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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 the Company pursuant to Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

Based on the preliminary assessment of the accountant's report of the Group for the three months ended 31 March 2013, the unaudited consolidated management accounts for the six months ended 30 June 2013 and information currently available to the Board, the Group is expected to record a substantial loss for the six months ended 30 June 2013 as compared to a profit for the corresponding period in 2012.

The expected substantial loss for the six months ended 30 June 2013 was mainly caused by (a) squeeze of gross profit margin of major products of the corn processing business (a discontinued business) of the Group for the six months ended 30 June 2013; and (b) the recognition of non-recurring finance cost and direct expenses associated with the Disposal as set out in the Circular.

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

This announcement is made by Xiwang Sugar Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the “**SFO**”) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

It is expected that the Group would record a substantial loss for the six months ended 30 June 2013 as compared to a profit attributable to its equity holders of approximately RMB3.0 million for the corresponding period in 2012 during which the Group was principally engaged in the corn processing business (a discontinued business) only. The substantial loss expected to be recorded by the Group for the six months ended 30 June 2013 was mainly caused by (a) squeeze of gross profit margin of major products of the corn processing business (a discontinued business) of the Group for the six months ended 30 June 2013; and (b) the recognition of non-recurring finance cost and direct expenses associated with the disposal of the corn processing business (a discontinued business) as set out in the Circular (the “**Disposal**”). Details of these factors are set out below.

It was stated in the accountant’s report of the Group contained in the circular (the “**Circular**”) of the Company dated 13 June 2013 that the Group suffered an audited net loss after tax of approximately RMB37.0 million for the three months ended 31 March 2013. The operating environment of the corn processing business (a discontinued business) of the Group remained difficult for the three months ended 30 June 2013. This resulted in a squeeze of gross profit margin of major products of corn processing business (a discontinued business) of the Group during the six months ended 30 June 2013 as compared to that of the corresponding period in 2012. In respect of the property development business of the Group, it was disclosed in the Circular that as the existing properties developed by the Group for sale were still under construction and had not yet been completed for delivery to purchaser, no property sale revenue was recorded for the three months ended 31 March 2013. Revenue from property sale is expected to be recorded for the six months ended 30 June 2013, however, after taking into account expenses expected to be recorded by the Group, it is expected that the Group would record a loss for the six months ended 30 June 2013.

Disposal took place on 29 June 2013. Following completion of the Disposal, the Group has to record non-recurring expenses including (a) finance cost in an estimated amount of RMB78.3 million, being the difference between the principal amount and fair value of the promissory note as at the date of completion, as a result of extinguishment of the promissory note in the principal amount of RMB308 million issued by the Company on 31 December 2012; and (b) the direct expenses associated with the Disposal. It was stated in the Circular that the direct expenses associated with the Disposal was estimated to be approximately RMB5 million (being part of a loss of approximately RMB861.6 million expected to be recognised in respect of the Disposal, and the remaining RMB856.6 million would be recognised as a reduction of reserve in the consolidated statement of financial position of the Group). The basis and assumptions in estimating the loss on the Disposal are set out in the unaudited pro forma financial information of the remaining group in the Circular. The actual amounts to be recorded in the financial statements of the Group may vary.

The information contained in this announcement is only based on the preliminary assessment by the board (the “**Board**”) of directors of the Company with reference to the accountant’s report of the Group for the three months ended 31 March 2013, the unaudited consolidated management accounts of the Group for the six months ended 30 June 2013, which have neither been audited or reviewed by the auditors of the Company, and information currently available. Details of the unaudited interim results of the Group for the six months ended 30 June 2013 are expected to be announced in August 2013.

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

By Order of the Board
Xiawang Sugar Holdings Company Limited
Wang Yong
Chairman

Hong Kong, 11 July 2013

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

Executive Directors:

Mr. WANG Yong
Mr. WANG Di
Mr. WANG Fangming
Dr. LI Wei
Mr. HAN Zhong

Independent Non-executive Directors:

Mr. SHI Wei Chen
Mr. WONG Kai Ming
Mr. WANG An

Non-executive Directors:

Mr. SUN Xihu

* *For identification purpose only*