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**XIWANG SUGAR HOLDINGS COMPANY LIMITED**

**西王糖業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2088)

## **PROFIT WARNING**

This announcement is made by Xiwang Sugar Holdings Company limited (the “**Company**”, 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 of the Company (the “**Board**”) wishes to inform shareholders and potential investors of the Company that based on preliminary assessment of the management accounts of the Group and information currently available, the Group is expected to record a substantial decline in its net profit for the six months ended 30 June 2009 as compared to that for the corresponding period ended 30 June 2008.

The anticipated substantial decline in net profit was mainly due to the reduction of the production volume, the sales volume and the average selling prices of the Group’s key products during the first half of 2009, which in turn was mainly attributable to the overall depressed operating environment as a result of the global financial crisis. Further, the melamine scandal which happened in September 2008 was still negatively affecting the profitability of the Group during the first half of 2009 although the effect of it has been gradually diminishing since the second quarter of 2009.

It was noted that since April 2009 there was a continual upward adjustment of the average selling prices and sales volume of the Group’s key products which signaled the beginning of recovery of the Group’s business from the second quarter this year. However, the Board expects the Group’s net profit generated in the second quarter may not be able to entirely offset the loss incurred in the first quarter of 2009, and hence the results for the six months ended 30 June 2009 is expected to be substantially less than that for the corresponding period in 2008.

Please note that the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the management accounts of the Group and the same has not been reviewed or discussed with the auditors of the Company and that the actual results for the Group may be different from what is disclosed in this announcement. Further details of the Group's performance will be disclosed in the interim results announcement of the Company for the six months ended 30 June 2009 which is expected to be published before the end of August 2009. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of  
**Xiwang Sugar Holdings Company Limited**  
**Wang Yong**  
*Chairman*

Hong Kong, 17 July 2009

As at the date of this announcement, the Board comprises the following directors:

*Executive directors:*

Mr. WANG Yong  
Mr. WANG Liang  
Dr. LI Wei  
Mr. WANG Cheng Qing  
Mr. HAN Zhong  
Mr. LIU Ji Qiang  
Mr. SUN Xihu

*Independent non-executive directors:*

Mr. SHI Wei Chen  
Mr. SHEN Chi  
Mr. WONG Kai Ming

\* *for identification purpose only*