



## **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”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of the Company wishes to inform potential investors and shareholders of the Company that based on the unaudited management accounts of the Group, the Group’s results for the year ended 31 December 2008 are likely to record a significant decrease in net profit of 52% compared to that for the year ended 31 December 2007 (which included an one-off gain from disposal of land use right of approximately RMB24,402,000).

The Board considers that the significant decrease in net profit was attributable to the following factors:

1. The global financial crisis since the second half of 2008 have resulted in a global economic downturn which have affected the export sales of lysine products and local demand of fast moving consumer goods which used cornstarch as raw material, such as paper.
2. Although prices of corn kernels and coal started to decrease in the last quarter of 2008, their respective average prices throughout 2008 still increased by approximately 12% and 52% as compared to that in the previous year, resulting in significant pressure on the Group’s gross margin during the year; while the potential benefits of lower costs of raw materials to the results of the Group will only be reflected in 2009.

The Board considers the overall operation and the financial position of the Group remain sound and intact. For the avoidance of doubt, the Group has not engaged in trading derivatives or other structured financial products.

Please note that the information contained in this announcement is only a preliminary assessment by the Directors of the Company and is not based on any figures or information which has been audited or reviewed by the Company's auditors and therefore the actual results to be reported in the Group's annual result announcement and annual report may be different from what is disclosed in this announcement.

**Potential investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.**

By order of the Board

**CHINA STARCH HOLDINGS LIMITED**

**Tian Qixiang**

*Chairman*

Hong Kong, 13 January 2009

*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.*