XIWANG SUGAR HOLDINGS COMPANY LIMITED

西王糖業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- ▶ 2010 revenue: RMB 3,257 million (2009: RMB 2,481 million), an increase of 31.3%.
  ▶ 2010 net profit: RMB 210 million (2009: RMB 102 million), an increase of 106.7%.
  ▶ 2010 earnings per share: RMB 0.21 (2009: RMB 0.12), an increase of 75.0%.
  ▶ 2010 overall gross profit margin: 14.5% (2009: 12.8%), an increment of 1.7 percentage points.

- The satisfactory results in the Year were mainly driven by the strong performance of the Group's starch sugar products. In particular, the strong growth in both sales volume and selling price of crystalline glucose was largely benefited from the strong demand for and tight supply of it in China.

- The Group's major production cost was corn cost. Although average corn cost in the Year rose by 19%, the average selling prices of crystalline glucose and fructose-glucose syrup increased by 27% and 19% respectively. However, the average selling prices of corn gluten meal and corn gluten feed only increased by 1% and 11% owning to the weak market of animal feed. Nevertheless, the Group achieved an improvement in overall gross profit margin to 14.5%.

- No final dividend was proposed by the Board in respect of the Year (2009: RMB 0.037 per share). The Group will have further development plans for its new products including crystalline fructose and oligosaccharide in 2011. Given the current upward trend of borrowing interest rates in both China and overseas, the Board considered it would be more favorable for the Group to retain sufficient funding as a means to reduce the reliance on debt financing.

ANNUAL RESULTS

The board of directors (the "**Board**") of Xiwang Sugar Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2010 (the "**Year**") extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	Note	**2010** **RMB'000**	2009 RMB'000
Turnover	2	**3,257,459**	2,480,853
Cost of goods sold		**(2,785,489)**	(2,164,184)
Gross profit		**471,970**	316,669
Other income – net		**1,315**	1,569
Selling and marketing costs		**(120,012)**	(97,905)
Administrative expenses		**(60,608)**	(48,145)
Operating profit		**292,665**	172,188
Finance income		**4,178**	8,696
Finance costs		**(81,484)**	(65,042)
Finance costs – net		**(77,306)**	(56,346)
Profit before income tax		**215,359**	115,842
Income tax expense	3	**(5,473)**	(14,323)
Profit for the year		**209,886**	101,519
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**209,886**	101,519
Attributable to:			
Equity holders of the Company		**209,886**	101,759
Non-controlling interest		**–**	(240)
		209,886	101,519
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
– basic	4	**0.21**	0.12
– diluted	4	**0.21**	0.12
Dividend	5	**–**	35,532

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	**2010 RMB'000**	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,760,168**	1,577,500
Land use rights		**239,510**	244,722
Deferred income tax assets		**5,512**	3,236
		2,005,190	1,825,458
Current assets			
Inventories	6	**560,570**	377,659
Trade and other receivables	7	**766,898**	949,919
Prepaid current income tax		**13,264**	–
Amounts due from related parties		**86,535**	79,025
Cash and cash equivalents		**548,502**	777,664
		1,975,769	2,184,267
Total assets		**3,980,959**	4,009,725
EQUITY			
Attributable to equity holders of the Company			
Share capital		**101,896**	87,953
Share premium		**328,531**	24,036
Other reserves		**921,492**	769,916
Retained earnings			
– Proposed final dividend	5	**–**	35,532
– Others		**613,586**	554,890
Non-controlling interest		**–**	280
Total equity		**1,965,505**	1,472,607

	Note	**2010** **RMB'000**	2009 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**831,549**	190,000
Current liabilities			
Trade and other payables	8	**420,636**	402,396
Current income tax liabilities		**–**	206
Amounts due to related parties		**29,910**	4,352
Borrowings		**733,359**	1,939,122
Derivative financial instruments		**–**	1,042
		1,183,905	2,347,118
Total liabilities		**2,015,454**	2,537,118
Total equity and liabilities		**3,980,959**	4,009,725
Net current assets / (liabilities)		**791,864**	(162,851)
Total assets less current liabilities		**2,797,054**	1,662,607

NOTES:

1. **Basis of presentation**

   The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments).

   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.

   Certain new standards, amendments and interpretation to exiting standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010. The Group has not early adopted such standards and interpretations, the adoption of which will not result in significant impact on the Group's consolidated financial statements.

2. **Segment information**

   The chief operating decision-maker has been identified as the Chief Executive Officer. The Chief Executive Officer reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

   The Chief Executive Officer assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not included in the result for each operating segment. Other information provided to the Chief Executive Officer is measured in a manner consistent with that in the financial statements.

   The turnover of the Group represents sales of goods.

Year ended 31 December 2010

	Note	**Starch sugars** RMB'000	**Corn co-products and others** RMB'000	**Total** RMB'000
Segment sales		**1,854,628**	**2,728,594**	**4,583,222**
Inter-segment sales		**–**	**(1,325,763)**	**(1,325,763)**
Sales from external customers		**1,854,628**	**1,402,831**	**3,257,459**
Operating profit / Segment results		**250,326**	**42,339**	**292,665**
Finance costs – net				**(77,306)**
Profit before income tax				**215,359**
Income tax expense	3			**(5,473)**
Profit for the Year				**209,886**
Capital expenditure		**228,902**	**58,262**	**287,164**
Depreciation		**58,034**	**33,254**	**91,288**
Amortisation		**2,981**	**2,231**	**5,212**
Impairment loss on property, plant and equipment				**12,927**

Year ended 31 December 2009

	Note	Starch sugars RMB'000	Corn co-products and others RMB'000	Total RMB'000
Segment sales		1,114,851	1,464,857	2,579,708
Inter-segment sales		–	(98,855)	(98,855)
Sales from external customers		1,114,851	1,366,002	2,480,853
Operating profit/ Segment results		106,996	65,192	172,188
Finance costs – net				(56,346)
Profit before income tax				115,842
Income tax expense	3			(14,323)
Profit for the year				101,519
Capital expenditure		152,829	116,207	269,036
Depreciation		50,141	29,469	79,610
Amortisation		3,039	791	3,830
Impairment loss on property, plant and equipment				7,350

Total revenue derived from external customers in the PRC is RMB 2,817,110,000 for the Year (2009: RMB 2,177,903,000), and the total of revenue derived from external customers from other countries is RMB 440,349,000 (2009: RMB 302,950,000).

Inter-segment transfers or transactions are entered into under the terms and conditions agreed by both parties.

Because the Chief Executive Officer reviews the financial position of the Group as a whole, no segment assets/ liabilities were disclosed.

Capital expenditure comprises additions to property, plant and equipment, land use rights and construction in progress.

3. Income tax expense

Pursuant to the rules and regulations of Bermuda and the British Virgin Island ("BVI"), the Group was not subject to any income tax in Bermuda and the BVI during the Year (2009: Nil).

No Hong Kong profits tax was provided for as the Group had no estimated assessable profit arising in or derived from Hong Kong during the Year (2009: Nil).

Pursuant to the PRC Corporate Income Tax Law ("CIT"), all PRC enterprises are subject to a standard enterprises income tax rate of 25%, except for enterprises under specific preferential policies and provisions. Shandong Xiwang Sugar Industry Company Limited ("Xiwang Sugar") and Shandong Xiwang Bio-Chem Technology Company Limited ("Xiwang Technology") are production enterprises with foreign investments, and therefore they are eligible to enjoy certain CIT preferential treatments in accordance with the CIT Law and tax regulation ("CIT Tax Holiday"). The CIT Tax Holidays of Xiwang Sugar and Xiwang Technology commenced in 2005 and 2007 respectively. The CIT Tax Holiday of Xiwang Sugar finished in 2009 while Xiwang Technology enjoyed its fourth CIT Tax Holiday in 2010. During the Year, the applicable tax rate of Xiwang Technology was 12.5% (2009: 12.5%), while the applicable tax rate of Xiwang Sugar, Shandong Xiwang Functional Sugar Company Limited ("Functional Sugar") and Xiwang Sugar (Beijing) Company Limited ("Xiwang Sugar (Beijing)") was 25% (2009: 12.5% for Xiwang Sugar, 25% for Functional Sugar and not applicable for Xiwang Sugar (Beijing)).

In addition, according to Zouguoshuihan (2007) No. 66 issued by the National Tax Bureau of Zouping County, Xiwang Technology was approved to be exempted from CIT amounting to maximum RMB 41,121,000 for 7 years in aggregate, starting from 2007 ("CIT Exemption"). The concession was granted because of purchase of domestically manufactured equipment by Xiwang Technology. During the Year, Xiwang Technology has utilized the concession.

In November 2010, Xiwang Technology was recognised as the enterprise with "New and Advanced Technology" by the relevant authorities in the PRC. Xiwang Technology is therefore eligible to enjoy relief of CIT from 25% to 15% from January 2011 onwards.

Pursuant to the new CIT Law and relevant regulations, withholding tax is levied on dividends paid to foreign investors from PRC enterprises relating to profit earned after 1 January 2008. The directors of the Company consider that both its subsidiaries in the PRC, Xiwang Sugar and Xiwang Technology, would not distribute their profits earned after 1 January 2008 in the foreseeable future, accordingly, no deferred tax had been recognised for the undistributed retained earnings as at 31 December 2010.

	2010	2009
	RMB'000	RMB'000
Current tax		
– PRC corporate income tax	**7,749**	10,505
Deferred tax		
– (Origination)/ reversal of deferred tax assets recognised on originating temporary differences	**(1,681)**	3,818
– Impact of change in tax rate	**(595)**	–
Income tax expense	**5,473**	14,323

The tax on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the Group companies as follows:

	2010	2009
	RMB'000	RMB'000
Profit before tax	**215,359**	115,842
Tax calculated at statutory tax rates of 25% (2009: 25%)	**53,840**	28,961
Tax effects of:		
– Effect of tax concessions	**(50,115)**	(19,398)
– Adjustment in respect of prior years	**–**	4,760
– Re-measurement of deferred tax arising from change in tax rate	**(595)**	–
– Expenses not deductible for tax purpose	**2,343**	–
Income tax expense	**5,473**	14,323

4. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Profit attributable to the equity holders of the Company (RMB'000)	**209,886**	101,759
Weighted average number of ordinary shares in issue (thousands)	**976,615**	847,376
Basic earnings per share (RMB per share)	**0.21**	0.12

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the issued share options.

	2010	2009
Profit attributable to the equity holders of the Company (RMB'000)	**209,886**	101,759
Weighted average number of ordinary shares in issue (thousands)	**976,615**	847,376
Adjustments for share options (thousands)	**2,726**	1,214
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**979,341**	848,590
Diluted earnings per share (RMB per share)	**0.21**	0.12

5. Dividend

Pursuant to a resolution of the directors of the Company and approved by the shareholders in the 2009 annual general meeting, the dividend in respect of the year ended 31 December 2009 was RMB 0.037 per share (or RMB 35,532,000 in aggregate) for shareholders holding 967,376,406 ordinary shares of the Company. Shareholders holding 622,899,163 shares were satisfied by the allotment of 14,438,050 new ordinary shares of the Company at HK$ 1.812 per share in the form of scrip dividends amounting to HK$ 26,162,000 (equivalent to RMB 22,760,000 translated at the exchange rate prevailing at the date of distribution). Shareholders holding 344,477,243 shares were satisfied by cash dividends settled in cash amounting to HK$ 14,467,000 (equivalent to RMB 12,386,000, translated at the exchange rate prevailing at the actual payment date).

No final dividend was proposed in respect of the Year.

6. Inventories

	2010	2009
	RMB'000	RMB'000
Raw materials	**392,365**	250,426
Work in progress	**78,156**	63,668
Finished goods	**90,049**	63,565
	560,570	377,659

The cost of inventories recognised as expenses and included in cost of goods sold amounted to approximately RMB 2,772,562,000 for the Year (2009: RMB 2,156,834,000).

7. Trade and other receivables

		Group	
		2010	2009
	Note	**RMB'000**	RMB'000
Trade receivables			
– gross and net	(a)	**66,458**	178,629
Bills receivables	(b)	**359,642**	393,330
Advance to suppliers	(c)	**322,069**	355,570
Other receivables		**18,729**	22,390
		766,898	949,919

(a) Certain major customers are granted with credit periods ranging from 30 to 180 days while most sales of goods made with other customers are on cash on delivery basis, or with prepayments covering the full sales amounts be made before goods delivery.

(b) Bills receivables are received from customers under the ordinary course of business. All of them are bank acceptance bills with maturity period within 6 months.

(c) Such advance payments were made by the Group in order to ensure stable supplies of corn kernels and electricity and steam at more favourable prices.

An ageing analysis of the Group's gross trade receivables, presented according to the invoice date, is as follows:

	2010	2009
	RMB'000	RMB'000
0-30 days	**35,326**	93,015
31-60 days	**10,602**	34,550
61-90 days	**3,203**	31,177
Over 90 days	**17,327**	19,887
	66,458	178,629

Trade receivables that are less than three months past due are not considered impaired. As at 31 December 2010, the trade receivables that were past due but not impaired were insignificant. These were mainly receivables due from a number of independent customers for whom there was no recent history of default.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2010	2009
	RMB'000	RMB'000
RMB	**742,432**	864,531
US$	**23,939**	82,781
HK$	**527**	2,381
WON	**–**	226
	766,898	949,919

As at 31 December 2010 and 2009, the fair values of trade and other receivables of the Group and the Company approximate to their carrying amounts. The maximum exposure to credit risk at the reporting date is the fair value of the receivable balances mentioned above. The Group does not hold any collateral as security.

8. Trade and other payables

	Group	
	2010	2009
	RMB'000	RMB'000
Trade payables	**124,191**	135,689
Other payables	**238,123**	224,961
Other taxes payables	**4,341**	4,188
Deposits and advance from customers	**53,981**	37,558
	420,636	402,396

Ageing analysis of the trade payables is as follows:

	2010	2009
	RMB'000	RMB'000
0-30 days	**32,697**	97,488
31-60 days	**24,996**	2,531
61-90 days	**30,638**	11,567
Over 90 days	**35,860**	24,103
	124,191	135,689

Approximately RMB 164,111,000 (2009: RMB 176,562,000) of other payables as at 31 December 2010 represents payables for purchases of property, plant and equipment in relation to the construction of the fructose plant and the oligosaccharide production line of the Group.

The carrying amounts of trade and other payables are primarily denominated in RMB. The carrying amounts of the Group's and Company's trade and other payables as at 31 December 2010 approximate their fair values.

CHAIRMAN'S STATEMENT

Dear Shareholders,

While reading the financial report of 2010, I am not surprised with the satisfactory results. Our profitability was significantly enhanced with a better performance of our products and a larger contribution of new products. In fact, we have undergone a lot of changes over these years. Since the time of listing, we have been a leading corn processor and the largest crystalline glucose supplier in China. In few years, we further become the largest provider of crystalline fructose and sodium gluconate in China. Now, moving from a stage of capacity expansion, we put our focus to improve the overall efficiency of the circular economy production process. The aim is to maximize the output of high-value products. Looking at the changes in revenue mix, we know our earlier endeavor has started to pay off.

The Group recorded revenue of approximately RMB 3.26 billion in the Year, a growth of 31.3% compared with 2009, and profit attributable to equity holders of the Company of approximately RMB 210 million, an increase of 106.3%.

Our mission is to become a leading functional starch sugar provider in China. We continue to diversify healthy starch sugar products, which have specific niches in the market. For example, glucose can provide a fine sweetness to food and enhance the texture of food. Fructose is the sweetest monosaccharide with fewer calories. It is a type of natural sugar suitable for diabetics. Oligosaccharide has a beneficial effect on our digestive system.

Because of the climate problems, sugar cane experienced poor harvest in many parts of the world. There were lower outputs from Brazil, India and Australia, the world's largest sugar countries, resulting in the international sugar price to hit 30-year high in early 2011. The world inventory level of sugar has reached historical low and it is expected that the world's sugar market would remain at a relatively tight level of supply. These situations have caused the international sugar price to have risen dramatically.

In China, the growth of sugar cane was affected by the continual cold weather in Guangxi province. The consensus on white sugar supply was reduced to slightly below 12 million tonnes in 2011. Annual output of solid starch sugars is around 2 million tonnes. With the demand exceeded 14 million tonnes, obviously the overall domestic market is in tight supply. It is the main reason for the continual increase in white sugar price in China, which showed an approximate 40% increase from the beginning of last year to the end of last year. We expect the situations of strong demand and tight supply of sugar in China will continue to support the upward trend of sugar price.

In contrast, corn supply in China has been stable with slight expansion. In the last few years, the national output was kept at above 160 million tonnes, and is expected to reach 168 million tonnes in 2011, which is sufficient to meet the domestic consumption of about 160 million tonnes. Due to the overall inflationary environment in China, corn price increased by about 15% to 20% year-on-year over the last couples of years. While in the bull market of soft commodities, we found this magnitude was relatively gentle compared to many other agricultural products. Indeed, the price increment of corn has provided the farmers with reasonable incentives to grow corn, which ensures a steady raw material supply. Thus, the conditions of sugar market and corn market as a whole are providing a favorable operating environment for the Group.

In the next stage, fructose is our major focus. The national standard of crystalline fructose will be published soon this year. The standard represents a formal definition and classification of this new product, and our fructose would be a product manufactured in China meeting the standard. We believe this will enhance our importance in the marketplace and will be highly positive for our ongoing development. The Group's first production line has been operating smoothly. The Group will add further production capacity of fructose in the foreseeable future.

No final dividend was proposed by the Board in respect of the Year. The Group will have further development plans for its new products including crystalline fructose and oligosaccharide in 2011. Given the current upward trend of the borrowing interest rates in both China and overseas, the Board considered it would be more favorable for the Group to retain sufficient funding as a means to reduce the reliance on debt financing. In January 2011, the Board proposed a bonus issue of warrants to the shareholders. On the basis of the maximum number of warrants to be issued and based on the subscription price per warrant share, gross proceeds of approximately HKD 428 million will be raised upon full exercise of the subscription rights attached to the warrants. The Group can use such proceeds towards its general working capital or for other purposes as the Board may consider necessary, such as to further pay down the debts or for new products development at times appropriate.

In November 2010, we had some changes in the composition of our Board. Three previous executive directors were replaced by three new executive directors. The previous directors resigned to work in other business units of Xiwang Group Company Limited, the controlling shareholder of the Company, which include the steel business and the edible oil business. Among the three new executive directors, one of them is also our new Chief Executive Officer who has excellent experience in corporate management. Another two new directors possess sales and marketing expertise. The change in the Board mix is in line with the change in our development focus.

As such, we began to disclose our operational performance on a quarterly basis, starting the third quarter of 2010. The purpose is to provide more up-to-date information between interim results and annual results so as to enable the investors to keep better track of our performance. Such initiative has increased the awareness of the Company in the stock market and we have received excellent feedback.

My deepest thanks to all the shareholders, customers and staff for all their invaluable support to the Company. We expect we will move forward together to another year of great success.

WANG YONG
Chairman

30 March 2011

MANAGEMENT DISCUSSION & ANALYSIS

1. Introduction

Xiwang Sugar Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the production of a variety of starch sugars and corn co-products in the People's Republic of China ("China" or the "PRC"), and the distribution and sale of such products within and outside the PRC. The Group's products are important ingredients for many industries in the world, including food and beverage, fermentation, pharmaceutical, chemical and animal nutrition.

The Group was established in 2001 and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 2005. Headquartered in the Zouping County of Shandong Province in the PRC, the Group's production facilities are fully integrated, which promotes the efficient use of resource and greatly enhances the ability of lengthening the corn value chain. Currently, the Group has an annual corn processing capacity of 1.5 million tonnes. The Group is the largest producer of crystalline glucose in the PRC with an annual capacity of 800,000 tonnes, and is the pioneer and the largest provider of crystalline fructose in the PRC with an annual capacity of 50,000 tonnes. In addition, the Group is the largest producer of sodium gluconate in the PRC with an annual capacity of 120,000 tonnes.

The Group is regarded as the Number 1 of the Top 20 Enterprises in the Starch Sugar Industry by the China Fermentation Industry Association since 2006 and the Town of Sugar in China by the China National Food Industry Association since 2007. The Group is highly committed to environmental safety. The Group has been accredited as the National Environmental Friendly Corporation by the Ministry of Environmental Protection of the PRC since 2005. In 2009, the Group's industrial area is quoted as the Demonstration Area of Circular Economy in the Yellow River Delta Efficient Eco-Economic Zone Development Plan by the National Development and Reform Commission of the PRC.

Segment Description:

The Group refines corn and has organized its business into two operating segments:

(1) Starch sugars which include crystalline glucose, crystalline fructose and fructose-glucose syrup.

(2) Corn co-products and others which include corn gluten meal, corn gluten feed, corn germ, corn starch and sodium gluconate.

(1) Starch Sugars

Crystalline glucose, or dextrose monohydrate, is a monosaccharide in white, fine-crystalline form, with relative sweetness of 0.7[1]. Glucose serves to enhance the taste and texture of many food products, such as ice-cream or crackers. It is also widely used industrially as fermentation intermediate for the production of various pharmaceuticals, food and feed ingredients. Glucose can be directly assimilated by human circulation system so it is often used for medical transfusion. The Group produces crystalline glucose from corn starch.

Crystalline fructose is a monosaccharide in white, fine-crystalline form. It has a sweet fruity flavor and the highest relative sweetness of 1.3[1] to 1.8[1] among all natural sugars. As a result, a smaller amount of fructose can be used to achieve the same sweet taste. Fructose is commonly used in making low caloric food such as cereals and sports drinks. Fructose has a Glycemic Index[2] value of 19 which is the lowest among all natural sugars. Low GI diets (GI value less than 55) are suggested for people with diabetes. The Group produces crystalline fructose from crystalline glucose.

Fructose-glucose syrup refers to a family of mixture of varying amount of fructose and glucose. Fructose-glucose syrup has a relative sweetness of 1.0[1] to 1.2[1], and is mainly used for sweetening purpose. Although fructose-glucose syrup is widely used in beverages and food, its application is relatively limited since the product is in syrup form which restricts its distribution distance.

(2) Corn co-products and others

Corn gluten meal is a high-protein ingredient with natural yellow pigment which is also known as yellow powder. It is commonly used in animal feed for providing rich protein to promote the growth of animals such as pig, chicken, pet and fish. Corn gluten meal is extracted from corn kernel after the larger part of starch and germ are separated during the basic refinery process.

Corn gluten feed is a source of protein, energy and fiber. It is used as a multi-nutrient ingredient for cattle, pig, poultry and pet. Corn gluten feed is obtained from corn kernel after starch, germ and gluten have been extracted. Corn gluten meal and corn gluten feed are collectively categorized as the Group's "corn feed products".

Notes:

1 Based on the relative sweetness of sucrose (constituent of white sugar) of 1.0.

2 Glycemic Index ("GI") measures the rate of blood glucose increase after the intake of food, ranking on a scale of 0 to 100. Glucose has a GI value of 100 (as reference) and sucrose has a GI value of 65.

Corn germ is the embryo part of a corn kernel, and is rich in oil. The Group sells all the corn germ to a nearby connected company which is engaged in the production of edible corn oil. The transactions are based on market prices.

Corn starch constitutes approximately 70% of the major part of a corn kernel. The Group uses corn starch principally for the production of crystalline glucose and sodium gluconate, so corn starch is not the Group's development focus. The surplus of it will be sold to food or paper manufacturers.

Sodium gluconate appears as white, granular to fine powder. Sodium gluconate is largely used as a set retarder of concrete in construction industry. It is also used as a detergent for bottle washing and utensil cleansing.

2. **Review of Financial Results**

A highlight of the financial results of the Group for the year ended 31 December 2010 (the "Year"), together with the comparative figures of the corresponding period in 2009, is as follow:

For the year ended	**2010** **RMB'000**	2009 RMB'000	Increase %
Revenue	**3,257,459**	2,480,853	31.3
Gross profit	**471,970**	316,669	49.0
Operating profit	**292,665**	172,188	70.0
Net profit	**209,886**	101,519	106.7
Gross profit margin	**14.5%**	12.8%	1.7% points
Operating profit margin	**9.0%**	6.9%	2.1% points
Net profit margin	**6.4%**	4.1%	2.3% points

The Group recorded substantial growth in revenue and profits and profit margins during the Year when compared with 2009.

The satisfactory results was mainly driven by the strong performance of our starch sugar products and sodium gluconate. During the Year, the Group was engaged in improving the production process such that a larger amount high-value products of starch sugars and sodium gluconate were produced from corn starch. It was reflected by the strong growth in the sales volumes of crystalline glucose, fructose-glucose syrup and sodium gluconate by approximately 17.0%, 254.9% and 104.7% respectively. Furthermore, although the major production cost, average corn cost, rose by approximately 19%, the average selling price of our crystalline glucose increased significantly by approximately 27% and that of fructose-glucose syrup increased by approximately 19%. Therefore, even though the performance of our corn feed products was weak due to the slow recovery of animal feed market in China, the Group still achieved a significant improvement in the overall results.

Revenue

Revenue by operating segments:

For the year ended	**2010** **RMB'000**	2009 RMB'000	Increase/ (Decrease) %
Starch sugars:			
Crystalline glucose	**1,562,819**	1,049,634	48.9
Crystalline fructose	**42,412**	5,908	617.9
Fructose-glucose syrup	**249,397**	59,309	320.5
	1,854,628	1,114,851	66.4
Corn co-products and others:			
Corn gluten meal	**234,861**	254,874	(7.9)
Corn gluten feed	**217,876**	216,804	0.5
Corn germ	**286,666**	233,353	22.8
Corn starch	**179,349**	348,936	(48.6)
Sodium gluconate	**424,770**	185,916	128.5
Others	**59,309**	126,119	
	1,402,831	1,366,002	2.7
	3,257,459	2,480,853	31.3

Sales volume of key products:

For the year ended	**2010** **Tonnes**	2009 Tonnes	Increase/ (Decrease) %
Starch sugars:			
Crystalline glucose	**517,801**	442,583	17.0
Crystalline fructose	**6,636**	809	720.3
Fructose-glucose syrup	**119,919**	33,791	254.9
Corn co-products and others:			
Corn gluten meal	**56,851**	62,229	(8.6)
Corn gluten feed	**184,839**	204,725	(9.7)
Corn germ	**96,149**	88,474	8.7
Corn starch	**83,692**	204,342	(59.0)
Sodium gluconate	**99,793**	48,749	104.7

Average selling prices of key products:

For the year ended	**2010**		2009		Increase/
	RMB/tonne		RMB/tonne		(Decrease)
	Tax-inclusive	**Tax-exclusive**	Tax-inclusive	Tax-exclusive	%
Starch sugars:					
Crystalline glucose	**3,531**	**3,018**	2,775	2,372	27.2
Crystalline fructose	**7,477**	**6,391**	8,543	7,302	(12.5)
Fructose-glucose syrup	**2,434**	**2,080**	2,053	1,755	18.5
Corn co-products and others:					
Corn gluten meal	**4,833**	**4,131**	4,792	4,096	0.9
Corn gluten feed	**1,179**	**1,179**	1,059	1,059	11.3
Corn germ	**3,369**	**2,981**	2,981	2,638	13.0
Corn starch	**2,507**	**2,143**	1,998	1,708	25.5
Sodium gluconate	**4,981**	**4,257**	4,462	3,814	11.6

During the Year, revenue of starch sugars was approximately Renminbi ("RMB") 1,855 million (2009: RMB 1,115 million) which accounted for approximately 56.9% of the total revenue (2009: 44.9%). Revenue of corn co-products and others was approximately RMB 1,403 million (2009: RMB 1,366 million) which accounted for 43.1% of the total revenue (2009: 55.1%).

1. Crystalline glucose

   The Group achieved strong growth in both sales volume and average selling price of crystalline glucose in the Year when compared with 2009. Firstly, it was due to the strong demand for and the tight supply of crystalline glucose in China. Secondly, the continual increase in white sugar price in China has further supported the rise in price of crystalline glucose.

2. Crystalline fructose

   The supply of crystalline fructose in China is dependent on import. Therefore, our aim is to substitute the import in order to capture the market share. As part of our development of fructose market in China, we needed to provide more discounts to customers to attract them to use our product.

   The Group began the commercial production of the fructose plant in late 2009. Thus, the production output of crystalline fructose gradually increased during the Year.

3. Fructose-glucose syrup

   Apart from the production of crystalline fructose, the Group utilized the fructose plant for the production of fructose-glucose syrup. The proportion of output of crystalline fructose and fructose-glucose syrup depended on the relative demand for the two products during that period of time.

   During the Year, the sales volume and average selling price of fructose-glucose syrup of the Group were strong due to the strong demand for it in the food and beverage industry.

4. Corn feed products

   The sales performance of corn feed products depends largely on the supply and demand dynamics of the animal feed market in China which is in turn sensitive to pork price in China. As there was oversupply of pigs in the first half of 2010, the demand for animal feed reduced. The Chinese government began to collect frozen pork since the middle of the Year. Though recovery of the animal feed market was seen in the second half of the Year, the momentum was not strong enough to cause a significant rebound of the performance of our corn feed products.

5. Corn germ

   The growth in sales volume and average selling price of corn germ in the Year was driven by the higher consumption of edible corn oil in China. In particular, the price of corn oil rose significantly during the fourth quarter of 2010, which drove the selling price of corn germ to increase substantially at that time.

6. Corn starch

   During the Year, because of the strong market demand for crystalline glucose and sodium gluconate, a larger volume of corn starch was used internally for converting to crystalline glucose and sodium gluconate. As a result, the sales of corn starch reduced significantly.

7. Sodium gluconate

   The Group has upgraded the efficiency and capacity of the production facility for sodium gluconate in the first half of the Year. The upgrade was aimed at meeting the increasing market demand of this product.

   During the Year, we recorded satisfactory performance of sodium gluconate with sales volume doubled and a double-digit growth in average selling price, as the demand for this product in both China and overseas continued to be strong.

Revenue by geographical segments:

The Group conducts its business in both China and overseas countries.

For the year ended	**2010** **RMB'000**	2009 RMB'000	Increase %
China	**2,817,110**	2,177,903	29.3
Other countries	**440,349**	302,950	45.4
	3,257,459	2,480,853	31.3

During the Year, the Group generated a majority of sales in China. Revenue from domestic sales accounted for approximately 86.5% (2009: 87.8%) of the total sales. The rest of approximately 13.5% came from oversea countries (2009: 12.2%)

During the Year, the Group recorded strong growth in both domestic sales and export sales, with a relatively stronger growth from the export sales. Export recorded an approximate 45.4% growth, while the domestic sales recorded an approximately 29.3% growth. During the Year, products that were exported included crystalline glucose, sodium gluconate and corn feed products. On top of that, the Group began to export crystalline fructose to Europe, North America and south-east Asia regions.

Cost of goods sold:

The breakdown of cost of goods sold was as follows:

For the year ended	**2010** **RMB'000**	2009 RMB'000	Increase/ (Decrease) %
Corn	**2,052,157**	1,635,873	25.4
Other raw materials	**165,710**	98,588	68.1
Utilities	**338,387**	268,151	26.2
Depreciation	**89,023**	79,613	11.8
Labor	**59,256**	39,966	48.3
Others	**80,956**	41,993	92.8
	2,785,489	2,164,184	28.7

The Group's total cost of goods sold for the Year amounted to approximately RMB 2,785 million (2009: RMB 2,164 million), an increment of approximately 28.7% compared with 2009, which was in line with the revenue growth. The increase in production cost was resulted from the Group's overall larger production volume, in particular for the high-value products. The component costs in the cost of goods sold generally rose mainly due to the inflationary environment in China.

Corn cost represented approximately 74% of the total cost of goods sold in the Year (2009: 76%). During the Year, the Group processed approximately 1.23 million tonnes of corn (2009: 1.15 million tonne), an increase of approximately 7% year-on-year. The average corn cost (tax-inclusive) of the Group during the Year was approximately RMB 1,910 per tonne (2009: RMB 1,600 per tonne), which rose by approximately 19.4% from that of the previous year.

Gross profit margins:

Gross profit margins of key products and the Group's overall gross profit margin were:

For the year ended	**2010**	2009	Increase/ (Decrease) in Percentage points
	%	%	
Starch sugars:			
Crystalline glucose	**20.6**	16.6	4.0
Crystalline fructose	**24.0**	33.4	(9.4)
Fructose-glucose syrup	**13.9**	16.7	(2.8)
Corn co-products and others:			
Corn gluten meal	**(12.0)**	5.0	(17.0)
Corn gluten feed	**6.5**	14.8	(8.3)
Corn germ	**5.1**	5.3	(0.2)
Corn starch	**9.7**	9.3	0.4
Sodium gluconate	**17.6**	15.1	2.5
The Group's overall gross profit margin:	**14.5**	12.8	1.7

During the Year, even though the performance of corn feed products was weak, the sales performance in terms of both sale volumes and average selling prices, of crystalline glucose and sodium gluconate were strong enough to outpace the rise in production cost. Therefore, the Group's overall profitability improved and the Group's overall gross profit margin increased to 14.5% (2009: 12.8%).

Other income

The amount of other income - net was approximately RMB 1 million mainly from the sale of scrap materials (i.e. others than the Group's key products).

Selling and marketing costs

Selling and marketing costs consisted of mainly transportation expenses and commission for sales staff. Selling and marketing costs during the Year amounted to approximately RMB 120 million, which increased by about 22.6% compared with the previous year. This was in line with the increase in sales.

The Group's selling and marketing costs represented approximately 3.7% of the total revenue during the Year (2009: 3.9%).

Administrative expenses

The Group's administrative expenses included general administrative overheads, staff cost for management and non-production staff, research and development expenditure, etc.. Administrative expense during the Year amounted to approximately RMB 61 million (2009: RMB 48 million).

The Group had good control of its selling, marketing and administrative expenses, which altogether represented approximately 5.5% of the total revenue of the Year (2009: 5.9%).

Finance costs

The net finance costs of the Group comprised of interest expense and foreign exchange effect. The net finance cost of the Group was approximately RMB 77 million in the Year (2009: RMB 56 million).

Interest expense in the Year increased to approximately RMB 104 million (2009: RMB 78 million) because of a larger average loan principal in the Year (although this level came down by the end of the Year) and also a higher interest rate. The Group's effective annual interest rate was about 5.7% in the Year (2009: 5.2%).

During the Year, the Group recorded a net exchange gain of approximately 2 million (2009: net exchange loss of RMB 3 million) mainly from the Group's United States Dollars ("USD") bank borrowings.

Income tax expense

The Group's income tax expense was approximately RMB 5 million during the Year (2009: RMB 14 million). The Group has two main operating subsidiaries in the PRC, namely Shandong Xiwang Bio-Chem Technology Co., Ltd. ("Xiwang Technology") and Shandong Xiwang Sugar Industry Co., Ltd. ("Xiwang Sugar"). Both of these subsidiaries are production enterprises with foreign investments, and therefore they are entitled to two years of full exemption and three years of 50% reduction of the standard enterprise income tax rate of the PRC Corporate Income Tax Law ("CIT") of 25%, i.e. 12.5% thereafter ("CIT Tax Holidays"). The CIT Tax Holidays of Xiwang Sugar has ended in 2009, while Xiwang Technology will have its CIT Tax Holidays ended by the end of 2011. During the Year, Xiwang Sugar was subject to CIT rate of 25% and Xiwang Technology was subject to CIT rate of 12.5%.

Xiwang Technology was approved to be exempted from CIT amounting to a maximum of RMB 41 million for 7 years, in aggregate, starting from 2007 ("CIT Exemption"). The CIT Exemption was granted to Xiwang Technology because of its purchase of certain special domestically manufactured equipments. During the Year, Xiwang Technology has utilized the remaining balance of the CIT Exemption of approximately RMB 27 million. Since the majority of the Group's taxable profit was contributed by Xiwang Technology during the Year, the Group's effective tax rate was reduced significantly to approximately 2.5% (2009: 12.4%).

Liquidity, capital resources and gearing ratio:

	31 December 2010 **RMB million**	31 December 2009 RMB million
Cash and cash equivalents	**549**	778
Total borrowings	**1,565**	2,129
Net current assets / (liabilities)	**792**	(163)
Total equity	**1,966**	1,473
Current ratio[3]	**1.67**	0.93
Gearing ratio[4]	**0.52**	0.92

Notes:

3 Current ratio was calculated as total current assets divided by total current liabilities.

4 Gearing ratio was calculated as net borrowings divided by total equity, of which net borrowings equals to total borrowings minus cash and cash equivalents.

The Group's cash and cash equivalents as at 31 December 2010 amounted to approximately RMB 549 million (31 December 2009: RMB 778 million). During the Year, the Group had net cash inflow from operating activities of approximately RMB 329 million (2009: net cash outflow of RMB 458 million). The Group has net cash used in investing activities of approximately RMB 276 million in the Year (2009: RMB 272 million), mainly used for the upgrade of fructose plant and the production facility for sodium gluconate and the construction of oligosaccharide production line. The Group has net cash outflow from financial activities of approximately RMB 283 million during the Year (2009: net cash inflow of RMB 1,260 million), mainly arisen from the net proceeds of issuance of ordinary shares of approximately RMB 294 million and a net repayment of the Group's borrowings of approximately RMB 564 million.

Total borrowings of the Group reduced significantly to approximately RMB 1,565 million as at 31 December 2010 (31 December 2009: RMB 2,129 million). During the Year, the Group reduced short-term borrowings by approximately RMB 1,213 million of which a portion of them were replaced with long-term loans. Short-term borrowings represented approximately 39% of the total borrowings at 31 December 2010 (31 December 2009: 86%). As a result, the Group has improved from a net current liabilities position as at 31 December 2009 to a net current asset position as at 31 December 2010. The current ratio also increased to 1.67 at 31 December 2010 (31 December 2009: 0.93).

During the Year, the Group completed equity placements with certain institutional investors in January 2010 for Hong Kong Dollars ("HKD") 292 million and with International Finance Corporation in July 2010 for HKD 38.8 million. Adding the net profit earned during the Year, the Group's total equity increased to RMB 1,966 million as at 31 December 2010 (2009: RMB 1,473 million).

The Group's effort in lowering the debt level and raising the shareholder's equity value has strengthened the financial position by lowering the net gearing ratio from 0.92 as at 31 December 2009 to 0.52 as at 31 December 2010.

Capital investment

The Group's capital investment during the Year was approximately RMB 287 million (2009: RMB 269 million) mainly for the upgrade of fructose plant and the production facility for sodium gluconate and the construction of oligosaccharide production line.

Contingent liabilities

As of 31 December 2010, the Company has been involved in an arbitration proceedings whereby the Company is not a party to it.

The proceedings involves a dispute arisen from two contracts for sale and purchase of crystalline glucose signed by a third party Korean company (the "**Claimant**") and Xiwang Sugar (Hong Kong) Limited (the "**Respondent**") back in September and November 2009.

The respondent used to be a subsidiary of the Company until 19 January 2010. According to the Claimant's case, it was alleged that the Company was in fact in control of the Respondent and the Company was directly involved in all the matters in relation to the dispute. The Claimant therefore claimed that the Company should be bound by the arbitration clause and be liable to the alleged breach of contracts by the Respondent in the amount of approximately US$4.6 million (approximately RMB 31 million), which was the claim made by the claimant against the Respondent but not the Company (the "**Claim**").

Despite the Company's numerous clarifications, the Claimant insists to invite the Tribunal to make an award against both the Respondent and the Company on the evidence submitted by it earlier.

In order to protect the interest of the Company, the Company has no alternative but to write and inform the Tribunal that the Company shall make submissions on the issue of jurisdiction (informing the Tribunal should not have jurisdiction over the Company) as a non-party to the proceedings. The Company is now in the course of preparing such submissions.

According to the advice of the Company's legal counsel, based on the materials available so far, there was a fair chance that the Company would not be bound by the arbitration agreement as contained in the relevant contracts. The directors of the Company agree with the advice from counsel and consider that the Company has a fair chance that it would not be bound by the arbitration agreements.

The directors of the Company therefore consider that it is not probable for the Company to be liable to the Claim. Accordingly, no provision had been made in the consolidated financial statements.

Foreign exchange risk

The Group's main operation is in the PRC. The function currency of the Group is RMB. The majority of the Group's assets, liabilities, income, payments and cash balances are denominated in RMB, with a minor portion of sales from export and bank loans denominated in USD. Therefore, the directors of the Company considered that the risk exposure of the Group to fluctuation of foreign exchange rate was minimal.

Human resources

The Group had 3,047 employees as at 31 December 2010 (31 December 2009: 3,004). The Group regularly reviewed the remuneration packages of the directors and employees, with respect to their experience and responsibilities to the Group's business. The Group has established a remuneration committee to determine and review the terms of remuneration packages, bonuses, and other compensation payable to the directors and senior management. In addition to the basic remuneration packages and discretionary bonuses, share options may also be granted based on individual performance.

3. Outlook and Development

In China, sugar consumption is mainly represented by fast growth of the food-processing industry. According to the government statistics, the production of sugar-containing food was about 9.5 million tonnes in 2010, which increased by about 20% over 2009. Types of food that made most use of sugar include beverages, snacks and dairy products, which many of them exhibited double-digit growth rates. In China, sugar cane and sugar beet are the main raw materials for white sugar and corn is the main raw material for starch sugars. As agricultural land for expansion is limited and there are unexpected weather interruptions, it is expected that the possibility of a large increase in the supply of sugar in a short period of time will be minimal. Furthermore, the Chinese government has placed further stringent measures for ensuring corn is not used irregularly and there is enough corn for feed and food purposes. As such, the fundamentals of sugar market and corn market will be positive.

White sugar and high-fructose corn syrup are two most common sweeteners in food. However, health problems associated with them are numerous. One of the biggest issues is obesity. In certain cities in China, the overweighted population has accounted for more than 20% of the city population. In fact, rate of obesity has doubled in ten years, and is showing a fast upward trend. Over-consuming of sugar is dangerous in that it would also cause certain type of diabetes. Currently, diabetes has become a major epidemic in China. As an analogy, one in ten adults in China is being diagnosed with this disease, and China has overtaken India to be the largest country having the largest population of diabetics. Thus, we expect people will be more concerned about their diets and they will be more eager to look for healthy sugars as substitutes.

The Group has foreseen the opportunity of the healthy starch sugar market in China. We have launched crystalline fructose and will launch oligosaccharide soon in 2011. As part of our marketing campaign, the Group will be active in motivating large food companies to use our products to open new food products. We are also dedicated to supply these products directly to the consumer markets. The Group has also a new product called crystalline fructose-glucose. As the name suggests, it is made up of crystalline fructose and crystalline glucose. Its relative sweetness is about 1.1[1]. With this sweetness it can be used as an alternative to traditional white sugar. The national standards of crystalline fructose and crystalline fructose-glucose would be promulgated soon in 2011. We believe this will enhance our recognition and facilitate our development in the market.

DIVIDEND

No final dividend was proposed by the Board in respect of the Year (2009: RMB 0.037 per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2011 to Tuesday, 31 May 2011 (both days inclusive), during which no transfer of shares will be registered.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 31 May 2011. A notice convening the annual general meeting will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwang-sugar.com). The proxy form together with the annual report will be dispatched to shareholders on or around Monday, 11 April 2011.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Year.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Code on Corporate Governance Practices ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors (PTO) confirmed that they have complied with the Model Code during the Year and up to the date of this announcement.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the Company's annual report for the Year.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2010 annual report will be dispatched to the shareholders on or around 11 April 2011 and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xiwang-sugar.com).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements and opinions with respect to the operations and businesses of the Company. These forward-looking statements and opinions relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will, would or other results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements and opinions, which apply only as of the date of this announcement. These forward-looking statements are based on the Company's own information and on information from other sources which the Company believes to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements and opinions which could affect the market price of our shares. Neither the Company nor its directors and employees assume any liability in the event that any forward-looking statements or opinions does not materialize or turns out to be incorrect. Subject to the requirements of the Hong Kong Listing Rules, the Company does not undertake to update any forward-looking statements or opinions contained in this announcement.

MISCELLANEOUS

In the event of inconsistency, the English texts of this announcement shall prevail over the Chinese texts.

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

Hong Kong, 30 March 2011

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

Executive directors:
Mr. WANG Yong
Dr. ZHANG Yan
Mr. WANG Di
Dr. LI Wei
Mr. SONG Jie
Mr. HAN Zhong
Mr. SUN Xinhu

Independent non-executive directors:
Mr. SHI Wei Chen
Mr. SHEN Chi
Mr. WONG Kai Ming

* *for identification purpose only*