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XIWANG SUGAR HOLDINGS CO., LTD
(Incorporated in Bermuda with limited liability)
(Stock code: 2088)

**GENERAL DISCLOSURE UNDER RULE 13.09(1):
POSSIBLE ACQUISITION OF XIWANG FOOD**

On 4 July 2008, the Company, Xiwang Group and Xiwang Food entered into the MOU in relation to the Proposed Acquisition.

Save as stated below, no other major terms have been agreed upon by the parties. The MOU, which is non-legally binding (save for certain provisions), may or may not lead to any agreement and the transactions contemplated thereunder may or may not proceed. Should the Proposed Acquisition proceed, a further announcement will be made by the Company in compliance with the Listing Rules.

Shareholders and potential investors in the Company are advised to exercise caution when dealing in the shares of the Company.

On 4 July 2008, Xiwang Sugar Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (as purchaser), Xiwang Group Company Limited (“**Xiwang Group**”) (as vendor) and Shandong Xiwang Food Company Limited (“**Xiwang Food**”) entered into a memorandum of understanding (the “**MOU**”) in relation to a possible acquisition of Xiwang Food (the “**Proposed Acquisition**”), the major terms of which are set out below:

Subject matter: 100% equity interest of Xiwang Food (or, if considered appropriate by the Company, business and assets of Xiwang Food). Xiwang Food is a limited company established in the People’s Republic of China with a registered capital of RMB58,000,000 and is principally engaged in the production of edible oil. As at the date of this announcement, Xiwang Food was owned

as to 100% by Xiwang Group, a connected person of the Company. Xiwang Food is one of the Group's customers and the Group has been selling corn germs to Xiwang Food as its major raw materials for the production of corn oil.

Consideration: To be determined based on the net assets value, production or sales volume of Xiwang Food or such other basis to be agreed by the Company and Xiwang Group. The consideration may be satisfied in cash or by such other method to be determined by the Company and Xiwang Group.

Conditions precedent: The closing of the Proposed Acquisition is subject to a number of conditions including (but not limited to) satisfactory due diligence review by the Company and independent shareholders' approval by the Company.

Exclusivity: Xiwang Group and Xiwang Food shall not, whether by itself or through any other third parties, during the period of six months from the date of the MOU, negotiate or enter into any agreement (whether oral or written) for the sale and purchase of the entire equity interest in, or all or part of the assets and/or business of, Xiwang Food.

Save as stated above, no other major terms have been agreed upon by the parties.

The MOU, which is non-legally binding (save for certain provisions), may or may not lead to any agreement and the transactions contemplated thereunder may or may not proceed. Should the Proposed Acquisition proceed, a further announcement will be made by the Company in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Shareholders and potential investors in the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

As at the date of this announcement, the directors of the Company are as follows:

Executive directors:

Mr. WANG Yong

Mr. WANG Liang

Dr. LI Wei

Mr. WANG Cheng Qing

Mr. HAN Zhong

Mr. LIU Ji Qiang

Non-executive director:

Mr. LIU Heng Fang

Independent non-executive directors:

Mr. SHI Wei Chen

Mr. SHEN Chi

Mr. WONG Kai Ming

By order of the board of directors of
Xiwang Sugar Holdings Company Limited
Wang Yong
Chairman

Hong Kong, 4 July 2008