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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)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025;
RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
AND
PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Financial highlights:	2025	2024	Change
	RMB'000	RMB'000	
Revenue	10,058,486	11,415,755	-11.9%
Gross profit	540,940	1,163,247	-53.5%
Operating profit	263,850	815,941	-67.7%
Profit for the year	237,357	625,589	-62.1%
Profit attributable to shareholders	184,928	482,253	-61.7%
Basic earnings per share (RMB)	0.0310	0.0808	-61.6%
Proposed final dividend per share (HK cents)	0.98	0.98	–

The board (the “**Board**”) of directors (the “**Directors**”) of China Starch Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	2	10,058,486	11,415,755
Cost of sales		<u>(9,517,546)</u>	<u>(10,252,508)</u>
Gross profit		540,940	1,163,247
Distribution expenses		(124,264)	(157,923)
Administrative expenses		(227,660)	(217,323)
Research expenses		(46,797)	(89,669)
Other net income	3	<u>121,631</u>	<u>117,609</u>
Operating profit		263,850	815,941
Finance income		49,306	31,042
Finance expenses		<u>(11,185)</u>	<u>(8,843)</u>
Profit before income tax	4	301,971	838,140
Income tax expense	5	<u>(64,614)</u>	<u>(212,551)</u>
Profit and total comprehensive income for the year		<u>237,357</u>	<u>625,589</u>
Attributable to:			
Owners of the Company		184,928	482,253
Non-controlling interests		<u>52,429</u>	<u>143,336</u>
		<u>237,357</u>	<u>625,589</u>
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share (RMB)	6	<u>0.0310</u>	<u>0.0808</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,046,622	2,013,987
Right-of-use assets		417,955	415,552
Deposits for acquisition of property, plant and equipment		119,797	39,334
Intangible assets		75,519	–
Equity investment		26,974	23,416
Prepayment for construction project		–	47,237
Total non-current assets		2,686,867	2,539,526
Current assets			
Inventories		771,979	611,094
Trade and other receivables	8	496,099	438,339
Income tax recoverable		13,636	–
Pledged bank deposits		995,638	1,160,056
Cash and cash equivalents		1,858,562	2,209,874
Total current assets		4,135,914	4,419,363
Total assets		6,822,781	6,958,889
EQUITY			
Equity attributable to owners of the Company			
Share capital		529,868	529,868
Other reserves		570,198	537,931
Retained earnings		3,137,527	3,038,171
		4,237,593	4,105,970
Non-controlling interests		413,114	387,685
Total equity		4,650,707	4,493,655
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		91,398	105,340
Deferred income		78,802	142,041
Borrowings		60,516	59,267
Lease liabilities		12,596	–
Total non-current liabilities		243,312	306,648
Current liabilities			
Trade and other payables	9	648,141	360,653
Advances from customers		236,448	289,663
Borrowings		1,020,000	1,420,301
Lease liabilities		309	–
Income tax payable		–	64,105
Employee housing deposits		23,864	23,864
Total current liabilities		1,928,762	2,158,586
Total liabilities		2,172,074	2,465,234
Total equity and liabilities		6,822,781	6,958,889

NOTES:

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The Group has applied the amendments to HKAS 21, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability, issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

2 Revenue and segment information

	Upstream products <i>RMB’000</i>	Fermented and downstream products <i>RMB’000</i>	Unallocated <i>RMB’000</i>	Total <i>RMB’000</i>
2025				
Sales to external customers	6,313,421	3,745,065	–	10,058,486
Inter-segment sales	2,005,993	–	–	2,005,993
Reportable segment profit	10,860	241,879	–	252,739
Unallocated income				37,593
Unallocated expenses				(26,482)
Finance income				49,306
Finance expenses				(11,185)
Profit before income tax				301,971
Other segment information:				
Write-down of inventories	–	55,400	–	55,400
Depreciation and amortisation	70,383	129,330	76,467	276,180
	Upstream products <i>RMB’000</i>	Fermented and downstream products <i>RMB’000</i>	Unallocated <i>RMB’000</i>	Total <i>RMB’000</i>
2024				
Sales to external customers	7,007,884	4,407,871	–	11,415,755
Inter-segment sales	2,249,258	–	–	2,249,258
Reportable segment profit	233,923	582,655	–	816,578
Unallocated income				34,955
Unallocated expenses				(35,592)
Finance income				31,042
Finance expenses				(8,843)
Profit before income tax				838,140
Other segment information:				
Depreciation and amortisation	88,199	121,139	76,120	285,458

During the years ended 31 December 2025 and 2024, all sources of revenue are recognised at a point in time.

The Group has applied practical expedient in paragraph 121(a) of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

Based on the place of the operation of external customers, revenue attributed to the PRC and other countries is RMB9,609,698,000 and RMB448,788,000 (2024: RMB10,702,521,000 and RMB713,234,000) respectively.

The Group's assets, liabilities and capital expenditures are predominately attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

3 Other net income

	2025 RMB'000	2024 RMB'000
Amortisation of government grants	66,389	78,106
Gain on sales of scrap material	28,667	24,583
Gain/(loss) on disposal of property, plant and equipment	8,968	(276)
Net foreign exchange gain	2,198	5,321
Sewage treatment	1,805	1,520
Government grants (<i>note</i>)	723	750
Gain on futures	–	315
Others	12,881	7,290
	<u>121,631</u>	<u>117,609</u>

Note:

For the years ended 31 December 2025 and 2024, the government grants mainly represented subsidies from the local governments for supporting businesses. The government grants were granted at the discretion of the government and were not recurring in nature. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

4 Profit before income tax

The major expenses of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Cost of inventories	8,196,425	8,809,092
Utilities purchased	1,012,330	1,088,364
Delivery and logistics	90,446	123,748
Salaries, wages and other benefits	278,920	266,578
Contributions to defined contribution retirement schemes	22,414	17,159
Depreciation of property, plant and equipment	264,901	275,088
Depreciation of right-of-use assets	10,618	10,370
Amortisation of intangible assets	661	–
Research expenses (<i>note</i>)	46,797	89,669
Auditor's remuneration		
– Audit service	1,075	1,093
– Non-audit service	210	210
	<u>12,361,106</u>	<u>12,675,363</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.

5 Income tax expense

	2025 RMB'000	2024 RMB'000
Current income tax		
– PRC Enterprises Income Tax (“EIT”)	78,556	151,440
Deferred tax (<i>note 24</i>)	(13,942)	61,111
	<u>64,614</u>	<u>212,551</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 years, except for one subsidiary of the Group which is recognised as high technology enterprise is entitled to enjoy a preferential EIT rate of 15% (2024:15%).

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 years.

Pursuant to the law of the PRC on EIT and its Implementation Regulation, non-PRC resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Upon the recognition of Hong Kong tax resident status, the Group adopted 5% (2024: 10%) withholding tax rate for PRC withholding tax purposes.

6 Earnings per share

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

	2025	2024
Profit attributable to owners of the Company (RMB'000)	184,928	482,253
Weighted average number of ordinary shares in issue (thousands)	<u>5,964,492</u>	<u>5,965,532</u>

For the years ended 31 December 2025 and 2024, since there were no dilutive potential ordinary shares of the company, diluted earnings per share was the same as basic earnings per share.

7 Dividends

Dividends payable to shareholders attributable to the previous financial year, approved and paid during the year:

	2025 RMB'000	2024 RMB'000
2024 final dividend of HK0.98 cents per share (2023: HK0.69 cents)	<u>53,305</u>	<u>37,561</u>

Subsequent to 31 December 2025, the directors of Company proposed a final dividend of HK0.98 cents (2024: HK0.98 cents) per share, amounting to HK\$58,452,000 (2024: HK\$58,452,000). The final dividend proposed after the end of the reporting period is subject to approval by shareholders in the forthcoming general meeting of the Company and has not been recognised as a liability as at 31 December 2025.

8 Trade and other receivables

	2025 RMB'000	2024 RMB'000
Trade receivables	86,550	82,970
Bank acceptance bills	270,742	280,774
Prepayments and other tax receivables	124,985	52,993
Others	<u>13,822</u>	<u>21,602</u>
	<u>496,099</u>	<u>438,339</u>

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

The provision of loss allowance for trade receivables for both years 2025 and 2024 was nil.

The Group normally grants credit period ranging from 0 to 150 days (2024: 0 to 150 days) to customers.

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

	2025 RMB'000	2024 RMB'000
0-30 days	83,891	75,434
31-60 days	2,431	7,190
61-90 days	227	346
Over 90 days	<u>1</u>	<u>-</u>
	<u>86,550</u>	<u>82,970</u>

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

	2025 RMB'000	2024 RMB'000
Bills on hand	190,883	179,873
Endorsed bills	79,859	42,600
Discounted bills	<u>-</u>	<u>58,301</u>
	<u>270,742</u>	<u>280,774</u>

The bank acceptance bills are normally with maturity period of 180 days (2024: 180 days). There is no recent history of default on bank acceptance bills.

As at 31 December 2024, bank acceptance bills of RMB2,000,000 (2025: nil) and discounted bills of RMB58,301,000 (2025: nil) were pledged to banks for securing bills payables and bank borrowings respectively.

9 Trade and other payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	262,578	157,694
Bills payables	108,635	2,000
	<hr/>	<hr/>
Total trade and bills payables	371,213	159,694
Payable for construction and equipment	117,105	60,639
Payroll and welfare payables	53,356	43,806
Accrued expenses	23,645	42,555
Tender deposits	33,372	20,757
Other tax payables	42,629	24,665
Sales commission	2,225	1,400
Others	4,596	7,137
	<hr/>	<hr/>
	648,141	360,653
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2024, bills payables are secured by bank acceptance bills of RMB2,000,000 (2025: nil).

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0-60 days	236,227	134,654
61-90 days	3,427	2,164
Over 90 days	22,924	22,876
	<hr/>	<hr/>
	262,578	159,694
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases is 80 days (2024: 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.

INDUSTRY REVIEW AND COMPANY DEVELOPMENT

Overview

In 2024, the strong performance of the cornstarch and deep-processing industry was primarily driven by lower raw material costs, a condition that proved unsustainable in the long run. During the year under review, however, many industry participants were facing a series of adverse developments which included rising raw material prices, stagnant market demand from both the domestic and international markets, persistent oversupply, lysine dumping investigations, and increasing competition from substitute materials. These challenges have converged within a single year, creating an exceptionally difficult operating environment for the industry.

The Group initiated an expansion project during the year under review, resulting in the demolition of one of the cornstarch production lines for expansion-related production works. Consequently, production output during the year under review was unavoidably affected. Despite the combined impact of these internal adjustments and the external challenges outlined above, the Group continued to deliver a profit during this difficult period.

Looking ahead, the Group's management anticipates that operating conditions in 2026 will remain challenging and expects that the external adversarial factors will persist. Accordingly, the Group maintains a prudent outlook across all business segments. Against this backdrop, market players will need to continue expanding production capacity and adopting advanced technologies and operational know-how to sustain their competitive positions. Entities that fall behind these areas may face a gradual erosion of their market share. This consolidation process is expected to continue at least in the foreseeable future.

In response to these industry dynamics, the Group's management remains committed to strengthening its market position by continuously expanding the Group's domestic distribution network and leveraging economies of scale.

Business Development

The Group announced an expansion plan under which a new modernised cornstarch production line will replace one of the existing lines at the Linqing production complex, together with the construction of a thermal power plant as an ancillary facility. Management anticipates that the production expansion-related construction works will be completed by the end of 2026, while the thermal power plant is expected to be commissioned in the first quarter of 2027. Upon completion, these facilities are expected to further reduce production costs and enhance the Group's competitiveness in the PRC cornstarch production industry.

The Group's other project under Shouguang Juneng Musashino Biotechnology Co., Ltd., which involves the development of lactate acid esters production facilities with its joint venture partner, Musashino Chemical Laboratory, Ltd.* (株式會社武藏野化學研究所), achieved a key milestone in site selection. In February 2026, the Group successfully acquired a land parcel (65,642 square metres) through a listing-for-sale (掛牌出讓) at a consideration of RMB23,640,000 from the Natural Resources and Planning Administration of Shouguang Municipality* ("NRPA") (壽光市自然資源和規劃局). NRPA is a department directly under the Shouguang Municipal Government, the PRC and is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Shouguang, and issue of different land certificates. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, NRPA is a third party independent of the Company and its connected persons (as defined under the Listing Rules). The acquired land parcel will be used for the construction of lactate acid esters production facilities. The Group will work closely with its joint venture partner to formulate the construction plan and reach mutual agreement on the investment budget.

BUSINESS REVIEW

UPSTREAM PRODUCTS

The upstream products segment recorded a notably weaker performance this year compared with the previous year. In 2024, the segment benefited primarily from a significant decline in corn kernel costs. The decline in such cost was more than sufficient to offset other unfavourable factors such as lower cornstarch market prices and persistent oversupply. However, this cost advantage did not continue into 2025 as corn kernel prices had increased for three consecutive quarters during the year under review, and the segment's performance was subsequently affected by several key challenges.

Firstly, the expansion project at the Linqing production complex inevitably constrained production capacity during the year under review as one of the cornstarch production lines was demolished to pave way for expansion-related construction works, resulting in lower output of cornstarch and its derived products compared with last year. Secondly, the decline in prices of tapioca starch and wheat starch made these alternative raw materials increasingly cost-competitive, prompting downstream manufacturers to substitute them for cornstarch. In addition, market conditions remained challenging, as the persistent oversupply continued to suppress any increment in cornstarch prices and limit the Group's ability to adjust selling prices in response to cost fluctuations. This substitution effect, together with the oversupply situation, intensified competition in the upstream products segment and exerted pressure on the Group's profit margin during the year under review.

FERMENTED AND DOWNSTREAM PRODUCTS

The overall performance of the fermented and downstream products segment fell short of expectations, although the Group maintained profitability despite operating in an exceptionally competitive market environment.

Several countries launched anti-dumping investigations against Chinese-made lysine during the year under review. As overseas buyers reduced their orders, a portion of the products originally intended for export was redirected to the domestic market, further intensified the supply surplus and putting additional downward pressure on lysine prices in China. Meanwhile, the prolonged downturn in the hog-farming sector dampened the animal feed market, in which lysine is a major additive. This resulted in weaker demand for lysine products and further suppressed market prices.

The performance of the starch-based sweetener segment was lacklustre during the year under review. Market demand remained stagnant and was significantly impacted by persistent oversupply. In addition, the traditional peak-season uplift, typically seen during the summer months and national holidays, did not materialise to any meaningful extent, dampening the segment's overall results even further.

The modified starch business experienced occasional disruptions due to sewage treatment control measures, which affected production activities from time to time.

The same of other fermented products, mainly comprising biobased materials, continued serving niche market segments and remained relatively stable during the year under review.

FINANCIAL PERFORMANCE

OVERVIEW

The Group's revenue decreased to approximately RMB10,058,486,000 (2024: RMB11,415,755,000) for the year under review. The decrease was primarily attributable to reduced production output at the Linqing production complex, where one of the cornstarch production lines was demolished to facilitate expansion-related construction works. In addition, market prices for most of the Group's major products declined during the year under review.

The domestic market experienced a significant imbalance between supply and demand as described in the section headed "Business Review", which placed pressure on the Group's profitability. As a result, the overall gross profit margin decreased to 5.4%, compared with 10.2% in the previous year.

Despite the challenging operating environment and intensified market competition, the Group recorded a profit after taxation of RMB237,357,000 (2024: RMB625,589,000). Basic earnings per share amounted to RMB0.0310 (2024: RMB0.0808), calculated based on the weighted average of 5,964,492,000 ordinary shares during the year under review.

SEGMENT PERFORMANCE

Upstream products

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	6,313,421	7,007,884
Gross profit	172,509	429,334
Gross profit margin	2.7%	6.1%

Revenue from upstream products declined by 9.9% to RMB6,313,421,000 (2024: RMB7,007,884,000). During the year under review, the Group demolished one of the cornstarch production lines at the Linqing production complex to facilitate expansion-related construction works. Sales volume of cornstarch, the Group's major product, decreased to approximately 1,698,626 tonnes (2024: 1,840,148 tonnes). The average selling price of cornstarch was RMB2,472 per tonne (2024: RMB2,626).

Fermented and downstream products

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
– Lysine	2,922,869	3,427,579
– Starch-based sweetener	443,962	500,583
– Modified starch	211,669	374,634
– Others	166,565	105,075
	<u>3,745,065</u>	<u>4,407,871</u>
Total	<u>3,745,065</u>	<u>4,407,871</u>
Gross profit	368,431	733,913
Gross profit margin	9.8%	16.7%

Revenue from fermented and downstream products reduced significantly by 15.0% to RMB3,745,065,000 (2024: RMB4,407,781,000).

Compared with last year, the Group recorded a notable decline in sales of lysine products. Due to reduced export sales and a significant decrease in the average selling price, revenue from lysine products fell to RMB2,922,869,000 (2024: RMB3,427,579,000). Sales volume for the year amounted to approximately 561,447 tonnes (2024: 578,095 tonnes).

Revenue of starch-based sweeteners amounted to RMB443,962,000 (2024: RMB500,583,000). The average selling price decreased to RMB2,046 per tonne (2024: RMB2,301 per tonne). Sales volume remained broadly stable over the past two years at approximately 216,978 tonnes (2024: 217,581 tonnes). Liquid-based sweeteners continued to be the leading product category, accounting for 77.8% (2024: 76.6%) of total sales volume.

Revenue of modified starch was RMB211,669,000 (2024: RMB374,634,000). Sewage control measures remained to constrain production during the year under review. As a result, sales volume of modified starch declined to about 64,573 tonnes (2024: 113,023 tonnes)

Revenue of other fermented products increased to approximately RMB166,565,000 (2024: RMB105,075,000). The Group's ongoing strategy to shift toward higher-value fermented products has continued to yield positive results over the years.

Cost of sales

During the year under review, the Group's cost of sales decreased to RMB9,517,546,000 (2024: RMB10,252,508,000), representing a decline of 7.2%. The major components of cost of sales were corn kernel costs and utilities expenses.

One of the cornstarch production lines at the Linqing production complex was demolished for expansion-related construction works during the year under review, which naturally reduced overall production capacity and, in turn, lowered the consumption of corn kernel. Domestic corn kernel prices were affected by the US–China trade dispute, contributing to an increase in market prices. The Group's average procurement cost for corn kernel during the year under review was approximately RMB2,082 per tonne (2024: RMB2,071 per tonne) (net of value-added tax).

Utilities remained a significant cost item. Electricity prices, which follow the state grid tariff, were stable over the past two years. Steam costs decreased, reflecting lower coal prices.

The Group did not enter into any forward/futures contract to hedge the price fluctuation of corn kernel during the year under review. The Group makes purchases from the spot market in accordance with its production schedule.

Review of Other Operations

Distribution and administrative expenses

Distribution expenses amounted to RMB124,264,000 (2024: RMB157,923,000). The Group's delivery expenses decreased significantly due to the decrease in sales quantity and the decrease in delivery costs, especially long-distance bulk cargo delivery.

Distribution expenses for the years ended 31 December 2025 and 2024 mainly comprised of the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Delivery and logistics	90,446	123,748
Marketing expenses	15,537	16,680
Staff costs	10,712	10,265
Others	7,569	7,230
	124,264	157,923

Administrative expenses increased to RMB227,660,000 (2024: RMB217,323,000). The increase in staff costs and government levies led to higher administrative expenses during the year under review. Administrative expenses for the years ended 31 December 2025 and 2024 mainly comprised of the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Staff costs	122,692	107,007
Depreciation and amortisation expenses	37,262	36,132
Government levies	40,390	35,272
Others	27,316	38,912
	227,660	217,323

Research expenses

Research expenses decreased substantially from RMB89,669,000 in 2024 to RMB46,797,000 in the year under review. Research expenses mainly consisted of material costs and depreciation and amortisation costs. Research expenses were affected by the number of projects and their progression status and complexity. The management would allocate appropriate resources on the research and development activities and maintain our competitive edges in respect of our knowhow and advanced products.

Other net income

The other net income increased slightly to RMB121,631,000 (2024: RMB117,609,000). The major items of other net income for the years ended 31 December 2025 and 2024 are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amortisation of government grants	66,389	78,106
Gain on sales of scrap materials	28,667	24,583
Gain/(loss) on disposal of property, plant and equipment	8,968	(276)
Net foreign exchange gain	2,198	5,321
Sewage treatment	1,805	1,520
Government grants (one-off)	723	750
Gain on futures contracts	–	315
Others	12,881	7,290
	<u>121,631</u>	<u>117,609</u>

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had about 2,201 full-time staff (2024: 2,209) in the PRC and Hong Kong. Total staff costs, including Directors' emoluments, of the Group were approximately RMB301,334,000 (2024: RMB283,737,000). The Group considers the experience, responsibility, and performance of the Directors and employees of the Group when determining their respective remuneration packages.

The Company has adopted a share option scheme (the "Share Option Scheme") to enable the Group to grant options to eligible persons as incentives or rewards for their contribution to the Group as well as to attract, recruit and retain senior management, key employees and human resources that are valuable or potentially valuable 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 31 December 2025, no share options have been granted under the Share Option Scheme.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment in uncommitted funds. The primary purpose of our financial management and treasury policy is to ensure that the Group has sufficient cash and available banking facilities to meet its commitment on one hand and to obtain better returns on the other hand. Any unused fund is not only placed on short-term/fixed deposits with authorised financial institutions in Hong Kong and/or the PRC, but also short-term capital-and-reward guaranteed financial instruments.

FOREIGN CURRENCY EXPOSURE

The Directors do not consider the exposure to foreign exchange risk significant to the Group's operation as the Group operated mainly in the PRC and most of the Group's transactions, assets and liabilities are denominated in Renminbi. However, foreign currencies are received from export sales, and such proceeds are subject to foreign exchange risk before converting into Renminbi. The Group manages foreign exchange risk by closely monitoring the exchange rates rather than entering into any foreign exchange hedging arrangement.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The key financial performance indicators of the Group for the two years ended 31 December 2025 are set out below:

	Units	2025	2024
Debtors turnover	days	13	12
Creditors turnover	days	10	5
Inventories turnover	days	27	24
Current ratio	times	2.1	2.0
Quick ratio	times	1.7	1.8
Gearing ratio (<i>note 1</i>)	%	15.8	21.3
Total shareholder return (<i>note 2</i>)	%	-0.1%	44.8

Notes:

- (1) Gearing ratio is calculated as the borrowings to total assets.
- (2) Total shareholder return combines share price appreciation and dividends paid to show the total return to shareholders.

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. As at 31 December 2025, all bank borrowings are short-term borrowings. The aggregated bank borrowings of approximately RMB1,020 million were denominated in Renminbi and carried interest at fixed rates. In addition, the loan from a controlling shareholder of the Company of RMB60.5 million was denominated in Hong Kong dollars and carried at a fixed rate of 0.5% per annum. As at 31 December 2025, most of cash and cash equivalents are denominated in Renminbi.

PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged bank deposits and bank acceptance bills with an aggregate carrying amount of RMB2,015 million to certain banks to secure certain credit facilities granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2025.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to shareholders amounted to approximately RMB126,397,000.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.98 cents per share for the year ended 31 December 2025 ("**2025 Final Dividend**"). The 2025 Final Dividend is subject to the approval of the shareholders of the Company in the 2026 Annual General Meeting ("**2026 AGM**"), and is expected to be paid on or around 11 June 2026.

ANNUAL GENERAL MEETING

The 2026 AGM of the shareholders of the Company will be held on 12 May 2026. Details of the arrangements will be provided in the Company's circular in relation to the 2026 AGM which will be published and despatched to the shareholders in accordance with the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The record date for determining the eligibility of shareholders to attend and vote at the 2026 AGM is 12 May 2026. The Register of Members of the Company will be closed from 6 May 2026 to 12 May 2026, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 5 May 2026.

The 2025 Final Dividend, if approved, is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 22 May 2026, being the record date for determination of entitlement to the 2025 Final Dividend. The Register of Members of the Company will be closed from 21 May 2026 to 22 May 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed 2025 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office at the address above-mentioned by 4:30 p.m. on 20 May 2026.

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 Company or any of its subsidiaries during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company had complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to 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 2025 annual general meeting because of his other business engagement.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

REVIEW OF ANNUAL RESULTS

The Group's audited consolidated results for the year ended 31 December 2025 have been reviewed by the audit committee of the Board (the "**Audit Committee**").

ANNUAL REPORT

The 2025 annual report containing all the information required by the Listing Rules will be made available on the Stock Exchange website (www.hkexnews.hk) and the Company's website (www.chinastarch.com.hk) on or about 14 April 2026.

RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Professor Hua Qiang has been serving as an independent non-executive director of the Company for nine years. Accordingly, Professor Hua will retire and will not offer himself for re-election at the 2026 AGM. Upon his retirement, he will cease to be the chairman of the remuneration committee of the Board (the "**Remuneration Committee**") and a member of the Audit Committee and the nomination committee of the Board (the "**Nomination Committee**") with effect from the conclusion of the 2026 AGM.

Professor Hua has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company and the Stock Exchange.

The Board extends its deepest gratitude to Professor Hua for his contributions to the Company during his tenure of office.

PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

After considering the recommendation of the nomination committee of the Board, the Board has proposed to appoint Professor Gao Qunyu as an independent non-executive director of the Company to fill the vacancy from the retirement of Professor Hua Qiang. The proposed appointment of Professor Gao is subject to the approval by the shareholders of the Company at the 2026 AGM by way of an ordinary resolution and if approved, will take effect from the conclusion of the 2026 AGM. Subject to the approval of her appointment as an independent non-executive director of the Company, Professor Gao will also act as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Professor Gao Qunyu, aged 60, has been a Professor and doctoral supervisor at South China University of Technology since 2008. She obtained her bachelor's, master's and doctoral degrees from South China University of Technology in 1987, 1992 and 1997, respectively, majoring in sugar engineering. Professor Gao has remained with the university since 1992 and has held various academic positions including Teaching Assistant, Lecturer, Associate Professor and Professor. From 2004 to 2005, she was a visiting scholar at the Key Centre for Polymer and Colloids of the University of Sydney, Australia, and in 2013 she served as a visiting professor at the Centre for Nutrition and Food Sciences of the University of Queensland, Australia.

Professor Gao has over 30 years of experience in carbohydrate science and technology. Her principal research areas include starch structure and functionality, starch modification technologies, and fundamental research relating to the development and application of starch sweetener.

Professor Gao currently serves as Vice Chairman of the China Starch Industry Association and Vice Chairman of its Modified Starch Branch. She is also the Deputy Director of the National Technical Committee for Standardization of Edible Starch and Starch Derivatives. In addition, she sits on the Editorial Board for *Carbohydrate Polymers* and serves as a member of the Advisory Board and Regional Chief Reviewer (Asia) for *Starch*, both of which are international academic journals.

The Company will enter into a letter of appointment with Professor Gao in respect of her appointment as an independent non-executive director of the Company for a term of three years commencing from the date of 2026 AGM unless terminated by either party in accordance with the terms thereof and subject to retirement by rotation at the general meeting of the Company in accordance with the articles of association of the Company. Professor Gao will be entitled to an annual salary of RMB50,000. The remuneration of Professor Gao was determined by the Board after taking into account the recommendation of the Remuneration Committee with reference to her work experience, duties and responsibilities in the Company and the prevailing market conditions.

Save as disclosed above and as at the date of this announcement, Professor Gao (i) does not hold any other position with the Company or its subsidiaries; (ii) did not hold any other directorships in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company (as defined in the Listing Rules).

As at the date of this announcement, Professor Gao has no interests in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Professor Gao has confirmed (i) her independence as regards to each of the factors as set out in Rule 3.13(1) to (8) of the Listing Rules; (ii) that she has no past or present financial or other interest in the business of the Company or its subsidiaries nor any connection with any core connected person (as defined in the Listing Rules) of the Company; and (iii) that there are no other factors that may affect her independence at the time of her appointment.

Save as disclosed above, to the knowledge of the Board, there is no information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor is there any other matter relating to the proposed appointment of Professor Gao as an independent non-executive director of the Company that needs to be brought to the attention of the shareholders of the Company.

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

Hong Kong, 18 March 2026

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 Chen Zhijun
Professor Hua Qiang
Ms. Sze Tak On

* For identification purpose only