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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

			Six months ended 30 June 截至六月三十日止六個月	
		Notes	**2024 二零二四年 RMB'000 人民幣千元 (Unaudited) (未經審核)**	2023 RMB'000 (Unaudited)
Revenue	**收入**	3	**5,645,514**	5,814,323
Cost of sales			**(5,138,334)**	(5,639,076)
Gross profit	**毛利**		**507,180**	175,247
Distribution expenses			**(82,218)**	(82,360)
Administrative expenses			**(96,206)**	(98,603)
Research expenses			**(43,689)**	(94,056)
Other net income		4	**57,416**	54,037
Operating profit/(loss)	**經營利潤／(虧損)**		**342,483**	(45,735)
Finance income			**15,133**	8,132
Finance expenses			**(2,322)**	(697)
Profit/(loss) before income tax	**除所得稅前利潤／(虧損)**	5	**355,294**	(38,300)
Income tax (expense)/credit		6	**(87,812)**	9,341
Profit/(loss) and total comprehensive income/(expenses) for the period	**期內利潤／(虧損)及綜合收益／(開支)總額**		**267,482**	(28,959)
Attributable to:				
Owners of the Company			**214,659**	(37,754)
Non-controlling interests			**52,823**	8,795
			267,482	(28,959)
Earnings/(loss) per share	**每股盈利／(虧損)**			
Basic and diluted (RMB)		7	**0.0360**	(0.0063)

Consolidated Statement of Financial Position

At 30 June 2024

		Notes	**30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)**	31 December 2023 RMB'000 (Audited)
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Property, plant and equipment		9	**2,080,150**	2,162,498
Right-of-use assets		10	**420,737**	425,922
Deposits for acquisition of property, plant and equipment			**26,620**	29,909
Equity investments			**21,954**	21,954
Deferred tax assets			**–**	14,719
Prepayment			**398**	–
Total non-current assets	**非流動資產總值**		**2,549,859**	2,655,002
Current assets	**流動資產**			
Inventories			**920,940**	730,676
Trade and other receivables		11	**674,641**	563,697
Income tax recoverable			**–**	3,365
Pledged bank deposits			**199,727**	500,056
Cash and cash equivalents			**1,094,537**	899,830
Total current assets	**流動資產總值**		**2,889,845**	2,697,624
Total assets	**資產總值**		**5,439,704**	5,352,626

Consolidated Statement of Financial Position

At 30 June 2024

		Notes	**30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)**	31 December 2023 RMB'000 (Audited)
EQUITY	**權益**			
Equity attributable to owners of the Company	**本公司擁有人應佔權益**			
Share capital		12	**529,868**	530,230
Other reserves			**473,149**	473,149
Retained earnings			**2,835,359**	2,658,450
			3,838,376	3,661,829
Non-controlling interests			**310,672**	274,724
Total equity	**權益總額**		**4,149,048**	3,936,553
LIABILITIES	**負債**			
Non-current liabilities	**非流動負債**			
Deferred income			**181,164**	164,751
Deferred tax liabilities			**86,743**	58,948
Total non-current liabilities	**非流動負債總額**		**267,907**	223,699
Current liabilities	**流動負債**			
Trade and other payables		13	**492,135**	433,655
Advances from customers			**382,285**	175,490
Borrowings		14	**73,316**	559,365
Income tax payable			**13,588**	-
Dividend payable			**37,561**	-
Employee housing deposits			**23,864**	23,864
Total current liabilities	**流動負債總額**		**1,022,749**	1,192,374
Total liabilities	**負債總額**		**1,290,656**	1,416,073
Total equity and liabilities	**權益及負債總額**		**5,439,704**	5,352,626

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital 股本 RMB'000	Special reserve 特別儲備 RMB'000	Capital reserve 資本儲備 RMB'000	Statutory reserve 法定儲備 RMB'000	Retained earnings 保留盈利 RMB'000	Total 總計 RMB'000	Non-controlling interests 非控股股東權益 RMB'000	Total equity 權益合計 RMB'000
At 1 January 2023	532,500	27,080	56,196	398,260	2,581,054	3,595,090	226,693	3,821,783
(Loss)/profit and total comprehensive (expenses)/income for the period	–	–	–	–	(37,754)	(37,754)	8,795	(28,959)
Dividend attributable to non-controlling interests	–	–	–	–	–	–	(1,406)	(1,406)
2022 final dividend	–	–	–	–	(38,133)	(38,133)	–	(38,133)
At 30 June 2023 (Unaudited)	532,500	27,080	56,196	398,260	2,505,167	3,519,203	234,082	3,753,285
At 1 January 2024	**530,230**	**27,080**	**56,196**	**389,873**	**2,658,450**	**3,661,829**	**274,724**	**3,936,553**
Profit/(loss) and total comprehensive income/(expenses) for the period	**–**	**–**	**–**	**–**	**214,659**	**214,659**	**52,823**	**267,482**
Dividend attributable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(16,875)**	**(16,875)**
2023 final dividend	**–**	**–**	**–**	**–**	**(37,561)**	**(37,561)**	**–**	**(37,561)**
Repurchase of shares	**(362)**	**–**	**–**	**–**	**(189)**	**(551)**	**–**	**(551)**
At 30 June 2024 (Unaudited)	**529,868**	**27,080**	**56,196**	**389,873**	**2,835,359**	**3,838,376**	**310,672**	**4,149,048**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		Six months ended 30 June 截至六月三十日止六個月	
		2024 二零二四年	2023
		RMB'000 人民幣千元	RMB'000
		(Unaudited) (未經審核)	(Unaudited)
Net cash inflow from operating activities	**經營活動現金流入淨額**	**482,678**	399,882
Investing activities	**投資活動**		
Payments for property, plant and equipment		**(139,524)**	(160,133)
Deposits paid for acquisition of property, plant and equipment		**(1,960)**	(50,523)
Purchase of equity investments		**–**	(11,280)
Government grant received		**55,390**	–
Proceeds from disposals of property, plant and equipment		**452**	3,878
Decrease in pledged bank deposits		**300,329**	5,937
Dividend income from equity investments		**1,125**	94
Net cash generated from/(used in) investing activities	**投資活動所得／(所用) 現金淨額**	**215,812**	(212,027)
Financing activities	**融資活動**		
Proceeds from borrowings		**32,228**	3,394
Repayment of borrowings		**(518,585)**	(62,700)
Dividend paid		**(16,875)**	(28,713)
Repurchase of shares		**(551)**	–
Net cash used in financing activities	**融資活動所用現金淨額**	**(503,783)**	(88,019)
Net increase in cash and cash equivalents	**現金及現金等價物增加淨額**	**194,707**	99,836
Cash and cash equivalents at 1 January	**於一月一日的現金及現金等價物**	**899,830**	1,002,985
Cash and cash equivalents at 30 June	**於六月三十日的現金及現金等價物**	**1,094,537**	1,102,821

Notes to the Unaudited Interim Financial Report

1 BASIS OF PREPARATION

The condensed consolidated interim financial statements of China Starch Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2024 have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2023 (the "2023 Financial Statements"), except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with the 2023 Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Unless otherwise stated, these condensed consolidated interim financial statements are presented in Renminbi ("RMB"). The condensed consolidated interim financial statements have been prepared on the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value.

1 編製基準

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2 ADOPTION OF NEW/REVISED HKFRSS

In 2024, the Group has adopted the following amendments to HKFRSs which are pertinent to the Group's operations and effective for accounting periods beginning on or after 1 January 2024. The adoption of these amendments does not have any impact to the results and financial position of the Group.

Amendments to HKAS 1	Classification of liabilities as current or non-current and the related amendments to Hong Kong Interpretation 5 (2020)	1 5
Amendments to HKAS 1	Non-current liabilities with covenants	1
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	7 7
Amendments to HKFRS 16	Lease liability in a sale and leaseback	16

2 採納新訂／經修訂香港財務報告準則

3 SEGMENT INFORMATION 3 分部資料

		Six months ended 30 June 2024 截至二零二四年六月三十日止六個月		
		Upstream products 上游產品 **RMB'000** 人民幣千元	**Fermented and downstream products** 發酵及下游產品 **RMB'000** 人民幣千元	**Total** 合計 **RMB'000** 人民幣千元
Sales to external customers		**3,524,090**	**2,121,424**	**5,645,514**
Inter-segment sales		**1,157,349**	**–**	**1,157,349**
Reportable segment results	**可報告分部業績**	**98,337**	**255,951**	**354,288**
Unallocated income				**17,320**
Unallocated expenses				**(29,125)**
Finance income				**15,133**
Finance expenses				**(2,322)**
Profit before income tax	**除所得稅前利潤**			**355,294**

		Six months ended 30 June 2023		
		Upstream products RMB'000	Fermented and downstream products RMB'000	Total RMB'000
Sales to external customers		4,349,545	1,464,778	5,814,323
Inter-segment sales		731,429	–	731,429
Reportable segment results	**可報告分部業績**	(93,324)	58,500	(34,824)
Unallocated income				20,077
Unallocated expenses				(30,988)
Finance income				8,132
Finance expenses				(697)
Loss before income tax	**除所得稅前虧損**			(38,300)

4 OTHER NET INCOME

4 其他淨收入

	Six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Amortisation of government grants	**38,977**	40,866
Gain on sale of scrap material	**14,611**	7,836
Net foreign exchange gain	**4,265**	1,505
(Loss)/gain on disposals of property, plant and equipment	**(512)**	1,962
Government grant	**131**	148
Gain on futures	**333**	13
Others	**(389)**	1,707
	57,416	54,037

5 PROFIT/(LOSS) BEFORE INCOME TAX

5 除所得稅前利潤／(虧損)

The major expenses of the Group are as follows:

	Six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Cost of inventories	**4,465,085**	5,560,092
Salaries and other related expenses	**136,605**	139,483
Depreciation of property, plant and equipment	**136,663**	138,588
Depreciation of right-of-use assets	**5,185**	5,185
Delivery and logistics	**65,622**	66,939
Research expenses (note)	**43,689**	94,056

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.

6 INCOME TAX EXPENSE/(CREDIT)

6 所得稅開支／(抵免)

	Six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Current income tax		
– PRC Enterprises Income Tax ("EIT")	**45,298**	6,325
– Over-provision in prior years	**–**	(14,156)
Deferred tax	**42,514**	(1,510)
	87,812	(9,341)

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 periods, except for one subsidiary of the Group which is recognised as high technology enterprise is entitled to enjoy a preferential EIT rate of 15% (2023:15%).

25%	
15%	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 periods.

7 EARNINGS/(LOSS) PER SHARE

7 每股盈利／(虧損)

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

	Six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
Profit/(loss) attributable to owners of the Company (RMB'000)	**214,659**	(37,754)
Weighted average number of ordinary shares in issue (thousands)	**5,965,532**	5,994,132

No diluted earnings/(loss) per share has been presented because no dilutive potential ordinary shares exist for both six months ended 30 June 2024 and 2023.

8 DIVIDENDS

8 股息

The Board does not recommend the payment of an interim dividend for six months ended 30 June 2024 (2023: nil).

On 21 May 2024, the shareholders of the Company approved to declare a final dividend of HK0.69 cents per share for 2023 (2023: HK0.69 cents for 2022).

0.69

0.69

9 PROPERTY, PLANT AND EQUIPMENT

9 物業、廠房及設備

		2024 二零二四年 RMB'000 人民幣千元
Net book value:	**賬面淨值：**	
At 1 January 2024		**2,162,498**
Additions		**55,279**
Depreciation		**(136,663)**
Disposals		**(964)**
At 30 June 2024		**2,080,150**

10 RIGHT-OF-USE ASSETS

10 使用權資產

		2024 二零二四年 RMB'000 人民幣千元
Net book value:	**賬面淨值：**	
At 1 January 2024		**425,922**
Depreciation		**(5,185)**
At 30 June 2024		**420,737**

11 TRADE AND OTHER RECEIVABLES

11 貿易及其他應收款

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
Trade receivables	**196,845**	136,797
Bank acceptance bills	**340,216**	266,487
Prepayments and other tax receivables	**127,311**	149,336
Others	**10,269**	11,077
	674,641	563,697

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

The Group normally grants credit period ranging from 0 to 150 days (31 December 2023: 0 to 150 days) to customers.

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

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
0-30 days	**190,091**	127,923
31-60 days	**6,171**	7,479
61-90 days	**571**	123
Over 90 days	**12**	1,272
	196,845	136,797

No loss allowance of trade receivables is recognised as at 30 June 2024 and 31 December 2023.

11 TRADE AND OTHER RECEIVABLES *(Continued)*

11 貿易及其他應收款

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

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
Bills on hand	**291,010**	177,221
Endorsed bills	**19,698**	70,681
Discounted bills	**29,508**	18,585
	340,216	266,487

The bank acceptance bills are normally with maturity period of 180 days (31 December 2023: 180 days). There is no recent history of default on bank acceptance bills.

As at 30 June 2024, discounted bills of RMB29,508,000 were pledged to banks for securing bank borrowings. As at 31 December 2023, bank acceptance bills of RMB4,000,000 and discounted bills of RMB18,585,000 were pledged to banks for securing bills payables and bank borrowings respectively.

29,508,000

4,000,000
18,585,000

12 SHARE CAPITAL

12 股本

As at 30 June 2024, the total number of issued ordinary shares of the Company was 5,964,492,043 (31 December 2023: 5,968,567,043).

5,964,492,043

5,968,567,043

During the six months ended 30 June 2024, the Company repurchased 4,075,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$607,000. All of these shares repurchased by the Company were cancelled prior to 30 June 2024 and the total number of shares of the Company in issue has been reduced accordingly. Details of the share repurchases are set out as follows:

4,075,000

607,000

2024 二零二四年	**Number of shares 股份數目**	**Price per share 每股價格**		**Aggregate price paid 合共已付**
		Highest 最高價 HK$	**Lowest 最低價** HK$	HK$'000
March	2,000,000	0.150	0.146	296
April	2,075,000	0.150	0.145	311
	4,075,000			607

13 TRADE AND OTHER PAYABLES

13 貿易及其他應付款

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
Trade payables	**95,436**	132,443
Bills payables	**193,000**	4,000
Total trade and bills payables	**288,436**	136,443
Payable for construction and equipment	**88,481**	177,975
Accrued expenses	**45,138**	40,258
Payroll and welfare payables	**33,806**	27,307
Tender deposits	**18,532**	18,659
Other tax payables	**9,375**	14,287
Sales commission	**1,727**	2,995
Others	**6,640**	15,731
	492,135	433,655

As at 30 June 2024, bills payables are secured by pledged bank deposit of RMB193,000,000. As at 31 December 2023, bills payables were secured by bank acceptance bills of RMB4,000,000 (note 11).

193,000,000

4,000,000

11

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

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
0-60 days	**266,768**	107,164
61-90 days	**2,563**	1,051
Over 90 days	**19,105**	28,228
	288,436	136,443

The average credit period on purchases is 80 days (31 December 2023: 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.

14 BORROWINGS 14 借款

The Group's borrowings were repayable as follows:

(a) By year of repayment (a) 按還款年限劃分

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
Bank borrowings:		
– Within one year	**29,508**	518,585
Other borrowings:		
– Within one year	**43,808**	40,780
	73,316	559,365

(b) By secured and unsecured borrowings (b) 按有抵押及無抵押借款劃分

	30 June 2024 二零二四年六月三十日 RMB'000 人民幣千元	31 December 2023 RMB'000
– Secured	**29,508**	518,585
– Unsecured	**43,808**	40,780
	73,316	559,365

As at 30 June 2024, a loan of RMB43,808,000 (31 December 2023: RMB40,780,000) (denominated in HK$) was provided by Merry Boom Group Limited, a controlling shareholder of the Company, and bore a one-month Hong Kong Interbank Offered Rate.

43,808,000

40,780,000

15 RELATED PARTY TRANSACTIONS 15 關連方交易

Save for the disclosure in note 14, the related party transactions including remuneration for key management personnel of the Group are as follows:

14

	Six months ended 30 June 截至六月三十日止六個月 2024 二零二四年 RMB'000 人民幣千元	2023 RMB'000
Short-term benefits	**875**	875
Pension scheme contributions	**49**	49
	924	924

INDUSTRY OVERVIEW AND COMPANY DEVELOPMENT

行業概覽及公司發展

Overview

概覽

The Group had a good half year performance in 2024 as the overall business environment turned around for the cornstarch and lysine markets. We observed that the markets in 2024 would absorb the excessive supply of cornstarch and lysine products as compared to last year. Benefiting from the substantial increase in the production volume of lysine products after the completion of the expansion project in our Shouguang production facilities in 2023, the management has confidence that the sales volume for lysine for the year ending 2024 will achieve a new record.

The Company has expressed our strong commitment to becoming a leading market player in the industry since our incorporation. Our competent management team understands that big things have small beginnings and every tiny change counts. We have been keeping our eye on lifting the product output ratio and have spent resources on expanding production capacity for many years. We aim to optimise our starch and high-end product production capacity to achieve a competitively low production unit cost.

This year, one of our major goals is to improve our production efficiency. During the period under review, the major measures adopted by the Group are as follows:

The Group increased our sewage treatment capacity in Shouguang production facilities. In addition, we also renovated the reclaimed water pipeline to stabilise the operation of the reclaimed water treatment in Linqing production facilities. These measures successfully increased our reclaimed water processing ability and reduced the reclaiming cost.

We had strict control on salaries by controlling staff headcounts. We reviewed the job description for every vacancy and resolved such vacancies by job reorganisation.

We also performed a large-scale study to analyse production capacity for individual equipment for optimising and enhancing operational efficiency of our equipment.

Utilities expenses account for the second largest production cost of the Group. To reduce such cost burden, the Group has upgraded our equipment by replacing high energy-consuming devices with lower-load equipment to reduce electricity consumption. The Group has also optimised the existing waste heat recovery systems to reduce fuel consumption.

Our other project under Shouguang Juneng Musashino Biotechnology Co., Ltd. for the development of lactate production facilities with our joint venture partner was still in progress. We still work closely with the local government on the selection of an appropriate production site. Further announcement(s) will be made as and when appropriate in compliance with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

BUSINESS REVIEW 業務回顧

Upstream products 上游產品

The market atmosphere for upstream products turned around during the period under review. Although the market prices for cornstarch and its by-products during the period under review was lower than that of the prices in the corresponding period in 2023, the Group still recorded an increase in profit margin under this business segment because of the substantial decrease in corn kernel price during the period. As a result of the decrease in the market prices for cornstarch and its by-products, these products restored attractiveness to the end-users. The market demand for cornstarch and its by-products regained its market share from other replaceable materials derived from soybean, wheat and other grains.

The management believes that the overall domestic demand for cornstarch would still be affected by the stagnant economic environment and the performance of this business segment would be affected by the raw material costs in the short run.

Fermented and downstream products 發酵及下游產品

During the period under review, the domestic lysine market was still affected by the oversupply problem. In addition, there was still sluggish domestic demand for the animal feed and breeding industry. The Group recorded a substantial growth in the turnover of lysine products, which resulted from the expansion of overseas markets. The export volume during the period under review was about 45,708 tonnes as compared to 23,204 tonnes during the first half of 2023. The management expected the lysine price would remain relatively low for the year ending 2024 because of the potential release of new supplies from other market players. The management would monitor the market conditions closely and adjust our product combination and production schedule accordingly.

45,708	23,204

During the period under review, the Group had a slightly improvement in profitability under starch-based sweetener business because of an increase in the market price for starch-based sweetener. The market demand from the beverage sector will remain strong for the third quarter of 2024 as hot weather is expected to continue during summer months.

Modified starch business recorded growth in both sales volume and selling price during the period under review. The increase in the sales volume of modified starch was mainly attributable to the improvement in our sewage processing capacity. In addition, the Group also benefited from a decrease in corn kernel price which led to an increase in profit margin for various modified starch products.

Sales of new biobased materials was temporarily affected by the customer's relocation project during the period under review. The management expected such sales will be resumed in the second half of 2024.

FINANCIAL PERFORMANCE

財務表現

Overview

概覽

During the period under review, the Group's revenue reduced to RMB5,645,514,000 (2023: RMB5,814,323,000). Such decrease in turnover was mainly attributable to the decrease in average selling prices of our products. In the meantime, the cost of corn kernel, which was the major raw material for production, recorded its lowest level since 2021. As the extent of decrease in raw material costs was greater than that of decrease in the selling prices of products during the period under review, the Group recorded a significant increase in gross profit. The gross profit for the six months ended 30 June 2024 was RMB507,180,000 (2023: RMB175,247,000).

5,645,514,000
5,814,323,000
507,180,000
175,247,000

The Group recorded a profit before taxation for the six months ended 30 June 2024 of RMB355,294,000 (2023: loss of RMB38,300,000). The Group's profit after taxation for the period under review was RMB267,482,000 (2023: loss of RMB28,959,000).

355,294,000
38,300,000
267,482,000
28,959,000

SEGMENT PERFORMANCE

分部表現

Upstream products

上游產品

	For the six months ended 30 June 截至六月三十日止六個月	
	2024 **二零二四年**	2023
	RMB'000 **人民幣千元**	RMB'000
Revenue	**3,524,090**	4,349,545
Gross profit	**198,370**	16,051
Gross profit margin	**5.6%**	0.4%

Revenue of upstream products decreased to RMB3,524,090,000 (2023: RMB4,349,545,000). Turnover for upstream products was substantially affected by the overall decrease in market prices for all products, particularly corn derivative products. The sales volume of cornstarch was about 891,288 tonnes (2023: 1,007,971 tonnes). The average selling price of cornstarch was about RMB2,679 (2023: RMB2,740) per tonne. As the corn kernel market price reduced significantly during the period under review, the Group still record a growth in gross profit margin from 0.4% to 5.6%.

3,524,090,000
4,349,545,000
891,288
1,007,971
2,679
2,740
0.4%
5.6%

Fermented and downstream products **發酵及下游產品**

		For the six months ended 30 June 截至六月三十日止六個月	
		2024 二零二四年 RMB'000 人民幣千元	2023 RMB'000
Revenue			
– Lysine	—	**1,605,963**	1,012,954
– Starch-based sweetener	—	**247,926**	237,182
– Modified starch	—	**216,954**	154,371
– Others	—	**50,581**	60,271
Total		**2,121,424**	1,464,778
Gross profit		**308,810**	159,196
Gross profit margin		**14.6%**	10.9%

Revenue from fermented and downstream products segment increased substantially to RMB2,121,424,000 (2023: RMB1,464,778,000). Despite the decrease in the selling prices for the fermented and downstream products, the Group still recorded a considerable growth in sales order from customers during the period under review. This was a strong signal for the recovery of market sentiment of this segment. Gross profit margin increased by 3.7 percentage point to 14.6% (2023: 10.9%), while the Group recorded a gross profit RMB308,810,000 for the period under review (2023: RMB159,196,000).

2,121,424,000
1,464,778,000
3.7
14.6%
10.9%
308,810,000
159,196,000

Revenue of lysine products was RMB1,605,963,000 (2023: RMB1,012,954,000). The increase in revenue was mainly attributable to the substantial increase in both domestic and export sales of lysine products for the period under review, of which export sales of lysine products accounted for RMB470,798,000 (2023: RMB178,973,000). The average selling price of lysine products decreased to RMB5,877 per tonne (2023: RMB6,344 per tonne). The total sales volume for lysine products was about 273,256 tonnes (2023: 159,682 tonnes).

1,605,963,000
1,012,954,000
470,798,000
178,973,000
5,877
6,344
273,256
159,682

Revenue of starch-based sweetener was RMB247,926,000 (2023: RMB237,182,000). The business performance for starch-based products was relatively stable during the period under review. The sales volume of starch-based sweetener increased to 102,201 tonnes (2023: 93,998 tonnes). The percentage of liquid starch-based sweetener to total sweetener in sales volume increased to 73.1% during the period under review (2023: 71.8%). The average selling price of starch-based sweetener for the period ended 30 June 2024 was approximately RMB2,426 per tonne (2023: RMB2,523 per tonne).

247,926,000
237,182,000
102,201
93,998
73.1%
71.8%
2,426
2,523

Revenue of modified starch increased substantially to RMB216,954,000 (2023: RMB154,371,000). The substantial increase in revenue was mainly attributable to the increase in production capability resulting from the continuous improvement in sewage treatment and disposal facilities.

216,954,000
154,371,000

Revenue of new biobased material and others was RMB50,581,000 (2023: RMB60,271,000).

50,581,000
60,271,000

Cost of sales

During the period under review, the significant decrease in market price of corn kernel was mainly attributable to the abundant supply from both domestic and international markets and the sluggish demand from various business end-users. The average corn kernel cost was approximately RMB2,135 per tonne (2023: RMB2,554 per tonne) (net of value-added tax).

In the meantime, the electricity and steam expenses unit price were almost at the same level as that in 2023, which remained high.

It is considered that given the corn kernel prices reduced to a greater extent than the selling prices of our products and the implementing of energy cost-saving measures, the Group recorded a substantial growth in gross profit and gross profit margin during the period under review.

The Group did not enter into any forward/futures contracts to hedge the price fluctuation of corn kernel during the period under review.

銷售成本

2,135

2,554

REVIEW OF OTHER OPERATIONS

其他營運回顧

Distribution and administrative expenses

During the period under review, distribution expenses decreased slightly to RMB82,218,000 from RMB82,360,000.

分銷及行政費用

82,360,000

82,218,000

	For the six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Distribution expenses:		
Delivery and logistic	**65,622**	66,939
Marketing expenses	**7,817**	7,716
Staff costs	**5,116**	4,134
Others	**3,663**	3,571
	82,218	82,360

During the period under review, administrative expenses decreased to RMB96,206,000 from RMB98,603,000.

	For the six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Administrative expenses:		
Staff costs	**52,629**	53,037
Depreciation and amortisation	**17,677**	18,207
Government levies	**13,434**	13,368
Others	**12,466**	13,991
	96,206	98,603

Research expenses 研究費用

During the period under review, research expenses decreased substantially to RMB43,689,000 from RMB94,056,000 as the number of research projects was reduced. Research expenses mainly consisted of material costs used for research projects.

Other net income 其他淨收入

Other net income increased to approximately RMB57,416,000 during the period under review (2023: RMB54,037,000). The major items of other net income are set out below:

	For the six months ended 30 June 截至六月三十日止六個月	
	2024 二零二四年	2023
	RMB'000 人民幣千元	RMB'000
Amortisation of government grants	**38,977**	40,866
Gain on sales of scrap materials	**14,611**	7,836
Net foreign exchange gain	**4,265**	1,505
(Loss)/gain on disposals of property, plant and equipment	**(512)**	1,962
Government grants (one-off)	**131**	148
Gain on futures	**333**	13
Others	**(389)**	1,707
	57,416	54,037

Liquidity, financial resources and capital structure

流動資金、財務資源及資本架構

The key financial performance indicators are summarised as follows:

	Units 單位	**30 June 2024 二零二四年 六月三十日**	31 December 2023
Debtors turnover	days	**15**	12
Creditors turnover	days	**7**	5
Inventories turnover	days	**29**	26
Current ratio	times	**2.8**	2.3
Quick ratio	times	**1.9**	1.6
Gearing ratio – borrowings to total assets	%	**1.3**	10.5

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. As at 30 June 2024, all borrowings of the Group were short-term borrowings. The aggregated bank borrowings of RMB29,508,000 were denominated in Renminbi and were carried interest at fixed rates. The loan from a controlling shareholder of RMB43,808,000 was denominated in Hong Kong Dollar and carried interest at a floating rate. The Group's cash and cash equivalents were mostly denominated in Renminbi.

29,508,000

43,808,000

Human resources and remuneration policies

人力資源及薪酬政策

As at 30 June 2024, the Group had 2,267 (2023: 2,310) staff. Total staff costs, including directors' emoluments, for the six months ended 30 June 2024 were approximately RMB136,605,000 (2023: RMB139,483,000). The Company's remuneration policy has remained unchanged since our 2023 Annual Report. As at 30 June 2024, no share options have been granted under the Company's share option scheme.

2,267

2,310

136,605,000

139,483,000

Financial management, treasury policy and foreign currency exposure

財務管理、庫務政策及外匯風險

The Group's financial management, treasury policy and foreign currency exposure had not been materially changed since the information disclosed in our 2023 Annual Report.

Pledge of assets

資產抵押

As at 30 June 2024, the Group provided a pledged bank deposit of RMB193,055,000 and bank acceptance bills of RMB29,508,000 for securing banking facilities and bank borrowings respectively.

193,055,000

29,508,000

The Group did not pledge any land use rights and building to secure banking facilities as at 30 June 2024.

Contingent liabilities

或然負債

The Group did not have any significant contingent liabilities as at 30 June 2024.

Significant investments

重大投資

Save for the business development plans as disclosed in this interim report, the Group did not have other significant investments or future plans for material investments or capital assets as at 30 June 2024.

INTERIM DIVIDEND

中期股息

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

董事及主要行政人員的權益

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

571 XV

352

C3

(A) Long positions in shares of the Company

(A) 於本公司股份的好倉

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares 股份數目	Percentage of shareholding 佔股權百分比
Mr. Tian Qixiang	Interest in a controlled corporation (note)	3,705,385,194	62.12%

Note:

The interest in these shares was held by Merry Boom Group Limited ("Merry Boom"). Merry Boom is owned as to approximately 54.58% by Mr. Tian Qixiang. Mr. Tian was deemed to be interested in all the shares held by Merry Boom under the SFO.

54.58%

(B) Long positions in shares of the associated corporations

(B) 於相聯法團股份的好倉

Name of associated corporation 相聯法團名稱	Name of Director 董事姓名	Nature of interest 權益性質	Number of shares 股份數目	Percentage of interest in associated corporation 佔相聯法團權益百分比
Merry Boom	Mr. Tian Qixiang	Beneficial owner	131	54.58%
	Mr. Gao Shijun	Beneficial owner	60	25.00%
	Mr. Yu Yingquan	Beneficial owner	1	0.42%
Shouguang Golden Corn Biotechnology Limited* ("Golden Corn Biotech")	Mr. Gao Shijun	Beneficial owner	– (notes 1,2)	0.75%
	Mr. Yu Yingquan	Beneficial owner	1 2	0.23%
	Mr. Liu Xianggang	Beneficial owner	– (notes 1,3)	0.19%
			1 3	
			– (notes 1,4)	
			1 4	

Notes:

(1) Golden Corn Biotech was an indirect non-wholly owned subsidiary of the Company. The amount of paid-up share capital of Golden Corn Biotech was RMB200,000,000. The number of shares was not specified in the constitutional document.

(2) Shouguang Chengyu Investment Co., Ltd* ("Chengyu") was one of the shareholders of Golden Corn Biotech. Mr. Gao Shijun held 1,500,000 shares in Chengyu through Shouguang Junze Technology Service Co., Ltd.* ("Junze"). The entire issued share capital of Junze was wholly and beneficially owned by Mr. Gao Shijun.

(3) Chengyu was one of the shareholders of Golden Corn Biotech. Mr. Yu Yingquan held 460,000 shares in Chengyu through Shouguang Starsea Trading Co., Ltd* ("Starsea"). The entire issued share capital of Starsea was wholly and beneficially owned by Mr. Yu Yingquan.

(4) Shouguang Shengyu Investment Co., Ltd* ("Shengyu") was one of the shareholders of Golden Corn Biotech. Mr. Liu Xianggang held 375,000 shares in Shengyu through Shouguang Xiangyin Trading Co., Ltd ("Xiangyin"). The entire issued share capital of Xiangyin was wholly and beneficially owned by Mr. Liu Xianggang.

* English transliteration for identification only.

Save as disclosed above, as at 30 June 2024, none of the Directors and the chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

主要股東及其他人士的權益

As at 30 June 2024, so far as is known to the Directors, the following person, other than a Director or chief executive of the Company, has an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO; or as otherwise being notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name 名稱	Capacity 身份	Number of shares 股份數目	Percentage of issued share capital 佔已發行股本百分比
Merry Boom	Beneficial owner (note)	3,705,385,194	62.12%

Note:

These shares were held by Merry Boom. Merry Boom is owned as to approximately 54.58% by Mr. Tian Qixiang, an executive Director and Chairman of the Company. Mr. Tian is deemed to be interested in all the shares held by Merry Boom under the SFO as disclosed under the paragraph headed "Directors' and Chief Executive's Interests" above.

Save as disclosed above, as at 30 June 2024, there were no any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

During the six months ended 30 June 2024, the Company repurchased 4,075,000 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$607,000. All shares repurchased by the Company were cancelled on 30 May 2024. As at 30 June 2024 and the date of this report, the total number of shares of the Company in issue is 5,964,492,043.

Details of the shares repurchased are set out as follows:

2024 二零二四年	Number of shares 股份數目	Price per share 每股股份已付價格		Aggregate price paid 已付總價
		Highest 最高	Lowest 最低	
		HK$	HK$	HK$'000
March	2,000,000	0.150	0.146	296
April	2,075,000	0.150	0.145	311
	4,075,000			607

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company had complied with the applicable code provisions as set out in Part 2 of Appendix C1 to 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 2024 annual general meeting because of his other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

董事進行證券交易的標準守則

The Company has adopted its own Securities Dealing Code (the "Dealing Code") on terms no less exacting than the Model Code. The Dealing Code applies to all Directors and to all employees who have received it and are informed that they are subject to its provisions. Having made specific enquiry, all Directors confirmed to the Company that they had complied with the required standard set out in the Dealing Code throughout the period under review.

REVIEW OF INTERIM FINANCIAL STATEMENTS

中期財務報表審閱

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024.

By Order of the Board
Tian Qixiang
Chairman

田其祥

Shouguang, The People's Republic of China, 14 August 2024

Corporate Information

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

Company Secretary

Mr. Leung Siu Hong *FCCA, FCPA, HKFCG, FCG*

Authorised Representatives

Mr. Leung Siu Hong
Mr. Yu Yingquan

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Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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39 Gloucester Road,
Wanchai, Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor

Corporate Information

Legal Advisers

As to Hong Kong Law:
Kwok Yih & Chan

As to Cayman Islands Law:
Conyers Dill & Pearman

法律顧問

Principal Bankers

Bank of China
China Construction Bank
Industrial and Commercial Bank of China
Industrial Bank Company Limited

主要往來銀行

Cayman Islands Share Registrar and Transfer Office

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Suite 3204, Unit 2A
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Camana Bay
Grand Cayman
KY1-1100
Cayman Islands

開曼群島股份過戶及登記處

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Camana Bay
Grand Cayman
KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

香港股份過戶及登記分處

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