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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 2017

Financial highlights:

	2017	2016	
	RMB'000	*RMB'000*	*Change*
Revenue	**4,694,541**	4,397,844	+6.7%
Gross profit	**619,543**	497,095	+24.6%
Operating profit	**496,453**	292,656	+69.6%
Profit for the year	**394,061**	219,219	+79.8%
Profit attributable to shareholders	**388,167**	213,682	+81.7%
Basic earnings per share (RMB)	**0.0647**	0.0356	+81.7%
Proposed final dividend per share (HK cents)	**1.20**	0.75	+60.0%

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 2017, together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*2*	**4,694,541**	4,397,844
Cost of sales		**(4,074,998)**	(3,900,749)
Gross profit		**619,543**	497,095
Distribution expenses		**(96,664)**	(101,132)
Administrative expenses		**(132,294)**	(115,865)
Other gains and losses	*3*	**105,868**	12,558
Operating profit		**496,453**	292,656
Finance income		**32,424**	24,851
Finance expenses		**(290)**	(1,862)
Profit before income tax		**528,587**	315,645
Income tax expenses	*5*	**(134,526)**	(96,426)
Profit and total comprehensive income for the year		**394,061**	219,219
Attributable to:			
Owners of the Company		**388,167**	213,682
Non-controlling interests		**5,894**	5,537
		394,061	219,219
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share (RMB)	*6*	**0.0647**	0.0356

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,131,849**	1,230,397
Prepaid lease payments		**205,587**	210,474
Deposits for acquisition of property, plant and equipment		**21,759**	–
Other asset		–	20,830
Deferred tax assets		**48,527**	7,369
Total non-current assets		**1,407,722**	1,469,070
Current assets			
Inventories		**224,532**	213,885
Trade and other receivables	*8*	**409,692**	336,545
Financial assets at fair value through profit or loss		–	19
Pledged bank deposits		**3,000**	1,063
Fixed deposits		**390,000**	390,000
Cash and bank		**1,103,160**	493,810
Total current assets		**2,130,384**	1,435,322
Total assets		**3,538,106**	2,904,392
EQUITY			
Equity attributable to owners of the Company			
Share capital		**532,656**	532,656
Other reserves		**423,560**	419,205
Retained earnings		**1,659,287**	1,314,815
		2,615,503	2,266,676
Non-controlling interests		**131,520**	35,626
Total equity		**2,747,023**	2,302,302
LIABILITIES			
Non-current liabilities			
Borrowing		**224**	1,110
Deferred income		**220,183**	33,543
Deferred tax liabilities		**9,838**	1,000
Total non-current liabilities		**230,245**	35,653

	Notes	2017 RMB'000	2016 RMB'000
Current liabilities			
Trade and other payables	9	**444,560**	496,239
Income tax payable		**88,302**	40,601
Borrowing		**4,208**	3,322
Employee housing deposits		**23,768**	26,275
Total current liabilities		**560,838**	566,437
Total liabilities		**791,083**	602,090
Total equity and liabilities		**3,538,106**	2,904,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") 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 on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS 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 following new amendments to standards have been adopted by the Group for the first time for the current financial year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these new and amended standards does not have any significant impact to the results and financial position of the Group.

2. REVENUE AND SEGMENTS INFORMATION

The Group's operating segments are as follows:

Upstream products	–	the manufacture and sale of cornstarch and ancillary corn-refined products
Fermented and downstream products	–	the manufacture and sale of lysine, starch-based sweetener, modified starch and other products

The operating segments are identified in accordance with the economic similarity and distinction of our products. For the purpose of assessing segment performance and allocating resources between segments, the chief operating decision maker assesses and monitors the segment revenues, margins and results attributable to each reportable segment. Inter-segment sales or provision of materials to other segments is not measured.

Interest income and expense are not included in the result for each operating segment as these are managed on a group basis and are not allocated to reportable segments.

Unallocated income and expenses mainly consist of certain government grants and corporate costs respectively which cannot be allocated to individual segments.

Sales between segments are charged at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

	Upstream products *RMB'000*	Fermented and downstream products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
2017				
Sales to external customers	**3,177,310**	**1,517,231**	**–**	**4,694,541**
Inter-segment sales	**185,285**	**2,341**	**–**	**187,626**
Reportable segment results	**278,433**	**389,454**		**667,887**
Unallocated income				**30,897**
Unallocated expenses				**(202,331)**
Finance income				**32,424**
Finance expenses				**(290)**
Profit before income tax				**528,587**
Other segment information:				
Depreciation and amortisation	**68,490**	**48,321**	**38,979**	**155,790**

	Upstream products *RMB'000*	Fermented and downstream products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
2016				
Sales to external customers	3,032,633	1,365,211	–	4,397,844
Inter-segment sales	146,568	7,829	–	154,397
Reportable segment results	222,034	248,950	–	470,984
Unallocated income				12,373
Unallocated expenses				(190,701)
Finance income				24,851
Finance expenses				(1,862)
Profit before income tax				315,645
Other segment information:				
Depreciation and amortisation	57,206	45,966	43,221	146,393

Based on the place of the operation of external customers, revenue attributed to the People's Republic of China (the "PRC") and other countries is RMB4,234,310,000 and RMB460,231,000 (2016: RMB4,055,817,000 and RMB342,027,000) respectively.

3. OTHER GAINS AND LOSSES

	2017 *RMB'000*	2016 *RMB'000*
Government grants *(note)*	**98,499**	5,212
Amortisation of government grants	**13,484**	1,889
Losses on disposal of property, plant and equipment	**(11,191)**	(1,354)
Net foreign exchange (loss)/gain	**(1,374)**	1,048
Net fair value loss on financial assets at fair value through profit or loss	**(337)**	(1,013)
Others	**6,787**	6,776
	105,868	12,558

Note:

For the year ended 31 December 2017, the government grants mainly represented subsidies of approximately RMB97,046,000 provided by the local government for the compensation of losses incurred during the relocation of the old production plant in Shouguang.

The government grants were granted at the discretion of the government and were not recurring in nature.

4. PROFIT BEFORE INCOME TAX

The major expenses of the Group are as follows:

	2017 *RMB'000*	2016 *RMB'000*
Cost of inventories recognised as an expense	**3,902,009**	3,723,569
Employee benefits expense (including directors' emoluments)	**167,320**	159,141
Research and development expenses *(note)*	**20,610**	11,939
Depreciation of property, plant and equipment	**150,903**	140,813
Amortisation of prepaid lease payments	**4,887**	5,580
Minimum lease payments paid under operating lease in respect of premises	**1,079**	713
Auditor's remuneration	**721**	733

Note:

Research and development costs include staff costs of employees in the research and development department, which are included in the employee benefits expenses as disclosed above.

5. INCOME TAX EXPENSES

	2017	2016
	RMB'000	*RMB'000*
Current income tax		
PRC Enterprises Income Tax ("EIT")	**166,728**	79,086
Over-provision in prior years	**(476)**	(3,527)
PRC withholding tax		
– dividend	**–**	1,000
– others	**594**	–
Deferred tax	**(32,320)**	19,867
	134,526	96,426

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. During the year ended 31 December 2017, one of the subsidiaries in the PRC is recognised as high technology enterprise and obtains a preferential EIT rate of 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 PRC 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. The Group adopted the 10% withholding tax rate for PRC withholding tax purposes during the year ended 31 December 2017 and 2016.

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:

	2017	2016
Earnings		
Profit attributable to owners of the Company (RMB'000)	**388,167**	213,682
Weighted average number of ordinary shares in issue (thousands)	**5,995,892**	5,995,892

The basic and diluted earnings per share for the year ended 31 December 2017 and 2016 were the same because there was no dilutive potential ordinary share.

7. DIVIDENDS

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

	2017	2016
	RMB'000	*RMB'000*
2016: final dividend of HK0.75 cents per share (2015: nil)	**39,340**	–

Subsequent to 31 December 2017, the directors proposed a final dividend of HK1.20 cents (2016: HK0.75 cents) per share, amounting to HK$71,951,000 (2016: HK$44,969,000). The final dividend proposed after the end of the reporting period is subject to approval by shareholders in forthcoming general meeting and has not been recognised as a liability as at 31 December 2017.

8. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables *(a)*	**135,346**	147,678
Less: Provision for impairment of trade receivables *(b)*	**(9,630)**	(9,630)
	125,716	138,048
Bank acceptance bills *(c)*	**169,090**	145,995
Others	**2,249**	24,222
Loans and receivables	**297,055**	308,265
Prepayment to non-controlling interest	**44,600**	–
Prepayments and other tax receivables	**68,037**	28,280
	409,692	336,545

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

Prepayment to non-controlling interest represented a payment made to Linqing Deneng Bio Technology Limited ("Deneng Bio Technology") for the purchase of electricity and steam in subsequent year. As Deneng Bio Technology's power plant has ceased operation since 23 December 2017 upon the request of the local government, the prepayment is required to refund accordingly. The prepayment is fully refunded by cash subsequent to the end of reporting period.

(a) Trade receivables

The Group normally grants credit period ranging from 0 to 120 days (2016: 0 to 120 days) to customers.

An ageing analysis of trade receivables based on the invoice date and net of provision for impairment of trade receivables presented at the end of the reporting period is shown as follows:

	2017	2016
	RMB'000	*RMB'000*
0 – 30 days	**111,761**	120,931
31 – 60 days	**6,992**	10,295
61 – 90 days	**6,597**	5,494
Over 90 days	**366**	1,328
	125,716	138,048

As at 31 December 2017, trade receivables of RMB13,955,000 (2016: RMB17,117,000) that were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) Provision for impairment of trade receivables

As at 31 December 2017, trade receivables of RMB9,630,000 (2016: RMB9,630,000) were impaired and fully provided for. The individually impaired receivables past due for over twelve months were related to a customer, which had financial difficulty.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(c) Bank acceptance bills

	2017	2016
	RMB'000	*RMB'000*
Endorsed bills	**117,631**	127,413
Bills on hand	**51,459**	18,582
	169,090	145,995

The bank acceptance bills are normally with maturity period of 180 days (2016: 180 days). There is no recent history of default on bank acceptance bills.

As at 31 December 2017, bank acceptance bills of RMB2,000,000 (2016: RMB2,624,000) were pledged to banks for securing bill payables.

9. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**139,182**	170,244
Bills payables	**5,000**	3,687
Total trade and bills payables	**144,182**	173,931
Payable for construction and equipment	**46,705**	88,076
Accrued expenses	**19,077**	16,864
Deposits	**25,343**	12,015
Payroll and welfare payables	**17,590**	15,846
Sales commission	**2,757**	2,347
Others	**7,117**	5,445
Financial liabilities measured at amortised cost	**262,771**	314,524
Advances from customers	**157,355**	162,376
Other tax payables	**24,434**	19,339
	444,560	496,239

As at 31 December 2017, bills payables are secured by bank acceptance bills of RMB2,000,000 (2016: RMB2,624,000) and pledged bank deposits of RMB3,000,000 (2016: RMB1,063,000).

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

	2017	2016
	RMB'000	*RMB'000*
0 - 60 days	**78,810**	90,474
61 - 90 days	**24,019**	35,563
Over 90 days	**41,353**	47,894
	144,182	173,931

The average credit period on purchases is 80 days (2016: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW AND OUTLOOK

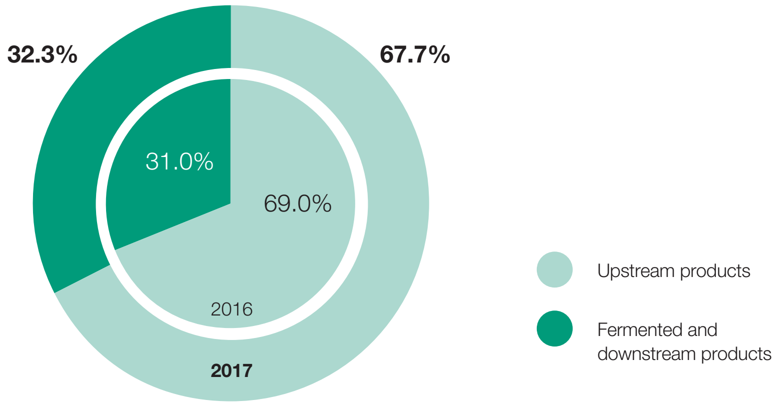
The average cost of corn in 2017 was lower than that of 2016 and the market demand for various products rebounded accordingly. The sales volume of products recorded general growth, thus increasing the revenue of the Group significantly. In general, the Group achieved record highs in terms of production capacity and market competitiveness. According to the analysis on the market performance as a whole, prices of bulk raw materials, such as corn, bottomed out and the entire domestic economic situation began improving. As a result, the management is relatively optimistic about the business performance in 2018. However, unfavourable factors, including more stringent environmental requirements, increase in raw material prices of corn, increase in costs of power and steam as a result of increase in coal price will exert heavier burdens on the industry. Moreover, the recovery of production capacity of the corn processing industry will also lead to a more intense market competition in the coming year. In order to enhance our competitiveness, the Group will further reduce costs by saving energy and reducing material consumption.

As disclosed in the announcement of the Company dated 5 July 2017, Shandong Shouguang Juneng Golden Corn Development Co., Ltd., an indirect wholly-owned subsidiary of the Company, established a joint venture, Shouguang Golden Corn Biotechnology Limited ("Golden Corn Biotech"), with Linqing Deneng Bio Technology Limited. The construction of the production base of Golden Corn Biotech will commence in 2018 and the production base is expected to commence the operation by the end of 2019. If the plan progresses as scheduled, certain facilities will be completed by the end of 2018, and testing and adjustment of various equipment will commence then. In addition to continuing to engage in the production and sales of corn starch and lysine, Golden Corn Biotech will also engage in the development of other new varieties of amino acid products. This is in line with the Group's strategy of long-term development in the corn-refinery market. The project investment will be financed by internal funds of the Group and the capital expenditure is estimated to be not more than RMB1 billion.

The Company is going to take upcoming challenges in a steady and pragmatic manner.

BUSINESS REVIEW

The following chart shows the contribution of (i) upstream products and (ii) fermented and downstream products to the Group's revenue in the past two years:



Upstream products

Upstream products represent cornstarch and ancillary corn-refined products, which have a variety of application potentials depending on our customers' industry sectors.

During the year under review, the market demand for corn starch remained strong. However, the performance of ancillary corn-refined products was affected by the low prices of raw materials, such as corn kernel, soybean oil and soybean meal, and the performance of this business segment was impaired by the sales performance of certain by-products.

Fermented and downstream products

Fermented and downstream products consist of lysine, starch-based sweetener, modified starch, and other fermented products derived from cornstarch.

During the year under review, this business segment recorded satisfactory performance in terms of sales. Against the backdrop of the recovery demand of the feed industry, the demand for lysine maintained at a relatively high level and the export market was stable also. Currently, the supply and demand of the domestic market of starch-based sweetener is relatively balanced. In respect of modified starch, the selling price dropped along with the decline in corn prices. As a result, domestic and international markets significantly regain their interest in modified starch produced in China.

FINANCIAL PERFORMANCE

Overview

During the year under review, the Group recorded a total revenue of approximately RMB4,695 million (2016: RMB4,398 million). Gross profit of the Group increased significantly by 24.6% to approximately RMB620 million (2016: RMB497 million).

Profit after taxation increased significantly to RMB394 million (2016: RMB219 million). Basic earnings per share of the Company was RMB0.0647 per share based on the weight average number of 5,995,892,000 ordinary shares (2016: RMB0.0356 per share based on the weight average number of 5,995,892,000 ordinary shares).

Segment performance

Upstream products

	2017	2016
	RMB'000	*RMB'000*
Revenue	**3,177,310**	3,032,633
Gross profit	**254,970**	222,034
Gross profit margin	**8.0%**	7.3%

Revenue of upstream products increased mildly by 4.8% to RMB3,177,310,000 (2016: RMB3,032,633,000). The gross profit margin of this business segment increased by 0.7 percentage point to 8.0%. During the year under review, sales volume of cornstarch increased to approximately 1,141,913 tonnes (2016: 1,079,456 tonnes) while the average selling price of cornstarch decreased to RMB1,868 (2016: RMB1,903) per tonne.

Fermented and downstream products

	2017	2016
	RMB'000	*RMB'000*
Revenue		
– Lysine	**941,098**	850,250
– Starch-based sweetener	**271,853**	265,399
– Modified starch	**275,627**	224,679
– Others	**28,653**	24,883
Total	**1,517,231**	1,365,211
Gross profit	**364,573**	275,061
Gross profit margin	**24.0%**	20.1%

Revenue of fermented and downstream products for the year increased significantly by 11.1%. As consistent with last year, lysine products was the major revenue contributor to this business segment. The overall selling prices of this business segment were higher than that of previous year.

During the year under review, demand of lysine from both domestic and overseas markets were increasing. The average selling price of lysine products increased to RMB5,977 (2016: RMB5,653) per tonne. The sales volume for the year under review was 157,456 tonnes (2016: 150,414 tonnes).

Starch-based sweetener performance was relatively stable for the year under review. Revenue of starch-based sweetener was approximately RMB271,853,000 (2016: RMB265,399,000). The average selling price of starch-based sweetener was about RMB1,956 (2016: RMB1,939) per tonne.

Revenue of modified starch increased substantially by 22.7% to RMB275,627,000 (2016: RMB224,679,000). The export of modified starch provided major momentum to an increase in sales for the year under review. Export sales of modified starch represented about 27.3% (2016: 19.8%) of total modified starch sales.

Other fermented and downstream products sales represented new generation and environmental-friendly products. The production scale and the size of domestic market were comparatively smaller than other businesses of the Group. Revenue of these product was approximately RMB28,653,000 (2016: RMB24,883,000).

Cost of sales

The major cost components mainly consisted of corn kernel and utilities expenses, which represented about 80.8% and 7.8% (2016: 82.2% and 7.5%) of total cost of sales respectively. The average corn kernel price in 2017 was approximately RMB1,490 (2016: RMB1,540) per tonne. In general, the material cost and utilities expenses per output unit were not materially fluctuated over the year.

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

Review of other operations

Other gains and losses

The net amount of other gains and losses increased substantially to approximately RMB105,868,000 from RMB12,558,000. The increase was mainly attributable to (i) the receipt of government subsidy of approximately RMB97 million for the losses incurred during the relocation of Shouguang production site and (ii) the amortisation of government subsidy of approximately RMB13 million for acquisition of new production facilities in Shouguang new production site. These favourable factors was offset by the loss on disposal of certain property, plants and equipment of approximately RMB11 million for the year under review.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 2,133 (2016: 2,163) full time staff. Total staff costs, including Directors' emoluments, of the Group were approximately RMB167 million (2016: RMB159 million). The Group considers the experience, responsibility, and performance of the Directors and employees of the Group in order to determine their respective remuneration packages.

On 19 May 2017, the Company adopted a new share option scheme (the "New Share Option Scheme") to replace the previous share option scheme which expired on 4 September 2017 (the "Expired Share Option Scheme"). The purpose of both New Share Option Scheme and Expired Share Option Scheme is to enable the Group to grant options to eligible persons as incentives or rewards for their contribution to the Group and to enable the Group to attract, recruit and retain senior management, key employees and human resources that are valuable or potentially valuable to the Group.

As at 31 December 2017, no share options have been granted under the New Share Option Scheme and the Expired Share Option Scheme.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The primary purpose of our financial management and treasury policy is to ensure possessing sufficient cash and available banking facilities to meet its commitment on one hand and to obtain better return 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 being significant to the Group's operation as the Group operated mainly in the PRC and most of the Group's transactions, assets and liabilities were denominated in Renminbi. Foreign currencies were however received from export sales. Such proceeds were subject to foreign exchange risk before converting into Renminbi. The foreign currencies received from export sales were converted into Renminbi upon receipt from overseas customers. The Group manages foreign exchange risk by monitoring the exchange rates closely instead of entering into any foreign exchange hedging arrangement.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. The Group's borrowings, cash and cash equivalents were mostly denominated in Renminbi. As at 31 December 2017, the borrowings were approximately RMB4,432,000 (2016: RMB4,432,000) and interest-free. In addition, most of the borrowings were with a maturity within one year.

The gearing ratio of the Group (being the total borrowings divided by the total assets) was 0.1% as at 31 December 2017.

PLEDGE OF ASSETS

As at 31 December 2017, bills payables were secured by bank acceptance bills and bank deposits of RMB2,000,000 and RMB3,000,000 respectively. As at 31 December 2017, the Group did not pledge any leasehold land and building to secure banking facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2017.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") will be held on 29 May 2018. The notice of AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2017 annual report. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 24 May 2018 to 29 May 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share register and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on 23 May 2018.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK1.20 cents per share for the year ended 31 December 2017 ("2017 Final Dividend"), subject to the approval of the shareholders of the Company in the AGM. The proposed final divided is expected to be paid on or around 9 July 2018 to the shareholders whose name appear on the register of members on 8 June 2018. For determining the entitlement to 2017 Final Dividend, the register of members of the Company will be closed from 7 June 2018 to 8 June 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement of 2017 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the aforementioned share registrar and transfer office by 4:30 p.m. on 6 June 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year under review.

CORPORATE GOVERNANCE

The Company had complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "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 2017 annual general meeting because of his other business engagement.

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 for Securities Transactions by Directors of Listed Issuers set out in the Appendix 10 of the Listing Rules. The Dealing Code applies to all Directors and to all employees who are informed that they are subject to its provisions. The Company has made specific enquiry of all Directors and that all the Directors confirmed their compliance with the required standard set out in the Dealing Code throughout the year under review.

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 2017 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 2017 have been reviewed by the audit committee of the Board.

ANNUAL REPORT

The 2017 annual report containing all the information required by the Listing Rules will be made available on the Stock Exchange website and the Company's website (www.chinastarch.com.hk) on or about 19 April 2018.

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

Shouguang, The People's Republic of China, 26 March 2018

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