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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**” and, 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 (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2019 (the “**Period**”), there was a substantial decline in the Group’s net profit by approximately 60% in the Period as compared with that for the corresponding period in 2018.

The Board believes that the Group’s profitability for the Period was mainly affected by the following factors:

- (i) The market of cornstarch and the ancillary products is subject to the problem of excessive supply due to expanded production capacity in China;
- (ii) The overall market price of our products, such as corn germ, corn fibre, lysine and starch-based sweetener is lower than that in 2018;
- (iii) The increase in market price of corn kernel, which is the major raw material of cornstarch, has led to an increase in cost of sales in the Period; and
- (iv) Shouguang Golden Corn Biotechnology Limited (an indirect non-wholly-owned subsidiary) has recorded losses during its trial-run in the Period.

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 2019 may be different from what is disclosed in this announcement.

Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ending 30 June 2019 which is expected to be published in or around August 2019.

Shareholders and potential investors 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

Hong Kong, 28 June 2019

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. Liu Xianggang
Mr. Yu Yingquan

Independent non-executive Directors:

Professor Hua Qiang
Mr. Sun Mingdao
Mr. Yue Kwai Wa, Ken