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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)

POSITIVE PROFIT ALERT

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 six months ended 30 June 2022 (the “**Period**”), the Group is expected to record a substantial growth in profit before taxation by not less than 100% as compared to the corresponding period in 2021.

The Board believes that the substantial increase in the Group’s profit before taxation for the Period is mainly attributable to the following factors:

- (i) The strong market demand for various products, especially lysine products;
- (ii) The increase in the selling prices of some of the Group’s products during the Period to compensate the increase in the Group’s costs in raw materials, as a result of the expected shortage of commodity supply; and
- (iii) The reduction in the Group’s production costs during the Period, in light of the Group’s use of more automated production machinery.

Although the Group is expected to record a satisfactory result for the Period, the Board has a cautious business outlook on the third quarter of 2022. The market momentum has started to vanish since June 2022. The management of the Company will continue to manage the inventory level and working capital effectively.

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 auditor of the Company. As such, the actual financial results of the Group for the six months ending 30 June 2022 may be different from what is disclosed in this announcement.

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, 26 July 2022

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