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 2011

FINANCIAL HIGHLIGHTS

- ▶ 2011 revenue: RMB 3,633 million (2010: RMB 3,257 million), an increase of 11.5%.
  ▶ 2011 net profit: RMB 179 million (2010: RMB 210 million), a decrease of 14.6%.
  ▶ 2011 basic earnings per share: RMB 0.18 (2010: RMB 0.21), a decrease of 14.3%.
  ▶ 2011 overall gross profit margin: 12.6% (2010: 14.5%), a decrement of 1.9 percentage points.

- The Group's revenue growth in the Year was driven by the increase in sales volumes and average selling prices of key products, as a result of changing the product mix further downstream to higher value products of starch sugars and sodium gluconate.

- The Group's major production cost was corn cost. Average corn cost in the Year rose by 16.5%, whereas the average selling prices of crystalline glucose and sodium gluconate increased by 16.1% and 10.0% respectively. However, the average selling price of corn gluten feed increased only by 4.3% and that of corn gluten meal decreased by 5.8% owing to the weak animal feed market. Therefore the Group's gross profit margin in the Year was affected and reduced to 12.6% (2010: 14.5%).

- The Board has proposed a final dividend for the Year of RMB 2.8 cents (equivalent to approximately HK$0.035) per ordinary share for ordinary shareholders (2010: Nil) and a final dividend for the Year of RMB 3.8 cents (equivalent to approximately HK$0.047) per CPS for holders of CPS (2010: Nil). The final dividends will be payable in cash in HK$. The final dividends represent a payout ratio of approximately 35%.

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 2011 (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	**2011** **RMB'000**	2010 RMB'000
Turnover	2	**3,632,861**	3,257,459
Cost of goods sold		**(3,176,839)**	(2,785,489)
Gross profit		**456,022**	471,970
Other income – net		**2,614**	1,315
Selling and marketing costs		**(128,236)**	(120,012)
Administrative expenses		**(74,356)**	(60,608)
Operating profit		**256,044**	292,665
Finance costs – net		**(43,523)**	(77,306)
Profit before income tax		**212,521**	215,359
Income tax expense	3	**(33,240)**	(5,473)
Profit for the year		**179,281**	209,886
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**179,281**	209,886
Attributable to:			
Equity holders of the Company		**179,281**	209,886
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
– basic	4	**0.18**	0.21
– diluted	4	**0.18**	0.21
Dividend	5	**62,733**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	**2011** **RMB'000**	2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,824,965**	1,760,168
Land use rights		**234,298**	239,510
Deferred income tax assets		**5,051**	5,512
		2,064,314	2,005,190
Current assets			
Inventories	6	**584,148**	560,570
Trade and other receivables	7	**1,156,885**	766,898
Prepaid current income tax		**–**	13,264
Amounts due from related parties		**101,879**	86,535
Cash and cash equivalents		**232,491**	548,502
		2,075,403	1,975,769
Total assets		**4,139,717**	3,980,959
EQUITY			
Attributable to equity holders of the Company			
Share capital		**102,086**	101,896
Share premium		**332,207**	328,531
Other reserves			
– Proposed final dividend	5	**62,733**	–
– Others		**933,015**	921,492
Retained earnings		**718,611**	613,586
Total equity		**2,148,652**	1,965,505

	Note	**2011** **RMB'000**	2010 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**319,447**	831,549
Current liabilities			
Trade and other payables	8	**483,008**	420,636
Current income tax liabilities		**8,084**	–
Amounts due to related parties		**67,731**	29,910
Borrowings		**1,112,795**	733,359
		1,671,618	1,183,905
Total liabilities		**1,991,065**	2,015,454
Total equity and liabilities		**4,139,717**	3,980,959
Net current assets		**403,785**	791,864
Total assets less current liabilities		**2,468,099**	2,797,054

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.

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.

The Group has adopted new and amended standards and interpretations mandatory for the financial year beginning 1 January 2011. The adoption of such standards and interpretations did not have any significant effect on the results or financial positions of the Group. The Group has not early adopted new and amended standards which have been issued but not effective for the financial year beginning 1 January 2011. The adoption of such standards is not expected to have any significant effect on the results or financial positions of the Group.

2. **Revenue and segment information**

The chief operating decision-maker has been identified as the Chief Executive Officer of the Company. 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 2011

	Note	Starch sugars RMB'000	Corn co-products and others RMB'000	Total RMB'000
Segment sales		**2,129,099**	**2,995,695**	**5,124,794**
Inter-segment sales		**–**	**(1,491,933)**	**(1,491,933)**
Sales from external customers		**2,129,099**	**1,503,762**	**3,632,861**
Operating profit / Segment results		**254,099**	**1,945**	**256,044**
Finance costs – net				**(43,523)**
Profit before income tax				**212,521**
Income tax expense	3			**(33,240)**
Profit for the year				**179,281**
Capital expenditure		**91,708**	**70,968**	**162,676**
Depreciation		**62,649**	**35,230**	**97,879**
Amortisation		**2,981**	**2,231**	**5,212**

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

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.

The Group conducts its business in both the People's Republic of China (the "**PRC**" or "**China**") and overseas countries. Total revenue derived from external customers in the PRC and external customers from other countries is as below:

	2011 RMB'000	2010 RMB'000
The PRC	**3,218,086**	2,817,110
Overseas countries	**414,775**	440,349
	3,632,861	3,257,459

None of the revenue derived from any single external customer amounted to more than 10% of the Group's revenue during the Year (2010: Nil).

3. Income tax expense

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("**BVI**"), the Group was not subject to any income tax in Bermuda and the BVI during the Year (2010: 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 (2010: Nil).

Pursuant to the PRC Corporate Income Tax ("**CIT**"), all PRC enterprises are subject to a standard enterprise income tax rate of 25%, except for enterprises under specific preferential policies and provisions. During the Year, the applicable tax rates for each of Shandong Xiwang Sugar Industry Co., Ltd ("**Xiwang Sugar**") and Xiwang Sugar (Beijing) Co., Ltd. ("**Xiwang Sugar (Beijing)**") was 25% (2010: 25%).

Shandong Xiwang Bio-chem Technology Co., Ltd ("**Xiwang Technology**") is a production enterprise with foreign investments, therefore it was eligible to enjoy certain CIT preferential treatments in accordance with the new CIT Law and tax regulation ("**CIT Tax Holiday**"). The CIT Tax Holiday of Xiwang Technology commenced in 2007. The applicable tax rate for Xiwang Technology in 2010 was 12.5%.

In November 2010, Xiwang Technology was recognized as the enterprise with "New and Advanced Technology" by the relevant authorities in the PRC. Xiwang Technology was therefore eligible to enjoy relief of CIT from 25% to 15% from January 2011 onwards. During the Year, the applicable tax rate for Xiwang Technology was 15%.

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 its subsidiary in the PRC, Xiwang Technology, would not distribute its 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 2011.

	2011 **RMB'000**	2010 RMB'000
Current tax		
– Current tax on profits for the year	**34,235**	7,749
– Adjustments in respect of prior years	**(1,456)**	–
Total current tax	**32,779**	7,749
Deferred tax		
– Reversal / (origination) of deferred tax assets recognised on originating temporary differences	**461**	(1,681)
– Impact of change in tax rate	**–**	(595)
Total deferred tax	**461**	(2,276)
Income tax expense	**33,240**	5,473

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.

	2011	2010
Profit attributable to the equity holders of the Company *(RMB'000)*	**179,281**	209,886
Weighted average number of ordinary shares in issue *(thousands)*	**1,007,762**	976,615
Basic earnings per share *(RMB per share)*	**0.18**	0.21

(b) Diluted

Diluted earnings per share is calculated by 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.

	2011	2010
Profit attributable to the equity holders of the Company *(RMB'000)*	**179,281**	209,886
Weighted average number of ordinary shares in issue *(thousands)*	**1,007,762**	976,615
Adjustments for share options *(thousands)*	**1,142**	2,726
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,008,904**	979,341
Diluted earnings per share *(RMB per share)*	**0.18**	0.21

5. Dividend

At a Board of directors' meeting held on 30 March 2012, the directors of the Company proposed a final dividend of Renminbi ("**RMB**") 2.8 cents per ordinary share for ordinary shareholders and a final dividend of RMB 3.8 cents per convertible preference share ("**CPS**") (Notes 1 and 2) for holders of CPS. The additional RMB 1 cent per CPS over the ordinary share represented the preferred distribution conferred on the holders of CPS in accordance with the terms of the CPS as approved at the special general meeting held by the Company on 27 March 2012. The final dividends, totaling the amount of approximately RMB 62,733,000, were proposed to be distributed out of the contributed surplus and to be paid in cash in Hong Kong Dollars ("**HK$**"). No final dividend was proposed to be distributed out of the retained earnings in respect of the Year (2010: Nil).

Such final dividends are to be approved by the shareholders at the forthcoming Annual General Meeting ("**AGM**") of the Company to be held on 11 May 2012. The proposed final dividends have not been reflected as dividend payable in financial statements for the Year.

	2011	2010
	RMB'000	RMB'000
Proposed final dividend of RMB2.8 cents per ordinary share (2010: Nil)	**28,240**	–
Proposed final dividend of RMB3.8 cents per convertible preference share (2010: Nil)	**34,493**	–
Total proposed final dividend	**62,733**	–

Notes:

1. Assuming a total of 907,709,900 CPS will be issued pursuant to an open offer of CPS of the Company ("**Open Offer**") in early May 2012 prior to the record date for determining entitlement to the proposed final dividend.

2. In the event that the Open Offer does not proceed and the CPS are not issued, the entire amount of RMB 62,733,000 will be distributed to the ordinary shareholders and the proposed final dividend per ordinary share will be RMB6.2 cents.

6. Inventories – Group

	2011	2010
	RMB'000	RMB'000
Raw materials	**305,216**	392,365
Work in progress	**95,576**	78,156
Finished goods	**183,356**	90,049
	584,148	560,570

The cost of inventories recognised as expenses and included in cost of goods sold amounted to approximately RMB 3,176,839,000 for the Year (2010: RMB 2,772,562,000).

Part of the bank borrowings are secured by raw materials of the Group with an aggregate carrying value of RMB 100,000,000 as at 31 December 2011 (2010: Nil).

7. Trade and other receivables

	Note	**2011** **RMB'000**	2010 RMB'000
Trade receivables			
– gross and net	(a)	**117,206**	66,458
Bills receivables	(b)	**568,426**	359,642
Advance to suppliers	(c)	**462,873**	322,069
Other receivables		**8,380**	18,729
		1,156,885	766,898

(a) Certain major customers were granted with credit periods ranging from 30 days to 180 days while most of the sales of goods made with other customers were on cash on delivery basis, or with prepayments covering the full sales amounts 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) Advance to suppliers were made by the Group for ensuring stable supply of corn kernels at favorable prices.

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

	2011 **RMB'000**	2010 RMB'000
0-30 days	**66,045**	35,326
31-60 days	**32,885**	10,602
61-90 days	**7,876**	3,203
Over 90 days	**10,400**	17,327
	117,206	66,458

Trade receivables that are less than three months are generally within the credit period and hence are not considered as impaired. As at 31 December 2011, 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 they had no recent history of default.

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

	2011	2010
	RMB'000	RMB'000
RMB	**1,151,254**	742,432
US$	**4,396**	23,939
HK$	**1,235**	527
	1,156,885	766,898

As at 31 December 2011 and 2010, the fair values of trade and other receivables of the Group and the Company approximated to their carrying amounts. The maximum exposure to credit risk at the reporting date was the fair value of the receivable balances mentioned above. The Group did not hold any collateral as security.

8. Trade and other payables

	2011	2010
	RMB'000	RMB'000
Trade payables	**190,909**	124,191
Other payables	**195,864**	208,095
Accruals	**35,283**	30,028
Other taxes payables	**24,510**	4,341
Deposits and advance from customers	**36,442**	53,981
	483,008	420,636

An ageing analysis of the trade payables is as follows:

	2011	2010
	RMB'000	RMB'000
0 – 30 days	**48,817**	32,697
31 – 60 days	**59,277**	24,996
61 – 90 days	**32,827**	30,638
Over 90 days	**49,988**	35,860
	190,909	124,191

As at 31 December 2011, approximately RMB 153,017,000 (2010: RMB 164,111,000) of other payables represented payables for purchases of property, plant and equipment in relation to the construction of the oligosuccharide production line of the Group.

The carrying amounts of trade and other payables were primarily denominated in RMB. The carrying amounts of the Group's and Company's trade and other payables as at 31 December 2011 approximated to their fair values.

CHAIRMAN'S STATEMENT

Dear shareholders,

If you asked me do I feel disappointed about the deterioration of financial results, I would reply, "apparently, but it has yet shown to you the change in product mix with promising prospects." Last year the Japanese Earthquake and the Euro Crisis made the global economy unstable, which affected the business environment. We inevitably reported slower growth in revenue and decrease in net profit. However, if you look closer to the product mix, you can notice that in 2011 our high value-added downstream products, which are starch sugars and sodium gluconate, generated more than 70% of the revenue. This means we are successful in moving further downstream enhancing the value chain. Furthermore, we launched our crystalline fructose to the consumer market, which is certainly a remarkable development for our company.

In 2011 we reported revenue increment of 11.5% when compared with 2010 to approximately RMB 3.63 billion, and decreases in operating profit and profit attributable to equity holders of 12.5% and 14.6% to approximately RMB 256 million and RMB 179 million respectively. The Board has proposed a final dividend for the Year of RMB 2.8 cents per ordinary share and a final dividend for the Year of RMB 3.8 cents per CPS. The final dividends represent a payout ratio of approximately 35%.

Crystalline glucose has been our major product contributing about half of our revenue. We are the largest provider in China, capturing around one-third of the domestic market share. However, as far as some of our discussions with investors, they would relate glucose to be the same product as white sugar. While both of them are applied to food and beverage industry, glucose has a niche market as it provides unique sweetness and flavor. In fact, glucose is a good functional ingredient. Besides food, our glucose is further applied in fermentation and chemical industries, producing consumer products such as vitamin C and shampoo. Therefore, the application industries of glucose is more diverse than white sugar. In China, the organic growth of these industries would continue to support a solid demand for glucose.

The increasing problems of diabetes and overweigh are threats to our country. China has a population of about 1.4 billion. Diabetics' population has risen to 92 million and overweighed to 325 million. These people need fructose to replace ordinary white sugar for their diets. Domestic sugar market is at around 14 million tonnes. If these people change their eating habit, fructose consumption will boost significantly. We have started our capacity at 50,000 tonnes. With such a prospect there is strong motive for us to quickly expand our capacity in the foreseeable future.

As a leading starch sugar provider in China, we are the first one to develop fructose. Same as what we did for crystalline glucose in 2007, we were largely involved in encouraging the setting up of national standards for crystalline fructose and our new product crystalline fructose-glucose. On 20 July 2011, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and the Standardization Administration of the PRC jointly released the national standards for crystalline fructose and crystalline fructose-glucose, which have become effective on 1 February 2012. The standards specify the definition, technical requirement and inspection method for crystalline fructose and crystalline fructose-glucose, which help to distinguish our high-end products from other sweeteners in the market. We believe currently we are the only one in China that conforms to these standards.

With the foreseeable vast potential of healthy food market in China, many food and beverage companies have started to develop low calories and low Glycemic Index[1] (“**GI**”) food. They are looking for natural and healthy sweetening ingredient for their products. Our fructose is a desirable ingredient and we shall serve as a large and reputable supplier to them. Given the increasing health concern, consumers are also looking for healthy sugar in their everyday diets. We have our Yoho fruit sugar, which is the brand of our fructose in small packages, to cater their needs. We expect the development of fructose in both B2B and B2C will significantly raise our profile in the industry. Exploring a new market certainly takes a lot of commitment, but we will enjoy the fruitful result of enterprise value when the market takes off.

All our starch sugar products and sodium gluconate come from corn starch. Our existing annual corn starch output is about 880,000 tonnes. As demand for our downstream products is expected to grow, we will consume more starch and our upstream capacity will reach bottleneck soon. Therefore, we will acquire from 西王藥業有限公司 (an unofficial translation being Xiwang Pharmaceutical Company Limited “**Xiwang Pharmaceutical**”) corn starch production lines with total capacity of 750,000 tonnes per annum. This will immediately increase our upstream capacity by about 80%. We will also acquire maltodextrin production lines, which will enrich our product mix. The total consideration of the acquisition was approximately RMB 825 million, which was approved by our shareholders to be funded by open offer of the issue of CPS. This also provides our shareholders the opportunity to further participate in the future development of the Group.

The PRC Government is highly supportive towards the long-term development of starch sugar industry. As stated in the Development Plan of Corn Deep Processing Industry in 2007, Shandong Province should become the backbone for the country’s supply of starch and starch sugars. As a leading enterprise in this sector, our strategic focus and future plans have always been, and will be in alignment with, the Government’s policy. In recent years, the PRC Government put substantial emphasis on agricultural modernization, rural development and farmers’ right. The objectives are boosting corn production, securing national inventory and improving farmers’ income. With farmers planting 6.1% more land than in 2011 compared with 2010, corn output in China has reached a record high in 2011. Corn is our major raw material. The ability to secure a stable and reliable raw materials is of utmost importance in ensuring our production is uninterrupted at all.

I hereby express my deepest thanks to all the shareholders, customers and staff for their invaluable support to the Company. I hope everyone is like the theme of this annual report, Smile for a Great Future!

WANG YONG
Chairman

30 March 2012

1 Glycemic Index (“**GI**”) is an index which represents the rate of blood glucose increase after the intake of food, ranking from 0 to 100. Glucose takes a value of 100 which means it is absorbed immediately.

MANAGEMENT DISCUSSION & ANALYSIS

1. Introduction

The Group is principally engaged in the production of starch sugars and corn co-products in China and the distribution and the sale of such products within and outside China. The Group's products are functional ingredients which are mainly applied to food and beverage, fermentation, pharmaceutical, chemical, animal feed and construction industries.

The Group was established in 2001 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in December 2005. Our headquarters is located in Zouping County, Shandong Province of the PRC. The Group's corn processing facilities are vertically integrated, which maximizes the use of resources and greatly enhances the operational efficiency. Currently, the Group has an annual corn processing capacity of approximately 1.5 million tonnes[1]. The Group is the largest provider of crystalline glucose in China with an annual capacity of approximately 800,000 tonnes[2]. The Group is the largest provider of crystalline fructose in China with an annual capacity of approximately 50,000 tonnes[2]. The Group is also the largest provider of sodium gluconate in China with an annual capacity of approximately 120,000 tonnes[2].

The Group has been recognized as one of the Top 20 Enterprises in the Starch Sugar Industry by the China Fermentation Industry Association since 2006. The Group is further awarded as one of the Top 10 enterprises of Fermentation Industry in China by the China Fermentation Industry Association in 2010. The Group has also been regarded as the Town of Sugar in China by the China National Food Industry Association since 2007. The Group is highly committed to environmental safety. We have been accredited as the National Environmental Friendly Corporation by the Ministry of Environmental Protection of the PRC since 2005. Further, the industrial park in which the Group's production facilities are located has been accredited as the Demonstration Enterprise of Circular Economy in the Yellow River Delta Efficient Eco-Economic Zone Development Plan by the National Development and Reform Commission of the PRC in 2009.

2 These are designed capacities based on 365 days of operation. The utilization depends on the actual days of operation which may vary according to production needs or repair and maintenance requirements.

Our major raw material is corn kernels. We refine corn into corn starch and other corn co-products which include corn gluten meal, corn gluten feed and corn germ. We further process corn starch into a series of starch sugars which include crystalline glucose, crystalline fructose, crystalline fructose-glucose and fructose-glucose syrup, and other products such as sodium gluconate.

The Group organizes its key products into two business segments:

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

(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 in the form of white, crystalline solid and soluble in water. With a natural sweet taste, glucose is used to enhance the flavor of food such as snacks and biscuit. In addition, it helps to improve the texture and retain the moisture of dairy products, particularly for ice-cream. Glucose is the basic unit of many complex compounds. It is widely used in fermentation by which a number of products such as vitamin C and antibiotics can be synthesized. It can also be combined with other compounds to form different chemicals such as oxalic acid, citric acid or sorbitol. Crystalline glucose can be used to make glucose anhydrous which is largely used for medical transfusion.

Crystalline fructose is in white, fine-crystalline form, and is highly soluble in water. Fructose and glucose are both six-carbon compounds, however, since their chemical bondings are different, their properties and functions are different. Fructose is the sweetest sugar among all the natural sugars, therefore the amount to be used and hence the calorie value in food is largely reduced. In addition, the fruity fragrance of fructose gives a great sensation to mouth. Fructose has the lowest GI[1] of all the natural sugars, which is suggested for people with diabetes. Because of the various functions, crystalline fructose is used to make healthy and high-end food products, such as cereals, sports drinks, cakes and milk powder.

Crystalline fructose-glucose is in white, fine-crystalline form and soluble in water. Crystalline fructose-glucose is a solid mixture of crystalline fructose and crystalline glucose, in a proportion of 4:6. Crystalline fructose-glucose has the same sweetness as white sugar, which can be used as a sweetener in a number of food and beverage products. As the product is in a solid form, it can be conveniently stored and transported.

Fructose-glucose syrup, also known as high fructose corn syrup, is sweet, colorless liquid which is viscous in texture. It is a collective name of various mixtures of fructose and glucose in different proportion. The most common one is F42, which has approximately 42% fructose content (The Group's fructose-glucose syrup also includes pure glucose syrup). Fructose-glucose syrup is typically used as a sweetener in soft drinks, baked goods and condiments. As fructose-glucose syrup is in syrup form, the product is ready to be used by the customers. The Group uses the residual sugar syrup from the crystallization processes of crystalline glucose and crystalline fructose to produce fructose-glucose syrup.

The following table shows a comparison of the most commonly used sugars:

Name of sugar	Raw material	Basic unit(s)	Relative sweetness	GI	Chemical grouping
Crystalline glucose	Corn (natural)	Glucose	0.7	100	Monosaccharide
Crystalline fructose	Corn (natural)	Fructose	1.3 – 1.8	19	Monosaccharide
Fructose-glucose syrup (F42)	Corn (natural)	Glucose and fructose	1.0	62	Mixture
White sugar	Sugar cane (natural)	Sucrose	1.0	65	Disaccharide
Aspartame	Chemicals (artificial)	Amino acids	200	0	Non-saccharide

(2) Corn co-products and others

Corn gluten meal is in the form of yellow fine powder, so it is commonly known as yellow powder. It is a feed ingredient highly rich in protein (about 60%) which is used to enhance animal growth. Corn gluten meal is mainly applied to feed pigs, chickens and ducks. It is also used for making pet food.

Corn gluten feed is a yellowish powder. It contains mostly fiber, some protein (about 20-25%) and starch. Corn gluten feed is an excellent feed ingredient as it provides digestive fiber and energy to the animals. The Group's corn gluten meal and corn gluten feed are collectively named as "corn feed products".

Corn germ is the embryo part of a corn kernel. Corn germ is very rich in corn oil, which is extracted and refined to become edible corn oil.

Corn starch is the major part of corn, approximately 70%. Corn starch is white, tasteless in either slurry or powder form. Starch consists of long chains of glucose units linked together (i.e. polysaccharide). The chains can be broken or altered to develop into specific substances with different properties. Therefore, corn starch is widely applied to make starch sugars, food, paper, textile etc..

Sodium gluconate appears as white and odorless powder. It is non-corrosive and non-toxic. Sodium gluconate is a highly efficient set retarder used in construction. It is mixed with concrete and mortar for modifying the solidification for the construction industry. Sodium gluconate can also be used to clean metal and glass, with applications such as bottle washing, utensil cleansing and food processing equipment cleansing. Sodium gluconate has the advantage of being biodegradable, thus is more environmental-friendly.

2. Review of Financial Results

A summary of the unaudited financial results of the Group for the Year, together with the comparative figures of the corresponding period in 2010, is as follow:

For the year ended	**2011** **RMB'000**	2010 RMB'000	Increase/ (Decrease) %
Revenue	**3,632,861**	3,257,459	11.5
Gross Profit	**456,022**	471,970	(3.4)
Operating Profit	**256,044**	292,665	(12.5)
Net Profit	**179,281**	209,886	(14.6)
Gross profit margin	**12.6%**	14.5%	(1.9% points)
Operating profit margin	**7.0%**	9.0%	(2.0% points)
Net profit margin	**4.9%**	6.4%	(1.5% points)

During the Year, the Group recorded revenue growth which is mainly driven by its high value-added products. The Group continued to convert more corn starch into starch sugars and sodium gluconate, resulting in a higher revenue contribution from these products. During the Year, the average selling prices of crystalline glucose and sodium gluconate increased by approximately 16.1% and 10.0% year-on-year, but corn cost increased by approximately 16.5%. In addition, our corn feed products have yet experienced a strong rebound. Therefore, the overall profitability was weakened. The Group recorded decrease in net profit by 14.6%. The Group's gross profit margin decreased by 1.9 percentage points to 12.6% (2010: 14.5%).

Revenue

Revenue by operating segments:

For the year ended	**2011** **RMB'000**	2010 RMB'000	Increase/ (Decrease) %
Starch sugars:			
Crystalline glucose	**1,663,847**	1,562,819	6.5
Crystalline fructose	**92,841**	42,412	118.9
Crystalline fructose-glucose	**23,691**	–	N.A.
Fructose-glucose syrup	**348,720**	249,397	39.8
	2,129,099	1,854,628	14.8
Corn co-products and others:			
Corn gluten meal	**230,607**	234,861	(1.8)
Corn gluten feed	**227,521**	217,876	4.4
Corn germ	**347,792**	286,666	21.3
Corn starch	**90,930**	179,349	(49.3)
Sodium gluconate	**561,461**	424,770	32.2
Others	**45,451**	59,309	(23.4)
	1,503,762	1,402,831	7.2
	3,632,861	3,257,459	11.5

Sales volume of key products:

For the year ended	**2011** **Tonnes**	2010 Tonnes	Increase/ (Decrease) %
Starch sugars:			
Crystalline glucose	**474,665**	517,801	(8.3)
Crystalline fructose	**12,933**	6,636	94.9
Crystalline fructose-glucose	**4,700**	–	N.A.
Fructose-glucose syrup	**157,380**	119,919	31.2
Corn co-products and others:			
Corn gluten meal	**59,271**	56,851	4.3
Corn gluten feed	**184,992**	184,839	0.1
Corn germ	**97,631**	96,149	1.5
Corn starch	**36,096**	83,692	(56.9)
Sodium gluconate	**119,942**	99,793	20.2

Average selling prices of key products:

For the year ended	**2011** **RMB per tonne**		2010 RMB per tonne		Increase/ (Decrease)
	Tax-inclusive	**Tax-exclusive**	Tax-inclusive	Tax-exclusive	%
Starch sugars:					
Crystalline glucose	**4,101**	**3,505**	3,531	3,018	16.1
Crystalline fructose	**8,399**	**7,179**	7,477	6,391	12.3
Crystalline fructose-glucose	**5,897**	**5,040**	–	–	N.A.
Fructose-glucose syrup	**2,593**	**2,216**	2,434	2,080	6.5
Corn co-products and others:					
Corn gluten meal	**4,552**	**3,891**	4,833	4,131	(5.8)
Corn gluten feed	**1,230**	**1,230**	1,179	1,179	4.3
Corn germ	**4,025**	**3,562**	3,369	2,981	19.5
Corn starch	**2,947**	**2,519**	2,507	2,143	17.5
Sodium gluconate	**5,477**	**4,681**	4,981	4,257	10.0

During the Year, revenue of starch sugars was approximately RMB 2,129 million (2010: RMB 1,855 million) which accounted for approximately 59% of the total revenue (2010: 57%). Revenue of corn co-products and others was approximately RMB 1,504 million (2010: RMB 1,403 million) which accounted for 41% of the total revenue (2010: 43%).

1. Crystalline glucose

   During the Year, the market demand for crystalline glucose was stable, which mainly came from food and beverage and fermentation sectors. The tight supply and demand situation of crystalline glucose in China supported the increase in average selling price.

   During the Year, the Group converted part of its crystalline glucose output to produce its crystalline fructose and crystalline fructose-glucose.

2. Crystalline fructose

   During the Year, we mainly supplied our crystalline fructose to food and beverage companies. With our efforts in sales and marketing, the sales volume of our crystalline fructose achieved meaningful growth. As fructose becomes more familiar in China, we did not give out as much discount as the previous year.

3. Crystalline fructose-glucose

   The Group launched crystalline fructose-glucose as a new product in the Year. During the Year, price of white sugar in China rose sharply to its 30-year high level, thus many food and beverage companies were looking for alternative sweetening ingredient. As our crystalline fructose-glucose has the same sweetness as white sugar, our product can substitute the use of white sugar for these food and beverage customers.

4. Fructose-glucose syrup

   As discussed above, because of the surge of white sugar price in China, many food and beverage companies wanted to switch to other sweetening ingredient. Fructose-glucose syrup is a good substitute as it has the same sweetness as white sugar and is ready to be used. This drove up our sales volume. The strong demand also drove the increase in the average selling price of fructose-glucose syrup.

   In response to the increasing needs for fructose-glucose syrup and crystalline fructose-glucose in the market, it was clear that the Group could take the initiative to adjust its production and sales mix to satisfy the market demand.

5. Corn feed products

   Pork price in China has started to rise since May 2011. This generated higher profitability for the pig raising industry. When it was more profitable, pig raising activity would increase, which in turn drove for higher consumption of feed products. Therefore the performance of our corn feed products improved in the second half of 2011. However, the overall magnitude of recovery was yet strong to cause a significant rebound to the feed products.

6. Corn germ

The selling price of corn germ increased significantly during the Year, which was largely driven by a higher selling price and demand growth for corn oil in China.

7. Corn starch

During the Year, the sales volume of corn starch reduced significantly as the Group converted more corn starch to crystalline glucose (and then crystalline fructose) and sodium gluconate.

8. Sodium gluconate

During the Year, the market demand for sodium gluconate in the construction industry continued to be strong, so we recorded increases in both sales volume and average selling price. However, given the continued tightened measures on property sector by the Chinese government in the second half of the Year, the growth of the construction industry has slowed down. This limited the increase in the selling price of our sodium gluconate.

Revenue by geographical segments:

The Group conducts its business in both the PRC and the overseas countries.

For the year ended	**2011** **RMB'000**	2010 RMB'000	Increase/ (Decrease) %
The PRC	**3,218,086**	2,817,110	14.2
Other countries	**414,775**	440,349	(5.8)
	3,632,861	3,257,459	11.5

During the Year, the Group generated a majority of revenue from domestic sale. Revenue from China accounted for approximately 89% (2010: 87%). Revenue from other countries accounted for approximately 11% (2010: 13%)

During the Year, global economic environment was unstable, which slowed down the demand growth in both domestic market and overseas market. While China was still relatively stronger, our export sales were affected to a larger extent. During the Year, our sales in domestic market recorded a growth of 14.2% while export sales recorded a decrease of 5.8%.

Cost of goods sold

The breakdown of cost of goods sold was as follows:

For the year ended	**2011** **RMB'000**	2010 RMB'000	Increase/ (Decrease) %
Corn	**2,354,038**	2,052,157	14.7
Other raw materials	**174,756**	165,710	5.5
Utilities	**403,527**	338,387	19.3
Depreciation	**91,115**	89,023	2.3
Labour	**79,542**	59,256	34.2
Others	**73,861**	80,956	(8.8)
	3,176,839	2,785,489	14.0

The Group's total cost of goods sold for the Year amounted to approximately RMB 3,177 million (2010: RMB 2,785 million), an increment of approximately 14% compared with 2010, which was relatively in line with the revenue growth.

Corn cost represented the major portion of our cost of goods sold. It accounted for approximately 74% in the Year (2010: 74%). During the Year, the Group processed approximately 1.25 million tonnes of corn (2010: 1.23 million tonnes). This is equivalent to a utilization rate[3] of our corn processing facility of 83% (2010: 82%). The average corn cost for the Year was approximately RMB 2,226 per tonne – tax inclusive or RMB 1,970 per tonne – tax exclusive, which rose by approximately 16.5% from the previous year (2010: RMB 1,910 per tonne – tax inclusive or RMB 1,690 per tonne – tax exclusive).

Other raw materials included auxiliary material for production and packaging materials. The prices of such raw materials increased during the Year.

Utilities were mainly steam and electricity. During the Year, the Group increased the production volume for high value-added products, which consumed more energy. In addition, the unit cost of steam and electricity rose in accordance to the inflationary environment in China.

Labor cost in the Year increased as the general wages in China increased.

3 Utilization rate is based on actual processing volume of corn over the designed capacity.

Gross profit margins

Gross profit margins of key products and overall gross profit margin:

For the year ended	**2011** **%**	2010 %	Increase/ (Decrease) % points
Starch sugars:			
Crystalline glucose	**18.7**	20.6	(1.9)
Crystalline fructose	**18.9**	24.0	(5.1)
Crystalline fructose-glucose	**20.3**	–	N.A.
Fructose-glucose syrup	**11.1**	13.9	(2.8)
Corn co-products and others:			
Corn gluten meal	**(32.3)**	(12.0)	(20.3)
Corn gluten feed	**(5.4)**	6.5	(11.9)
Corn germ	**11.7**	5.1	6.6
Corn starch	**7.5**	9.7	(2.2)
Sodium gluconate	**17.2**	17.6	(0.4)
The Group's gross profit margin:	**12.6**	14.5	(1.9)

In general, the Group's starch sugars and sodium gluconate have higher gross profit margins, as they are further downstream products from corn starch which are of higher values. However, as the performance of the Group's corn feed products was weak, resulting in their negative profit margins and lowered the overall gross profit margin. During the Year, the Group's gross profit margin decreased by 1.9% points to approximately 12.6%.

Other income

The amount of other income – net was approximately RMB 2.6 million, mainly recorded from the sales of scrap materials (i.e. materials other 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 128 million, which increased by about 6.9% when compared with 2010. It was caused by the increase in marketing cost for launching on crystalline fructose in the retail market and increased staff commission for that.

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 expenses during the Year was approximately RMB 74 million (2010: RMB 61 million) which was due to the increase in research and development expenditure for the upgrade of the sewage treatment facility.

During the Year, the Group's selling, marketing and administrative expenses altogether represented approximately 5.6% of the total revenue (2010: 5.5%).

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 44 million in the Year (2010: RMB 77 million).

Interest expense for the Year reduced to approximately RMB 54 million (2010: RMB 83 million) as a result of a smaller average loan principal during the Year. The Group's effective interest rate of bank borrowings and other borrowings for the Year were about 6.2% and 4.7% respectively (2010: 5.7% and 4.8%).

The Group recorded a net exchange gain of approximately RMB 7 million (2010: RMB 2 million) which mainly came from the devaluation of borrowings that were denominated in United States Dollars ("**USD**").

The Group recorded an interest income of approximately RMB 3 million during the Year (2010: RMB 4 million).

Income tax expense

The Group's income tax expense was approximately RMB 33 million during the Year (2010: RMB 5 million).

Pursuant to the PRC CIT, all PRC enterprise are subject to a standard enterprise income tax rate of 25%, except for the enterprises specific preferential policies and provision. During the Year, the applicable tax rates for each of Xiwang Sugar and Xiwang Sugar (Beijing) was 25% (2010: 25%).

Xiwang Technology is a production enterprise with foreign investments, therefore it was eligible to enjoy CIT preferential treatments in accordance with CIT Tax Holiday. The CIT Tax Holiday of Xiwang Technology commenced in 2007. The applicable tax rate of Xiwang Technology in 2010 was 12.5%.

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

During the Year, the Commerce Bureau of Shandong Province approved Xiwang Technology to merge through absorption with Xiwang Sugar, with Xiwang Technology remained to be the surviving company. The merger was completed during the Year. In view of the merger and the CIT preferential treatment granted to Xiwang Technology, the applicable tax rate of Xiwang Technology in 2011 was 15% (2010: 12.5%).

During the Year, since the majority of the Group's taxable profit was contributed by Xiwang Technology, the Group's effective tax rate was approximately 15.6 % (2010: 2.5%).

Liquidity, capital resources and gearing ratio:

	31 December 2011 RMB million	31 December 2010 RMB million
Cash and cash equivalents	**232**	549
Total borrowings	**1,432**	1,565
Net current assets	**404**	792
Total equity	**2,149**	1,966
Current ratio[3]	**1.24**	1.67
Gearing ratio[4]	**0.56**	0.52

3 Current ratio is calculated as total current assets divided by total current liabilities

4 Gearing ratio is calculated as net borrowings divided 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 2011 amounted to approximately RMB 232 million (31 December 2010: RMB 549 million). During the Year, the Group had net cash outflow from operating activities of approximately RMB 51 million (2010: net cash inflow of RMB 329 million). The Group has increased trade and bill receivables and advanced to suppliers. The Group has net cash used in investing activities of approximately RMB 135 million (2010: net cash outflow of RMB 276 million) which is mainly used for the construction of oligosaccharide production line. The Group has net cash outflow from financial activities of approximately RMB 130 million during the Year (2010: net cash outflow of RMB 283 million), mainly arisen from a net repayment of the Group's borrowings of approximately RMB 133 million.

Total borrowings of the Group reduced to approximately RMB 1,432 million as at 31 December 2011 (31 December 2010: RMB 1,565 million). During the Year, the Group has a net repayment of bank borrowings of approximately RMB 133 million. Short-term borrowings represented approximately 57% of the total borrowings at 31 December 2011 (31 December 2010: 39%). Total equity increased from RMB 1,966 million as at 31 December 2010 to RMB 2,149 million as at 31 December 2011 mainly as a result of addition of net profit earned during the Year.

Because of the reduction of cash and cash equivalent and increase in short-term borrowings, current ratio as at 31 December 2011 decreased to 1.24 (as at 31 December 2010: 1.67). The reduction of cash and cash equivalent level also caused the increase of gearing ratio to 0.56 as at 31 December 2011 (as at 31 December 2010: 0.52)

Capital investment

The Group's capital investment during the Year was approximately RMB 163 million (2010: RMB 287 million), which was mainly for the construction of oligosaccharide production line. This production line underwent the research and development for oligosaccharide and maltodextrin during the Year.

Contingent liabilities

In 2010, the Company was involved in an arbitration proceedings whereby the Company was not a party to it.

The proceedings involved a dispute arisen from two contracts for sale and purchase of crystalline glucose signed by a third party Korean company 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.

On 23 September 2011, ruling of the tribunal was made and the Company was not liable in this arbitration.

As at 31 December 2011, the Group had no material contingent liabilities.

Foreign exchange risk

The Group's main operation is in the PRC. The functional currency of the Group is RMB. During the Year, majority of the Group's assets, liabilities, income, payments and cash balances were denominated in RMB, the rest were sales from export and bank loans which was denominated in USD. Therefore, the directors of the Company believed that the risk exposure of the Group to fluctuation of foreign exchange rate was not significant as a whole.

Human resources

The Group had approximately 3,226 employees as at 31 December 2011 (31 December 2010: 3,047). The Group regularly reviews 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 be granted based on individual performance.

3. Outlook and development

Sugar is mainly consumed in food and beverage. According to the National Bureau of Statistics, food manufacturing industry and beverage manufacturing industry recorded satisfactory growth of 17.3% and 18.9% respectively in 2011 over the previous year. As stated in Twelve Five-year Plan (2011-2015) for Sugar Industry (published from the National Development and Reform Committee and the Ministry of Industry and Information Technology of the PRC in 2011), current China's sugar consumption is 10.6 kg per capita, which is much lower than the world average of 24.5 kg per capita. There is a huge potential for consumption to boost.

On the other hand, supply of sugar comes from white sugar, which is produced from sugar cane and sugar beet, and starch sugar, which is produced from corn. According to China Sugar Association, the weather in Guangxi Province was normal and the annual white sugar output for 2011/2012 is estimated to be around 12 million tonnes. China's starch sugar (crystalline) output is kept at around 2 million tonnes. It is expected that national consumption is slightly over 14 million tonnes. We believe the tight balance in demand and supply will support the prices of white sugar and starch sugar in the near future.

Corn in China is mainly used for feed (68%) and deep processing (25%), which is mostly satisfied by domestic corn production. Last few years because of a faster growth in demand than supply, domestic corn price rose year-on-year at steady rate. It is estimated that 2011/2012 China's corn output will reach 190 million tonnes, versus the consumption at about 184 million tonnes. So we expect the price increment will slow down. Corn market in China is relatively free. The PRC Government does not have a pricing policy, but will regulate the market from time to time through administrating corn inventory, imposing restriction on speculation and the import. All these motives aim for stabilising corn price movement.

Fructose will be our key development focus for the next couple of years. In B2B channel, several domestic and international reputable food companies have intention to launch healthy food products using fructose. They have begun product development. Our fructose has passed their testing which facilitated their setting up of new product prototypes. These products include fructose liquid milk, milk powder and canned soups. In B2C channel, we have our brand Yoho fruit sugar (悠活果糖) for our small packages. Currently, it is mainly available in chain supermarkets in Shangdong and Beijing. We have an experienced sales team for the entire expansion plan in China. We plan to extend the sales channels to coffee shops, hotels and airlines and geographically to Jiangsu and Zhejiang in 2012 and 2013.

The brand new production line of starch with 600,000 tonnes annual capacity[2], which we acquired from Xiwang Pharmaceutical, will begin production in the second quarter of 2012. This will increase our availability of corn starch, which will be used to support the increasing production for our downstream products. Another production line of starch with 150,000 tonnes annual capacity[2] has already been in operation. The starch produced from this line is principally used for the two production lines of maltodextrin with a total annual capacity of 120,000 tonnes[2] which would be included in the acquisition as well. Maltodextrin is a useful ingredient widely used in instant drink concentrates such as coffee, tea and milk powder. Maltodextrin can help thickening the texture of food like sauces and salad dressings, and stabilizing the foam for beer and cocktails. With the increasing production of different kinds of food and beverage products in China, we expect that the market demand for maltodextrin will continue its strong growth.

DIVIDEND

At a Board of directors' meeting held on 30 March 2012, the directors of the Company proposed a final dividend of RMB 2.8 cents (equivalent to approximately HK$0.035) per ordinary share for ordinary shareholders and a final dividend of RMB 3.8 cents (equivalent to approximately HK$ 0.047) per CPS for holders of CPS. The additional RMB 1 cent per CPS over the ordinary share represented the preferred distribution conferred on the holders of CPS in accordance with the terms of the CPS as approved at the special general meeting held by the Company on 27 March 2012. The final dividends, totaling the amount of approximately RMB 62,733,000, were proposed to be distributed out of the contributed surplus and to be paid in cash in HK$. No final dividend was proposed to be distributed out of the retained earnings in respect of the Year (2010: Nil).

Such final dividends are to be approved by the shareholders at the forthcoming AGM of the Company to be held on 11 May 2012. The proposed final dividends have not been reflected as dividend payable in financial statements for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from Wednesday, 9 May 2012 to Friday, 11 May 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement for attending and voting at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, *Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong* for registration not later than 4:30p.m. on Tuesday, 8 May 2012; and

(ii) from Friday, 18 May 2012 to Tuesday, 22 May 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend for both ordinary shares and CPS. In order to establish entitlements to the proposed final dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, *Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong* for registration not later than 4:30p.m. on Thursday, 17 May 2012.

During the periods mentioned in sub-paragraphs (i) and (ii), no transfers of shares will be registered.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 11 May 2012. 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 Wednesday, 11 April 2012.

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 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 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 2011 annual report will be dispatched to the shareholders on or around 11 April 2012 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. Shareholders and potential investors 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 turn 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

For the purpose of this announcement, the exchange rate of RMB1 = HK$1.234 has been used, which applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates at all on the dates or any other date.

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 2012

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. HAN Zhong
Mr. SUN Xinhu

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

* *for identification purpose only*