng, Ms Yu Shumin, and Mr Cao Zenggong.

The interim results of the Group for the six months ended 30 June 2008 have not been audited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2008 will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.chinastarch.com.hk) in due course.

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

Hong Kong, 29 August 2008

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.