China Corn Oil Company Limited
中國玉米油股份有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1006

PLACING AND PUBLIC OFFER

Sole Sponsor

taifook
TAIFOOK CAPITAL LIMITED

Sole Bookrunner and Lead Manager

taifook
TAIFOOK SECURITIES COMPANY LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

CHINA CORN OIL COMPANY LIMITED
中國玉米油股份有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

PLACING AND PUBLIC OFFER

Number of Offer Shares	:	**175,000,000 new Shares (subject to the Over-allotment Option)**
Number of Placing Shares	:	**157,500,000 new Shares (subject to the Over-allotment Option and re-allocation)**
Number of Public Offer Shares	:	**17,500,000 new Shares (subject to re-allocation)**
Offer Price	:	**Not more than HK$3.85 per Offer Share (payable in full on application and subject to refund, plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) and expected to be not less than HK$2.57 per Offer Share**
Nominal value	:	**HK$0.10 each**
Stock code	:	**1006**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Lead Manager (for itself and on behalf of the Underwriters) and the Company on or around Friday, 11 December 2009 or such later time as may be agreed between the parties, but in any event, no later than 6:00 p.m. (Hong Kong time) on Monday, 14 December 2009. If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by 14 December 2009, the Share Offer will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$3.85 per Offer Share and is currently expected to be not less than HK$2.57 per Offer Share unless otherwise announced in the manner set out below. Investors applying for Offer Shares must pay the maximum Offer Price of HK$3.85 per Offer Share together with brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK$3.85 per Offer Share. The Lead Manager (for itself and on behalf of the Underwriters) may, with the consent of the Company, reduce the indicative Offer Price range below that as stated in this prospectus at any time not later than the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Public Offer. If applications for Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced such applications cannot be subsequently withdrawn.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Share Offer, the Lead Manager (for itself and on behalf of the Public Offer Underwriters) has the right in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (such date is currently expected to be 18 December 2009). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" in this prospectus.

8 December 2009

	2009 *(Note 1)*
Application lists of the Public Offer open *(Note 2)*	11:45 a.m. on Friday, 11 December
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, 11 December
Latest time to give **electronic application instructions** to HKSCC *(Note 3)*	12:00 noon on Friday, 11 December
Application lists of the Public Offer close *(Note 2)*	12:00 noon on Friday, 11 December
Expected Price Determination Date	Friday, 11 December
Announcement of the final Offer Price, the indication of the level of interests in the Placing, the results of the Public Offer and the basis of allotment of the Public Offer Shares to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese), on the Company's website (www.chinacornoil.com) and the Stock Exchange's website (www.hkexnews.hk) on or before	Thursday, 17 December
Results of allocations in the Public Offer, including the Hong Kong Identity Card/passport/ Hong Kong Business Registration certificate numbers (where applicable) of successful applicants will be made available through a variety of channels as described in the paragraph headed "Publication of Results" in the section headed "How to apply for Public Offer Shares" in this prospectus, including the Company's website (www.chinacornoil.com) and the Stock Exchange's website (www.hkexnews.hk)	Thursday, 17 December
Despatch of refund cheques in respect of wholly successful or (where applicable) wholly or partially unsuccessful applications under the Public Offer on or before *(Note 4)*	Thursday, 17 December
Despatch/collection of share certificates on or before *(Note 4 and 5)*	Thursday, 17 December
Dealings in the Shares on the Main Board expected to commence on	9:30 a.m. on Friday, 18 December

Notes:

1. All times refer to Hong Kong local time. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus. If there is a change to the above expected timetable, the Company will issue an announcement in Hong Kong to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese).

2. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 11 December 2009, the application lists will not open and close on that day. See the paragraph headed "Effect of bad weather on the opening of the application lists" in the section headed "How to apply for Public Offer Shares" in this prospectus.

3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "How to apply by giving electronic application instructions to HKSCC" in the section headed "How to apply for Public Offer Shares" in this prospectus.

4. Applicants who apply with **WHITE** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect their refund cheques and/or share certificates in person from the Company's Hong Kong branch share registrar may collect refund cheques (where applicable) and/or share certificates in person from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 17 December 2009. Identification and authorisation documents (where applicable) acceptable to Tricor Investor Services Limited must be produced at the time of collection.

   Applicants who apply with **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect their refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS participants' stock accounts or CCASS investor participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants is the same as that for **WHITE** Application Form applicants.

   Refund cheques will be issued in respect of wholly and partially unsuccessful applications, and also in respect of successful applications in the event that the Offer Price as finally determined is less than the maximum Offer Price per Offer Share initially paid on application.

   Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post and at the own risk of the applicants shortly after the time for collection at the date of despatch of refund cheque as described in the paragraph headed "Despatch/Collection of share certificates and refund of application money" under the section headed "How to apply for Public Offer Shares" in this prospectus.

5. Share certificates for the Offer Shares will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be on Friday, 18 December 2009.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Share Offer, Taifook Securities (for itself and on behalf of the Public Offer Underwriters) has the right in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be Friday, 18 December 2009). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" in this prospectus.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

The Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms.

Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorised by the Company, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them or any other person or parties involved in the Share Offer.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We were the largest edible corn oil manufacturer in the PRC during 2006 to 2008 in terms of production volume according to CCOA (Oil & Fats Division). Our production volume of edible corn oil in 2007 and 2008 amounted to approximately 65,500 tonnes and 76,600 tonnes respectively, which represented approximately 32.4% and 30.6% of the total production volume of edible corn oil in the PRC of approximately 202,000 tonnes in 2007 according to the Food and Agriculture Organisation of the United Nations and approximately 250,000 tonnes in 2008 according to CCOA (Oil & Fats Division) respectively. According to the Food and Agriculture Organisation of the United Nations, the production volume of edible corn oil in the PRC accounted for approximately 1.27% of the total production volume of all edible vegetable oils in the PRC in 2007.

We are principally engaged in the manufacture of edible corn oil products for: (1) domestic or export bulk sales mainly to other companies engaging in the sale of edible corn oil under their own brands; and (2) domestic sales under our brand of 長壽花 (Longevity Flower) in the PRC consumer market. For the three years ended 31 December 2008 and the six months ended 30 June 2009, our bulk sales of non-branded oil accounted for approximately 80.8%, 76.2%, 70.9% and 73.8% respectively of our total turnover, whereas our sales of branded edible oil accounted for approximately 5.9%, 10.8%, 14.3% and 14.6% respectively of our total turnover. We aim to continue to be the leading edible corn oil manufacturer in the PRC and to develop 長壽花 (Longevity Flower) as a leading brand in the PRC edible corn oil consumer market.

According to CCOA (Oil & Fats Division), our brand 長壽花 (Longevity Flower) is one of the top three edible corn oil brands in the PRC which contributed for not less than 10% of the total sales volume of all packaged edible corn oil in the PRC in 2008. Our brand 長壽花 (Longevity Flower) has been named (i) 中國馳名商標 (China Well-Known Trademark) by 山西省臨汾市中級人民法院 (Linfen Intermediate People's Court in Shanxi Province) in 2006; (ii) 全國玉米油知名品牌 (China Famous Brand for Corn Oil) by 中國糧食行業協會 (China National Association of Grain Sector) in 2006; (iii) 中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry) by 品牌雜誌社 (Brand Magazine Agency), 財富時報社 (Fortune Times Agency), 中國聯合商報社 (China United Business News Agency), 購物導報社 (Shopping Guide Agency), 中國中小商業企業協會 (China Association For Small & Medium Commercial Enterprises), 中國國際品牌學會 (China International Brand Academy), 中國國際市場協會 (China International Market Academy) and 國際合作促進中心中國辦事處 (International Cooperation Promoting Center China) in 2007; and (iv) 綠色食品A級產品證書 (Certificate for Grade A Level of Green Food Standards) by 中國綠色食品發展中心 (China Green Food Development Center) in 2008.

Edible corn oil products under our brands are sold in the PRC consumer market through our wholesale distributors and retailers. As at 30 June 2009, we had a distribution network of approximately 55 wholesale distributors and approximately 33 retailers covering 20 provinces and/or administrative municipalities in the PRC.

We have well-established relationships with our bulk sales customers which are mainly enterprises engaging in the sale of edible corn oil under their own brands. According to CCOA (Oil and Fats Division), our brand 長壽花 (Longevity Flower) and the other two brands (which belong to two groups of companies and a member of each of such groups was our bulk sales customer during the Trade Record Period) together have a significant share of the PRC's packaged edible corn oil market which accounted for over 50% of the sales volume of all packaged edible corn oil in the PRC in 2008, and our brand 長壽花 (Longevity Flower) had not less than 10% of the market share in terms of sales volume.

The PRC is currently the major market of our edible oil products. Our turnover generated from domestic sales in the PRC accounted for approximately 51.0%, 83.3%, 69.8% and 98.8% of our turnover for the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively. Our Group's sales strategy for the export or the domestic market of our bulk sales of non-branded oil products mainly depends on the profitability of each market. As the selling price of our Group' products in the export market in 2009 becomes less appealing than that in the domestic market after the cancellation of the export sales value-added tax refund policy in June 2008, our Group currently plans to focus on the domestic market in the PRC for our bulk sales but we are open to any profitable opportunity in the overseas export market should opportunities arise.

We have enjoyed a rapid growth in recent years. Our turnover has grown from approximately RMB481.1 million for the year ended 31 December 2006 to approximately RMB934.0 million for the year ended 31 December 2008, representing a CAGR of approximately 39.3%. Our net profit has grown from approximately RMB31.0 million for the year ended 31 December 2006 to approximately RMB91.4 million for the year ended 31 December 2008, representing a CAGR of approximately 71.6%.

OUR COMPETITIVE STRENGTHS

We believe that our success to date and potential for future long-term growth can be attributed to the following:

- Leading manufacturer of edible corn oil in the PRC with advanced and large production facilities
- Well-recognised brand name
- Well-established distribution networks
- Experienced and dedicated management team
- Strong research and development capability
- Established relationships with suppliers
- Commitment to produce high quality products

BUSINESS STRATEGIES

We aim to continue to be the leading edible corn oil manufacturer in the PRC and to develop 長壽花 (Longevity Flower) as a leading brand in the PRC edible corn oil consumer market so as to maximise our Shareholders' value. Although we have a primary focus on the PRC market, we are open to any profitable opportunities for the export business from time to time. The following are our key business strategies:

- Enhance brand image and recognition
- Enhance and expand our marketing and distribution network
- Expand production capacity to increase market penetration
- Improve our expertise and technical know-how

RISK FACTORS

Risks relating to our Group

- Fluctuations in prices and the unavailability of raw materials could negatively impact our operations
- Price fluctuation of our products may adversely affect our turnover
- Reliance on suppliers may impose adverse effect on our operations
- Reliance on Shandong Mingda may impose adverse effect on our operations
- Non-renewal of merchandise contract may affect our business and operations
- Procurement of genetically modified raw materials without our knowledge may affect our reputation and business performance
- If our products become contaminated, we may be subject to product liability claims and product recalls
- If we fail to effectively promote our brands, particularly, our brand 長壽花 (Longevity Flower), our business, financial condition and results of operations may be materially and adversely affected
- Decrease in our overseas sales, together with insufficient domestic sales, could adversely affect our financial condition and operating results
- Changes in consumers' preference could adversely impact our business
- We may not be able to develop new products or expand into new markets
- We may face increasing competition which could reduce our market share and adversely affect our financial condition and results of operations

- We do not own the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) and the exclusive licence arrangement with Sanxing Grease for these trademarks may be revoked or invalidated or may not be renewed and the value of the licence may decline

- Our inability to adequately protect our proprietary technology could have a material adverse effect on our business

- Our manufacturing operations may be disrupted for maintenance services or reasons beyond our control, which could adversely affect our business, financial condition and results of operations

- We rely on our current production facilities, and we may not be able to obtain adequate production capacity to meet our existing obligations and growing market demand for our products

- Lack of business insurance coverage may incur substantial costs for our Group

- Reliance on key management personnel may impose risks on our Group

- Fluctuation of our gross profit margin may adversely affect our financial condition

- Insufficient cash flow may adversely affect our competitiveness and results of operation

Risks relating to the industry

- Improper activities of other manufacturers could affect our business performance or damage our reputation

- The operations of our business requires certain specific licences and permits

- We are exposed to the risk of changes in government legislation or policy

Risks relating to conducting business in the PRC

- Political and economic policies of the PRC government could affect our business

- The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and results of operations

- The government control of currency conversion could affect our business operations

- Potential recurrence of severe acute respiratory syndrome (SARS), pandemic influenza, avian influenza (including H5N1) or influenza A (H1N1) (also sometimes referred to as swine influenza) or other widespread public health problem may adversely affect the economy and our business

- Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

- The implementation of the new labour contract law and increase in labour costs in the PRC may adversely affect our business and financial conditions

- Restriction of payment of dividends under the PRC laws and the tax exemptions on dividends received by the Company and the Shareholders may be affected by the newly enacted Enterprise Income Tax Law

- Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects

Risks relating to the Share Offer

- Shareholders' interests in the share capital of the Company may be diluted in the future

- Lack of liquidity of the Shares and volatility of the market price may be resulted

- Fluctuation of RMB may affect value of our dividends (if any) and our financial condition

- Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Company and its management

- We cannot guarantee the accuracy of facts and other statistics with respect to the PRC, the PRC economy and the PRC edible corn oil industry contained in this prospectus

- Forward-looking statements contained in this prospectus are subject to risks and uncertainties

FUTURE PLANS AND USE OF PROCEEDS

See the section headed "Business – Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer, and assuming an Offer Price of HK$3.21 per Offer Share, being the mid point of the indicative Offer Price range) will be approximately HK$525.9 million, assuming that Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately 15.5%, or HK$81.4 million to be used to market and promote our brands and products through media, roadshows and other marketing and promotional activities;

- approximately 27.9%, or HK$146.5 million to be used to expand and enhance our marketing and distribution networks to more cities in the PRC;

- approximately 46.4%, or HK$244.1 million to be used for capital expenditures to establish new production facilities and purchase new production equipment;

- approximately 3.1%, or HK$16.3 million to be used to design, research and develop new products and enhance our production techniques to improve the quality and safety of our products; and

- approximately 7.1%, or HK$37.6 million for working capital and other general corporate purposes.

If the Offer Price is set at HK$3.85 per Offer Share (being the high-end of the indicative Offer Price), HK$2.57 per Offer Share (being the low-end of the indicative Offer Price) or any price in between, we intend to apply the net proceeds to the above purposes on a pro-rata basis. If the Over-allotment Option is exercised in full or in part, we intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions for so long as it is in our best interests.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth the summary combined financial information about our Group. We have derived the combined financial information for the three years ended 31 December 2008 and for the six months ended 30 June 2008 and 2009 from the Accountants' Report set forth in Appendix I to this prospectus. The summary combined financial information should be read together with, and is qualified in its entirety by reference to, the combined financial statements in this prospectus, including the related notes.

Combined Income Statements

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Revenue	481,142	694,337	934,004	513,106	512,901
Cost of sales	(419,374)	(624,948)	(834,167)	(443,854)	(448,313)
Gross profit	**61,768**	**69,389**	**99,837**	**69,252**	**64,588**
Other income	13,632	13,818	15,642	8,391	6,076
Selling and distribution expenses	(15,266)	(11,792)	(12,448)	(6,228)	(4,751)
Administrative expenses	(6,918)	(6,621)	(9,918)	(4,414)	(3,583)
Other operating expenses	(409)	(327)	(193)	(157)	(100)
Profit from operations	**52,807**	**64,467**	**92,920**	**66,844**	**62,230**
Finance costs	(5,390)	(2,596)	(1,550)	(163)	(928)
Profit before income tax	**47,417**	**61,871**	**91,370**	**66,681**	**61,302**
Income tax expense	(16,393)	(876)	–	–	(7,663)
Profit for the year/period	**31,024**	**60,995**	**91,370**	**66,681**	**53,639**

Combined Statements of Financial Position

	At 31 December			At 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	63,490	57,587	230,648	222,595
Current assets				
Inventories	46,735	80,282	53,654	55,185
Trade and notes receivables	35,276	5,947	9,428	79,070
Prepayments, deposits and other receivables	37,662	38,714	14,946	29,207
Financial assets at fair value through profit or loss	500	–	–	–
Amounts due from related parties	7,666	3,301	312	7,164
Cash and bank balances	23,606	12,858	34,216	49,649
	151,445	**141,102**	**112,556**	**220,275**
Current liabilities				
Trade payables	10,458	8,199	14,800	7,385
Accrued liabilities, other payables and deposits received	12,517	6,799	16,768	18,008
Amounts due to related parties	–	19,727	9,004	4,783
Interest-bearing bank and other borrowings	55,200	–	–	50,000
Tax payables	19,146	–	–	6,423
	97,321	**34,725**	**40,572**	**86,599**
Net current assets	**54,124**	**106,377**	**71,984**	**133,676**
Total assets less current liabilities	**117,614**	**163,964**	**302,632**	**356,271**
Non-current liabilities				
Interest-bearing bank and other borrowings	42,100	–	–	–
Net assets	**75,514**	**163,964**	**302,632**	**356,271**
EQUITY				
Equity attributable to owners of the parent				
Share capital	391	465	465	465
Reserves	75,123	163,499	302,167	355,806
Total equity	**75,514**	**163,964**	**302,632**	**356,271**

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

The following sets forth certain unaudited profit forecast data for the year ending 31 December 2009. See "Appendix III — Profit forecast".

Forecast combined profit attributable to equity holders of our Company[(1)]	not less than RMB113 million
Forecast basic earnings per Share on a pro forma basis[(2)]	not less than RMB0.226 (HK$0.257)

(1) The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus.

(2) The calculation of the forecast pro forma basic earnings per Share assumes no exercise of the Over-allotment Option. The calculation of the forecast pro forma basic earnings per Share is based on the forecast combined profit attributable to equity holders of the Company for the year ending 31 December 2009 and on the assumption that the Share Offer had been completed as of 1 January 2009 and a total of 500,000,000 Shares in issue during the entire year.

STATISTICS OF THE SHARE OFFER

	Based on an Offer Price of HK$2.57	**Based on an Offer Price of HK$3.85**
Market capitalisation of the Shares[(1)]	HK$1,285 million	HK$1,925 million
Unaudited pro forma adjusted net tangible assets per Share[(2)]	HK$1.65	HK$2.08
Prospective price/earnings multiple on a pro forma basis[(3)]	10.02 times	15.01 times

Notes:

(1) The calculation of market capitalisation is based on each indicative Offer Price and 500,000,000 Shares in issue immediately after completion of the Share Offer but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Written resolutions of our sole Shareholder passed on 23 November 2009" in the section headed "Statutory and general information" in Appendix VI to this prospectus.

(2) The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after the adjustments referred to in the paragraph headed "Unaudited pro forma adjusted net tangible assets" under the section headed "Financial information" of this prospectus and on the basis of 500,000,000 Shares in issue immediately after completion of the Share Offer but takes no account of any Shares which may fall to be issued under the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Written resolutions of our sole Shareholder passed on 23 November 2009" in the section headed "Statutory and general information" in Appendix VI to this prospectus.

(3) Our prospective price/earnings multiple on a pro forma basis in the above table is based on each indicative Offer Price and the forecast pro forma basic earnings per Share for the year ending 31 December 2009 as set out in the section headed "Financial Information – Profit forecast" in this prospectus.

DIVIDENDS

No dividends have been paid or declared by the Company since the date of its incorporation. No dividends have been paid or declared by any member of our Group during the Track Record Period.

Our Directors consider that, in general, the amount of future dividends to be declared by our Company will depend on our Group's results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. The dividends to be paid (if any) will be by way of interim and/or final dividends. Our Directors consider that our Company's dividend policy mentioned above will not materially affect our Group's working capital position in the coming years.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Alternext"	an exchange regulated market organised by Euronext Paris SA
"Application Form(s)"	WHITE application form(s) and YELLOW application form(s), or where the context so requires, any of them, which is used in relation to the Public Offer
"Articles"	the articles of association of the Company adopted on 23 November 2009 which will take effect on the Listing Date, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day(s) (excluding Saturday(s) and Sunday(s)) in Hong Kong on which licensed banks in Hong Kong are open for banking business throughout their normal business hours
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"CCOA (Oil & Fats Division)"	油脂分會 (Oil & Fats Division) of 中國糧油學會 (Chinese Cereals and Oils Association), which is a national academic association with members mainly being technicians and entrepreneurs engaging in scientific research and manufacturing of cereals and oil
"CDCP"	China Development Capital Partnership Master Fund LP, an exempted limited partnership established under the laws of Bermuda, acting through Martin Currie Investment Management Limited in its capacity as investment manager to CDCP and an Independent Third Party
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	China Corn Oil Company Limited, an exempted company incorporated in the Cayman Islands on 9 September 2009 under the Companies Law with limited liability
"Controlling Shareholder(s)"	has/have the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Corn Oil Luxembourg, Sanxing Trade, Sanxing Grease, Shandong Sanxing, Mr. Wang MX, Mr. Wang MF, Mr. Wang ML and Ms. Huo (the spouse of Mr. Wang ML), who together will control the exercise of 65% voting rights in the general meeting of the Company after the Share Offer (assuming that the Over-allotment Option is not exercised)
"Corn BVI"	Corn Industry Investment Co., Ltd., a company incorporated in the BVI on 28 December 2006 and a direct wholly-owned subsidiary of the Company
"Corn Industry"	山東三星玉米產業科技有限公司 (Shandong Sanxing Corn Industry Technology Company Limited), a company established in the PRC with limited liability on 14 November 2006, and an indirect wholly-owned subsidiary of the Company

"Corn Oil Luxembourg"	China Corn Oil S.A., a company incorporated in Luxembourg on 19 December 2007, and is owned as to approximately 82.733% by Sanxing Trade, as to 5.074% by CDCP, as to 5.074% by GMIM, as to 5.072% by NGPL and as to 2.047% by other investors as at the Latest Practicable Date
"Director(s)"	director(s) of the Company
"Electronic Application Instruction(s)"	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Public Offer Shares
"GMIM"	General Motors Investment Management Corporation, a company incorporated in the US, acting through Martin Currie Inc in its capacity as investment manager to GMIM and an Independent Third Party
"Group", "we", "our" and "us"	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company, some or any of them and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a person(s) or company(ies) which is/are independent of and not connected with any directors, chief executive and Substantial Shareholders of the Company or any of its subsidiaries and their respective associates
"Latest Practicable Date"	3 December 2009, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange

"Listing Date"	the date on which dealings in the Shares on the Main Board commences
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market operated by the Stock Exchange, which excludes Growth Enterprise Market of the Stock Exchange and the options market
"MPF Ordinance"	Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
"Mr. Koay"	Mr. Koay Kang Lin, a Malaysian and an Independent Third Party as at the Latest Practicable Date
"Mr. Wang MF"	Mr. Wang Mingfeng (王明峰), a co-founder of our Group, an executive Director and one of our Controlling Shareholders
"Mr. Wang ML"	Mr. Wang Mingliang (王明亮), a co-founder of our Group, an executive Director and one of our Controlling Shareholders
"Mr. Wang MX"	Mr. Wang Mingxing (王明星), a co-founder of our Group, our chairman and chief executive officer, an executive Director and one of our Controlling Shareholders
"Ms. Huo"	Madam Huo Chunling (霍春玲), the spouse of Mr. Wang ML and one of our Controlling Shareholders
"NGPL"	New Garden Pte. Ltd. (formerly known as New Wellmei Pte. Ltd.), a company incorporated in Singapore and an Independent Third Party
"Offer Price"	the final price for each Offer Share (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee payable thereon) of not more than HK$3.85 per Offer Share and is expected to be not less than HK$2.57 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer
"Offer Shares"	the Public Offer Shares and the Placing Shares

"our brand(s)" or "our trademark(s)"	the 長壽花 (Longevity Flower) brand and/or the 金銀花 (Gold & Silver Flower) brand registered by Sanxing Grease which is licensed to Corn Industry pursuant to the Trademark Licence Agreements. For details, please refer to the paragraph headed "Trademark Licence Agreements" under the section headed "Connected Transactions" in this prospectus
"Over-allotment Option"	the option expected to be granted by the Company to the Lead Manager and exercisable by the Lead Manager to require the Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last date for lodging of applications under the Public Offer, to allot and issue Over-allotment Shares at the Offer Price to cover over-allocations in the Placing and/or to satisfy the obligation of the Lead Manager to return securities borrowed under the Stock Borrowing Agreement
"Over-allotment Shares"	up to an aggregate of 26,250,000 new Shares to be issued pursuant to the exercise of the Over-allotment Option, representing approximately 15% of the number of Shares initially available under the Share Offer
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of the Company for cash at the Offer Price with professional, institutional and private investors as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Shares"	the 157,500,000 Offer Shares initially being offered for subscription under the Placing subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus together with any additional Shares which may be issued by the Company upon the exercise of the Over-allotment Option
"Placing Underwriters"	the underwriters of the Placing, led by Taifook Securities
"Placing Underwriting Agreement"	the conditional placing underwriting agreement relating to the Placing to be entered into, among others, the Company, the Controlling Shareholders, the executive Directors, the Sponsor, Taifook Securities and the Placing Underwriters

"PRC" or "China"	the People's Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau and Taiwan
"PRC government"	the government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organs thereof or, as the context requires, any of them
"PRC Legal Advisers"	Grandall Legal Group (Shanghai), a qualified PRC law firm as the PRC legal advisers to our Company for the application for listing on the Main Board of the Stock Exchange
"Price Determination Agreement"	the agreement to be entered into between the Company and the Lead Manager (for itself and on behalf of the Underwriters) on or before the Price Determination Date to fix and record the Offer Price
"Price Determination Date"	the date, expected to be on or around Friday, 11 December 2009, on which the Offer Price is expected to be fixed for the purposes of the Share Offer and in any event no later than 6:00 p.m. (Hong Kong time) on Monday, 14 December 2009
"Public Offer"	the conditional offer of the Public Offer Shares by the Company for subscription by members of the public in Hong Kong for cash at the Offer Price, payable in full on application, on and subject to the terms and conditions stated herein and in the related Application Forms
"Public Offer Shares"	the 17,500,000 Offer Shares initially offered for subscription under the Public Offer subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters listed in the paragraph headed "Public Offer Underwriters" under the section headed "Underwriting" in this prospectus, being the underwriters of the Public Offer
"Public Offer Underwriting Agreement"	the conditional public offer underwriting agreement dated 7 December 2009 relating to the Public Offer and entered into between the Company, the Controlling Shareholders, the executive Directors, the Sponsor, Taifook Securities and the Public Offer Underwriters

"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described under the paragraph headed "Our reorganisation" in the section headed "History and corporate development" in this prospectus
"Sanxing Group"	Shandong Sanxing and its subsidiaries
"Sanxing Grease"	鄒平三星油脂工業有限公司 (Zouping Sanxing Grease Industry Company Limited), a company established in the PRC with limited liability on 18 April 2001, and is owned as to 16.5%, 33.4%, 33.6% and 16.5% by Mr. Wang MF, Mr. Wang MX, Shandong Sanxing and Ms. Huo respectively as at the Latest Practicable Date
"Sanxing International"	山東三星國際貿易有限公司 (Shandong Sanxing International Trading Company Limited), a company established in the PRC with limited liability on 10 March 2005 and is owned as to 52% by Shandong Sanxing, 16% by Mr. Sun Guohui, our executive Director, and 32% by two Independent Third Parties as at the Latest Practicable Date
"Sanxing Mongolia"	內蒙古三星糧油工業有限公司 (Inner Mongolia Sanxing Food & Oil Industry Company Limited), a company established in the PRC with limited liability on 12 March 2004, and is owned as to approximately 86.7% by Mr. Wang ML and as to approximately 13.3% by two Independent Third Parties respectively as at the Latest Practicable Date
"Sanxing Trade"	SanXing Trade Co., Ltd., a company incorporated in Mauritius with limited liability on 8 November 2006, and is a wholly-owned subsidiary of Sanxing Grease as at the Latest Practicable Date
"Shandong Sanxing"	山東三星集團有限公司 (Shandong Sanxing Group Company Limited), a company established in the PRC with limited liability on 24 April 2003 and is owned as to 60.4% by the Wang Brothers, 4.4% by Mr. Sun Guohui and 35.2% by eight individuals who are past or present employees of Sanxing Group who are Independent Third Parties as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shandong Mingda"	山東明達熱電有限公司 (Shandong Mingda Heat and Electricity Company Limited), a company established in the PRC with limited liability on 30 May 2005, and is owned as to 51.0% by Shandong Sanxing and 49% by three Independent Third Parties as at the Latest Practicable Date
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 23 November 2009, a summary of principal terms of which is set out under the paragraph headed "Share Option Scheme" in Appendix VI to this prospectus
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between Corn Oil Luxembourg, Sanxing Trade and the Lead Manager, pursuant to which the Lead Manager may borrow up to 26,250,000 Shares to cover any over-allocation in the Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Companies Ordinance
"Substantial Shareholder(s)"	has/have the meaning ascribed thereto under the Listing Rules
"Taifook Capital" or "Sponsor"	Taifook Capital Limited, a licensed corporation under SFO to carry on type 6 (advising on corporate finance) regulated activity, being the sole sponsor to the Share Offer
"Taifook Securities" or "Lead Manager"	Taifook Securities Company Limited, a licensed corporation under SFO to carry on type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities being the sole bookrunner and lead manager to the Share Offer

"Track Record Period"	the three financial years ended 31 December 2008 and the six months ended 30 June 2009
"Trademark Licence Agreements"	the two trademark licence agreements dated 16 November 2009 entered into between Sanxing Grease and Corn Industry in relation to the granting of licences by Sanxing Grease to Corn Industry to use the registered trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower), details of the agreements are set out in the section headed "Connected Transactions" in this prospectus
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"US" or "United States"	the United States of America
"Wang Brothers"	Mr. Wang MX, Mr. Wang ML and Mr. Wang MF
"€"	Euro, the lawful currency of the European Union
"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollars, the lawful currency of the US
"Mt"	million tonnes
"kg"	kilograms
"sq.m." or "m^2"	square metres
"%"	per cent

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

€1 : HK$11.696
US$1 : HK$7.8
RMB1 : HK$1.1353

No representation is made that any amounts in €, US$, RMB or HK$ were or could have been converted at the above rate or at any other rates or at all.

For ease of reference, the names of certain PRC laws and regulations or the PRC established companies or entities have been included in this prospectus in both the Chinese and English languages. The English names of these companies and entities are only English translation of their respective official Chinese names. In the event of any inconsistency, the Chinese version shall prevail.

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company is incorporated in the Cayman Islands and all of our operations are conducted in the PRC and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of the Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR GROUP

Fluctuations in prices and the unavailability of raw materials could negatively impact our operations

Our results of operations and financial condition are dependent upon the cost and supply of our main raw materials of corn embryo and crude corn oil as well as the selling prices for our products. These factors are determined by constantly changing market forces of supply and demand over which we have limited or no control. The fluctuation in our average purchase prices of corn embryo and crude corn oil mainly depends on the fluctuation in the market prices of edible corn oil products which are produced from corn embryo or crude corn oil. In addition, our average purchase prices of corn embryo and crude corn oil is also affected by other less significant factors which include: (i) the fluctuation in the price of corn; (ii) government policies regarding the usage of corn which have an impact on the supply of corn embryo; and (iii) the general economy in the PRC and in the world. Please refer to the paragraph headed "Fluctuation of the average purchase prices of our raw materials" under the "Financial Information" section of this prospectus for further analysis of the fluctuation. As a result, fluctuations in prices of our raw materials can significantly affect our earnings. The availability and production of our raw materials can also be affected by, among other things, weather patterns throughout the world, as well as the agricultural policies of the PRC and foreign governments. Unavailability of raw materials could negatively impact our operations.

Price fluctuation of our products may adversely affect our turnover

During the Track Record Period, the increase of our turnover was partly a result of the increase in the price of our products. For instance, the average unit selling price of our corn oil products during the Track Record Period had an upward trend in general from 2006 to the first half of 2008 and a downward trend from the second half of 2008 to the first quarter of 2009. The average selling prices of our non-branded corn oil products during the Track Record Period were RMB5,382/tonne, RMB7,661/tonne, RMB9,926/tonne and RMB6,528/tonne respectively, representing a percentage increase/(decrease) of (4.7%), 42.3%, 29.6% and (34.2%) respectively. Since our commencement of branded corn oil sales during 2006, the average selling prices of our branded corn oil products during the Track Record Period were RMB8,616/tonne, RMB10,322/tonne, RMB11,707/tonne and RMB7,460/tonne respectively and the percentage increase/(decrease) for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009 were 19.8%, 13.4% and

(36.3%) respectively. The decrease in the average selling prices of our corn oil products for the six months ended 30 June 2009 compared with that for the year ended 31 December 2008 was mainly in line with the drop in the future prices of soybean oil, which is used as a general market practice in determining the selling prices of corn oil products, by approximately 32.5% for the corresponding period according to the quote by the Dalian Commodity Exchange. Please refer to the paragraph headed "Fluctuation of the average selling prices of our corn oil products" under the "Financial Information" section of this prospectus for further analysis of the fluctuation. There is no assurance that our product price will not decrease in the future, and in such event, our turnover, may be adversely affected in the future.

Reliance on suppliers may impose adverse effect on our operations

For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, our five largest suppliers which were mainly suppliers of corn embryo accounted for approximately 19.4%, 32.8%, 37.4% and 20.8% of our total purchases respectively. Purchase from our largest corn embryo supplier for the three years ended 31 December 2008 and the six months ended 30 June 2009 accounted for approximately 8%, 12.4%, 16% and 6.5% of our total purchases respectively. Our operations depend on a sufficient supply of corn embryo, which is acquired by us at market price. We have not entered into any long term supply agreements with any of our corn embryo suppliers. There is no assurance that our existing corn embryo suppliers will continue to supply corn embryo to our Company at a price acceptable to us or will continue to supply corn embryo to us in the future. Any interruption in the supply of corn embryo to us may have a material adverse effect on our operations.

Reliance on Shandong Mingda may impose adverse effect on our operations

Shandong Mingda has been supplying steam and electricity to us in connection with our operations. During the Track Record Period, all the steam and electricity required by us was provided by Shandong Mingda. There can be no assurance that the supply of steam or electricity to us will always be sufficient in future. Although we signed the Steam and Electricity Supply Agreement with a term of three years with Shandong Mingda, the amount of steam or electricity to be supplied to us at any given time in the future may not be sufficient to satisfy our actual production requirement, which consequently may adversely affect our financial performance. In addition, the pipelines transmitting steam to us or other power generators may break down due to natural disasters, accidents, unforeseen engineering, design, environmental or geological problems. These may interrupt the supply of steam or electricity to us, which in turn may have material adverse impact on our operations.

Non-renewal of merchandise contract may affect our business and operations

Currently, the merchandise contracts entered into between us and our retailers are mainly of a limited term of one year. Based on our records, most of these merchandise contracts are annually renewed. However, such kind of renewal is not guaranteed and new agreements may not be agreed upon in the future. Failure to have such merchandise contracts renewed or for new merchandise contracts to be entered into may result in an adverse effect on our business and operations.

Procurement of genetically modified raw materials without our knowledge may affect our reputation and business performance

The consumption of genetically modified food is controversial and some consumers may decline to accept and consume genetically modified food. There is no assurance that we may not be exposed to the risk of being supplied with genetically modified materials without our knowledge. If it is subsequently discovered and published that our products are derived from genetically modified materials, consumers' confidence in our products may be adversely influenced thereby affecting our reputation and business performance.

If our products become contaminated, we may be subject to product liability claims and product recalls

Our products may be subject to contamination by disease-producing organisms or pathogens. These pathogens are found generally in the environment and therefore, there is a risk that they could be present in our products. These pathogens can also be introduced to our products as a result of improper handling at the further processing, foodservicing or consumer level. This risk may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling procedures once our products are delivered for distribution.

Our products are subject to sampling examinations on product quality by the PRC government authorities. If the products materially failed to meet any relevant quality or safety standards, we may be required by the PRC government authorities to recall the products and we may be held responsible for such failure. Hence, our reputation and operations will be adversely affected.

Manufacturers and sellers of defective products in the PRC may be liable for any loss and injury caused by such products. According to the principal laws and regulations governing this area, such as the PRC Civil Law, where a sub-standard product causes property damage or physical injury to any person, the manufacturer or seller of such sub-standard product may be subject to civil liabilities under the PRC Civil Law for such damage or injury. The PRC Civil Law was supplemented by the Product Quality Law. The Product Quality Law is intended to protect the legitimate rights and interests of end-users and consumers and to strengthen the supervision and control of the quality of products. Under the Product Quality Law, manufacturers are responsible for the quality of the products they produce and the products must meet certain minimum standards. Further, the Consumers' Protection Law gives protection to legal rights and interests of consumers in respect of the safety of people and property in the purchase or use of goods or services. The Consumers' Protection Law shall be observed by operators in the PRC in respect of goods produced or sold by them and in the provision of services.

We may also be liable for loss and injury due to defective products under the relevant laws of all possible jurisdictions other than the PRC which may have an adverse effect on our financial condition and results of operations. There is no assurance that additional regulatory requirements will not be imposed by the PRC or other government authorities outside the PRC. We may also be required to incur extra expenditures to comply with the additional regulatory requirements from time to time.

There was no product liability claim, product recall or other incident due to contamination of our products during the Track Record Period. Our Directors are not aware of any contamination of our products.

If we fail to effectively promote our brands, particularly, our brand 長壽花 (Longevity Flower), our business, financial condition and results of operations may be materially and adversely affected

We believe that brand image plays an important role in influencing consumers' decisions in purchasing our products. Our brands, particularly our brand 長壽花 (Longevity Flower), are critical to the success of our business. For the each of the three years ended 31 December 2008 and the six months ended 30 June 2009, we derived approximately 4.9%, 9.1%, 11.8% and 12.0% respectively, of our total revenue from the sales of products under our brand 長壽花 (Longevity Flower). Our business and market position largely depend on our ability to successfully promote our brands, particularly our brand 長壽花 (Longevity Flower), and our ability to continue to develop and sell new products under our brands. We market our brands and products through various channels and methods including (i) television commercials; (ii) advertising in newspapers and magazines; (iii) selecting suitable celebrity to be our brand ambassador; and (iv) organising in-store promotional activities and roadshows.

We cannot give assurance that our marketing and promotional activities will remain effective. If we fail to successfully market or promote our brands, our brand recognition may be adversely affected and the demand for our products may decline or fail to increase as we expected. If our brands are tarnished in any manner, we may lose our competitive advantage and our business, financial condition and results of operations may be materially and adversely affected.

Decrease in our overseas sales, together with insufficient domestic sales, could adversely affect our financial condition and operating results

The PRC is the major market for our edible oil and refined oil products. Our turnover generated from sales in the PRC accounted for approximately 51.0%, 83.3%, 69.8% and 98.8% of our total turnover for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 respectively. We also sell our edible oil and refined oil products overseas. Our turnover generated from overseas sales accounted for approximately 49.0%, 16.7%, 30.2% and 1.2% of our total turnover for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 respectively. The significant drop in export sales for the six months ended 30 June 2009 against the corresponding period in 2008 was mainly due to the PRC government cancelled the export sales value-added tax refund policy in June 2008, the details of which are set out in the paragraph headed "Management discussion and analysis" in the "Business" section in this prospectus. In the event that there are insufficient domestic sales, the continuous decrease in our overseas sales could adversely affect our financial condition and operating results.

Changes in consumers' preference could adversely impact our business

The corn oil industry in general is subject to changing consumer trends, demands and preferences. Trends within the industry may change rapidly and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our products, and could have an adverse effect on our financial results. There can be no assurance that we will be able to continue to anticipate, gauge, identify and react to changing consumers' demands in the future.

We may not be able to develop new products or expand into new markets

We will continue to improve our products and to develop and market new products and to target new customer groups. The launch and development of new products involve considerable time and commitment which may exert a substantial strain on our ability to manage our existing business and operations. We cannot ensure the success of any new brand or products or any income will be generated from such new brand or products. If we are not able to develop and introduce new products successfully, or if new products fail to generate sufficient revenues to offset research and development costs, our business, financial condition and operating results could be adversely affected. Failure of such could lead to wasted resources and damage to our reputation.

An element of our strategy for growth also envisages us selling new or existing products into new markets of other areas of the PRC. There can be no guarantee that we will be successful to execute this strategy for growth and if we should fail to executive our growth strategy, it may have a material adverse effect on future revenue and profitability.

We may face increasing competition which could reduce our market share and adversely affect our financial condition and results of operations

We provide edible corn oil to other enterprises which sell such edible corn oil in their own packaging and under their own brands. Such customers of us are our competitors. Hence, we compete with such competitors on the basis of a number of factors including pricing, availability of products and brand identification. In addition, we also compete with other manufacturers in terms of product quality and safety and the ability to recruit experienced and talented employees. If we are not able to maintain our competitiveness in respect of the foregoing, our business operations, market share and financial condition may be adversely affected.

There are no assurances that the competitiveness of our competitors will not improve or that we will be successful in expanding our market share against our competitors. Our competitors may be able to respond more quickly to new or emerging technologies and changes in client requirements and/or demands. Some of the markets into which we are entering may be conservative and adopt new products more slowly than anticipated. Existing and/or increased competition could adversely affect our market share and materially affect our business, financial condition and operating results. If competitive pressure should intensify, it may force us to reduce the price of our products, which could adversely affect our business, financial condition and operating results.

We do not own the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) and the exclusive licence arrangement with Sanxing Grease for these trademarks may be revoked or invalidated or may not be renewed and the value of the licence may decline

We do not own the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower). Instead, we have entered into the Trademark Licence Agreements with Sanxing Grease, whereby we are granted an exclusive, sole and royalty-free licence to use these trademarks. Pursuant to the Trademark Licence Agreements, the trademarks will be licensed to us for a term of 10 years commencing from the date of signing of the agreements and subject to automatic renewal for another 10 years. Corn Industry has an option to acquire the trademarks from Sanxing Grease for a normal consideration of RMB10 for each of the trademarks. Further details of the licence arrangement are set out in the section headed "Connected Transactions" in this prospectus. If these licences are revoked, invalidated or not renewed or if the commercial value of the trademarks decline in any significant way, we may lose some portion of our goodwill and ability to operate in an optional condition, which could materially and adversely affect our business, results of operation and Share value.

During the Track Record Period, the turnover generated from our sales of 長壽花 (Longevity Flower) products represented approximately 4.9%, 9.1%, 11.8% and 12.0% of our total turnover respectively; and our sales of 金銀花 (Gold & Silver Flower) products represented approximately 0.9%, 1.7%, 2.5% and 2.6% of our total turnover respectively for the corresponding period.

Our inability to adequately protect our proprietary technology could have a material adverse effect on our business

We rely substantially on proprietary technology, information, trade secrets, knowhow, laboratory research data and market research data to conduct our business and to attract and retain customers. The success of our business depends on our ability to protect our know-how and our intellectual property portfolio, and to obtain patents without infringing the proprietary rights of others. If we do not effectively protect our know-how and intellectual property, our business and operating results could be harmed materially.

Our manufacturing operations may be disrupted for maintenance services or reasons beyond our control, which could adversely affect our business, financial condition and results of operations

Our manufacturing operations could be disrupted for maintenance services or reasons beyond our control. The refinement production lines are subject to maintenance period of an aggregate of approximately 15 days per year, during which the refinement production process stops. Other production lines are subject to on-going maintenance check. Moreover, other causes of disruption include extreme weather conditions, fire, natural catastrophes, raw material supply disruptions, equipment and system failures, mechanical malfunctions, workforce shortages, workforce actions, human errors or environmental issues. Any significant disruption to our manufacturing operations could

adversely affect our ability to manufacture and sell products or deliver services, either of which could have a material adverse effect on our business, financial condition and results of operations.

We rely on our current production facilities, and we may not be able to obtain adequate production capacity to meet our existing obligations and growing market demand for our products

We have been using our production facilities in Shandong Province at a moderately high utilisation rate and we expect to continue to do so in the near future. During each of the three years ended 31 December 2008 and the six months ended 30 June 2009, the utilisation rate of our production facilities was approximately 91.5%, 89.0%, 79.1% and 74.7%, respectively. Further details of our current production facilities are set forth in the paragraph headed "Production facilities and capacities" under the section headed "Business" in this prospectus. If there is any damage to our current production facilities, we may not be able to remedy such situations in a timely and proper manner, and our production could be materially and adversely affected. We cannot give assurance that our production capacity will be able to meet our obligations and the growing market demand for our products in the future. Furthermore, we may not be able to expand our production capacity in response to the changing market conditions. If we fail to meet demand from our distributors, our retailers or consumers, we may lose our market share.

Lack of business insurance coverage may incur substantial costs for our Group

Although we have taken out insurances against our major assets (production plants and equipments, inventory), we can give no assurance that the present insurance coverage is sufficient to meet any claims to which we may be subject and that we will in the future be able to obtain or maintain insurance on acceptable terms or at appropriate levels or that any insurance maintained will provide adequate protection against potential liabilities. In addition, defending us against such claims may strain management resources, affect our reputation and require us to expend significant sums on legal costs.

The insurance industry in the PRC is still at an early stage of development. Insurance companies in the PRC offer limited business insurance products, and do not, to our Directors' best knowledge, offer business liability insurance. As a result, we do not have any business liability insurance coverage for our business operations. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of our resources.

Reliance on key management personnel may impose risks on our Group

Our performance and success is, to a significant extent, attributable to the vision and leadership of Mr. Wang MX and the contribution of our other executive Directors and key senior management executives. In the event that any of these persons or any other member of the senior management team was to leave us, and we were not able to engage a suitable replacement on a timely basis, our business, operations and financial condition may be materially adversely affected.

Fluctuation of our gross profit margin may adversely affect our financial condition

For the three years ended 31 December 2008 and the six months ended 30 June 2009, our gross profit margin were approximately 12.8%, 10.0%. 10.7% and 12.6% respectively. There is no assurance that our gross profit margin will remain stable in the future and our financial condition may be adversely affected by fluctuating gross profit margin.

Insufficient cash flow may adversely affect our competitiveness and results of operation

Our business is capital intensive and we depend on cash provided by our operations as well as access to external financing to operate and expand our business. We require significant amounts of capital to operate our business and fund capital expenditures. Our future funding requirements will depend, to a large extent, on our working capital requirements and the nature of our capital expenditures. We are required to make substantial capital expenditures to maintain and continuously upgrade and expand our production facilities, as well as distribution and marketing network to keep pace with competitive developments, technological advances and changing requirements in our industry. We intend to fund a portion of our future capital expenditures, working capital and other funding requirements from our cash flows provided by operating activities and from external sources of financing. If we are unable to generate sufficient cash flows or raise sufficient external financing on attractive terms to fund these activities, we may not be able to achieve our desired operating efficiencies and expansion plans, which may adversely impact our competitiveness and, therefore, our results of operations. Further, we started to accept bank's notes (銀行承兑匯票) that will be settled by issuing banks as one of our settlement methods in 2009. These note receivables usually have a maturity ranging from three to six months. Such arrangement has lengthened the credit period granted to our customers and may affect our working capital management and cash flows. These bank's notes, if being redeemed at the banks before their maturity, would be at discount to their principal values and such discount would be recognised as finance costs of the Group.

RISKS RELATING TO THE INDUSTRY

Improper activities of other manufacturers could affect our business performance or damage our reputation

In the event that other manufacturers mislead the public and relate any improper activities to our brands 長壽花 ("Longevity Flower") or 金銀花 ("Gold & Silver Flower"), our reputation may be significantly damaged. Hence, we may have to allocate more resources in the future to advertise, market and promote our products so as to build up consumers' awareness in relation to our brands. Any significant damage to our reputation or any significant failure to promote and protect our brands and reputation could make it more difficult for us to successfully attract customers for our existing products and to launch new products, which may have a material adverse effect on our business. Our Directors are not aware of any such improper activities of other manufacturers which may have material adverse effect on our business during the Track Record Period.

The operations of our business requires certain specific licences and permits

Our business is subject to various rules and regulations in the PRC. In order to operate the business of the manufacture of corn oil, we have to possess the relevant licences. If any such licence was revoked or suspended, or if we fail to renew such licences upon expiry or are unable to obtain new licences required by the PRC laws, our business and operations would be materially and adversely affected. In addition, in the event that we are unable to secure the necessary licences for the expansion of business, our development potential might be adversely affected.

We are exposed to the risk of changes in government legislation or policy

Our products are subject to industry driven standards and governmental regulations. Changes to such standards and regulations in the future could give rise to increased costs being incurred by us associated with required remedial measures or production stoppage, any of which could have a material adverse effect on our business and financial performance.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Political and economic policies of the PRC government could affect our business

Our results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as all of our assets are located in the PRC and substantially all of our revenue is derived from operations that take place in the PRC. The economic, political and social conditions, as well as government policies, including taxation policies, of the PRC, could affect our business. The PRC economy differs from the economies of other countries in many respects. The PRC economy has historically been a planned economy and has been in a transitional stage to a more market economy. Although the PRC government has implemented measures emphasising the use

of market forces for economic reform in recent years, there can be no assurance that economic, political or legal systems of the PRC will not develop in a way that is detrimental to our business, results of operations and prospects.

The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and results of operations

The global capital and credit markets have been experiencing extreme volatility and disruption in the recent periods. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, the US mortgage market and a declining residential real estate market in the US and elsewhere have contributed to unprecedented levels of market volatility. These factors, combined with volatile oil prices, declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged global recession. These events may lead to a slowdown in the PRC economy. As a result, consumer demand for our products may significantly decrease, thereby materially and adversely affecting our business, financial condition and results of operations. In addition, the credit tightening environment may aggravate the interest expenses on our bank borrowings. If the economic downturn continues, the business operation and financial position of our Group may be adversely affected.

The government control of currency conversion could affect our business operations

Most of our revenue is received in RMB. At present, RMB is not freely convertible to other currencies. Under the current foreign exchange regulations, RMB is convertible without approvals from SAFE only with regard to current account transactions, including trade and service related foreign exchange transactions and payment of dividends to foreign investors, while the foreign exchange transactions in respect of capital account items including the foreign currency capital in any foreign investment enterprise in the PRC, the repayment of foreign currency loans and the payment pursuant to foreign currency guarantees, continue to be subject to significant foreign exchange controls and require the prior approval of the SAFE. There can be no assurance that the PRC government will not impose more stringent restrictions on the convertibility of RMB, especially relating to foreign exchange transactions.

Potential recurrence of severe acute respiratory syndrome (SARS), pandemic influenza, avian influenza (including H5N1) or influenza A (H1N1) (also sometimes referred to as swine influenza) or other widespread public health problem may adversely affect the economy and our business

The outbreak of SARS in early 2003 substantially affected businesses in Asia. The World Health Organization declared that the SARS outbreak had been contained on 5 July 2003, but a number of isolated cases of SARS were still reported in the PRC in April 2004. Currently, our Directors are unable to predict the potential impact of another possible SARS outbreak or an outbreak of other serious contagious diseases. Should another outbreak of SARS or another serious contagious disease take place, our financial condition and results of our operations may be adversely affected as a result of a general adverse impact on the economy or otherwise.

In recent years, certain Asian countries, including the PRC, have also encountered incidents concerning the H5N1 strain of avian influenza. This disease, which is spread through poultry populations, is capable in certain circumstances of being transmitted to humans and could be fatal. Furthermore, recently, the outbreak of disease in people caused by a new influenza virus of influenza A (H1N1) (also sometimes referred to as swine influenza) originally started in the US and spread internationally, and most people do not have immunity to this virus. If any of our employees are identified as a possible source of spreading pandemic, avian or swine influenza or any other similar epidemic, we may be required to quarantine employees suspected of being infected, as well as others that have come into contact with those employees. We may also be required to disinfect our affected operating facilities, which could adversely affect our operations.

In addition, any outbreak of any widespread public health problem may affect economic activities locally in the PRC and internationally, which in turn may affect the financial condition and results of our operations.

Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

Although many laws and regulations have been promulgated and amended in the PRC since 1978, the PRC legal system is still not sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws and regulations may be influenced by momentary policy changes reflecting domestic political and social changes. In addition, it may also be difficult to enforce judgments and arbitration awards in the PRC.

Many laws and regulations in the PRC are promulgated in broad principles and the Central People's Government has gradually laid down implementation rules and has continued to refine and modify such laws and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. There can be no assurance that future changes in legislation or the interpretation thereof will not have an adverse effect upon our business, operations or profitability.

The implementation of the new labour contract law and increase in labour costs in the PRC may adversely affect our business and financial conditions

A new labour contract law became effective on 1 January 2008 in the PRC. It imposes more stringent requirements on employers in relation to entry into fixed term employment contracts and dismissal of employees. In addition, under the newly promulgated "Regulations on Paid Annual Leave for Employees" (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the new law and regulations, our labour costs may increase. It cannot be assured that any disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

Restriction of payment of dividends under the PRC laws and the tax exemptions on dividends received by the Company and the Shareholders may be affected by the newly enacted Enterprise Income Tax Law

Under the PRC laws, dividends may be paid only out of distributable profits. Distributable profits with regard to the subsidiary of the Company incorporated in the PRC means its after tax profits as determined under the PRC Accounting Standards and Regulations, less any recovery of accumulated losses and allocations to statutory funds that it is required to make. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. The calculation of distributable profits under the PRC Accounting Standards and Regulations differs in many aspects from the calculation under International Financial Reportory Standards ("**IFRSs**"). As a result, the subsidiary of the Company incorporated in the PRC may not be able to pay any dividend in a given year to the Company if it does not have distributable profits as determined under the PRC Accounting Standards and Regulations, even if it has profits for that year as determined under IFRSs. Accordingly, since the Company derives all of its profits from its subsidiary, it may not have sufficient distributable profits to pay dividends to the Shareholders, even if there is such an amount as shown in its accounts prepared under IFRSs.

In addition, the newly enacted Enterprise Income Tax Law and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise without an establishment or place of business in the PRC, withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiary, unless it is entitled to reduction or elimination of such tax, including by tax treaties.

Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects

The Rules on the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (關於外國投資者併購境內企業的規定) ("**M&A Rules**"), which were promulgated in August 2006 and were effective from 8 September 2006, provide the rules with which foreign investors must comply if they are seeking to acquire shares in a non-foreign funded enterprise, whether through a purchase agreement with existing shareholders or through a direct subscription from a company, that would result in that company becoming a foreign-funded enterprise. The M&A Rules further require that the business scope of the resultant foreign-funded enterprise conform to the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄). The M&A Rules also provide the takeover procedures for the acquisition of equity interests in domestic enterprises.

There are uncertainties as to how the M&A Rules will be interpreted or implemented. If we decide to acquire a PRC company in the future, there is no assurance that we or the owners of such PRC company can successfully complete all necessary approval requirements under the M&A Rules. This may restrict our ability to implement our expansion and acquisition strategy and could materially and adversely affect our future growth.

RISKS RELATING TO THE SHARE OFFER

Shareholders' interests in the share capital of the Company may be diluted in the future

We may in the future expand our capabilities and business through acquisition, joint venture and strategic partnership with parties who can add value to our business. We may require additional equity funding after the Share Offer and the equity interest of the Shareholders will be diluted should the Company issue new Shares to finance future acquisitions, joint ventures and strategic partnerships and alliances.

Any exercise of the options to be granted under the Share Option Scheme in the future and issuance of Shares thereunder would also result in the reduction in the percentage ownership of the Shareholders. There may also be a dilution in the earnings per Share and net asset value per Share as a result of the increase in the number of Shares outstanding after the issue of such additional Shares.

Under the IFRS 2, the costs of share options to be granted to employees under the Share Option Scheme will be charged to our income statement over the vesting period by reference to the fair value at the date at which the share options are granted. As a result, our profitability may be adversely affected.

Lack of liquidity of the Shares and volatility of the market price may be resulted

Prior to the Share Offer, there has been no public market for the Shares. There is no guarantee that a liquid public market for the Shares will develop or be sustained upon completion of the Share Offer. In addition, the Offer Price has been determined by negotiations between the Lead Manager (acting on behalf of the Underwriters) and the Company, and may not be indicative of the market price of the Shares that will prevail in the trading market and such market prices may be volatile.

If an active public market for the Shares does not develop after the Share Offer, the market price and liquidity of the Shares may be adversely affected. Investors may not be able to sell their Shares at or above the initial public offering price. The stock market of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years. Volatility in the price of the Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

Fluctuation of RMB may affect value of our dividends (if any) and our financial condition

The value of RMB may fluctuate which is subject to the government policy of the PRC. From 1994 to 2005, RMB was pegged to the US Dollar. The conversion of RMB into foreign currencies in the PRC, including Hong Kong and US Dollars, was based on exchange rates published by the People's Bank of China. The official exchange rate for the conversion of the RMB to US Dollar was in general stable during that period. However, since 2005, RMB has been pegged to a basket of currencies instead of US Dollar alone.

Since our financial statements are denominated in RMB, the termination of the linked exchange rate between RMB and US Dollar has increased the uncertainty of our income and profits. Any unfavourable change in the PRC government's currency policies and conditions of the currency market may have material adverse effect on the value of our dividends, if any, payable in foreign currencies, and also our financial condition.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Company and its management

The Company is a company incorporated in the Cayman Islands under the Companies Law with limited liability and the Companies Law differs in some respects from those of Hong Kong or other jurisdictions where investors may be located. As a result, the remedies available to the minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions.

The Company's corporate affairs are governed by its memorandum and articles of association, the Companies Law and the common law of the Cayman Islands. The rights of the Shareholders to take legal action against our Directors and the Company, actions by minority Shareholders and the fiduciary responsibilities of our Directors to the Company under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary responsibilities of our Directors under the Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located. In particular, the Cayman Islands has a less developed body of securities laws.

In addition, although the Company will be subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of the Shares on the Stock Exchange, the Shareholders will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules.

Furthermore, the Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and only provide standards of commercial conduct acceptable for takeover and merger transactions and share repurchases in Hong Kong.

As a result of any or all of the above, the Shareholders may have more difficulty in protecting their interests in the face of actions taken by the Company's management, directors or major shareholders than they would as shareholders of a Hong Kong company or companies incorporated in other jurisdictions.

For further information on the constitution of the Company and the Cayman Islands Companies Law, see "Summary of the constitutions of the Company and Cayman Islands Company Law" set out in Appendix V to this prospectus.

We cannot guarantee the accuracy of facts and other statistics with respect to the PRC, the PRC economy and the PRC edible corn oil industry contained in this prospectus

We have derived certain facts and other statistics in this prospectus relating to the PRC, the PRC economy and the PRC edible corn oil industry from various government publications or various organisations that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or without the PRC. The facts and other statistics include the facts and statistics included in the sections headed "Risk Factors", "Industry Overview" and "Business". Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and you should not place undue reliance on them. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

I. MANAGEMENT PRESENCE

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for primary listing on the Main Board to have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Since the principal business operation and manufacturing facilities of our Group are located in Shandong Province, the PRC, the senior management team of our Group is and will continue to be based in the PRC. At present, none of our executive Directors are ordinarily residing in Hong Kong. Accordingly, we do not and, in the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules. Hence, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint two Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorised representatives and an alternate authorised representative pursuant to Rule 3.05 of the Listing Rules, namely, Mr. Huang Da, an executive Director, Mr. Wang MX, an executive Director (alternate authorised representative to Mr. Huang Da), and Ms. Chan Yuen Ying, Stella, our company secretary, who will act as our principal channel of communication with the Stock Exchange. Ms. Chan Yuen Ying, Stella is a Hong Kong resident and is contactable by the Stock Exchange. Mr. Huang Da and Mr. Wang MX have both confirmed that they possess valid travel documents and can readily travel to Hong Kong to meet with the Stock Exchange upon the request of the Stock Exchange and will be readily contactable by telephone, fascimile and e-mail. Each of them is authorised to communicate on behalf of our Company with the Stock Exchange.

In order to further enhance the communication between the Stock Exchange, the authorised representatives and our Directors, our Company will implement the policies that:

- each Director will provide his office phone number, mobile phone number, residential phone number, fascimile number and/or e-mail address (where applicable) to the authorised representatives;

- in the event that an executive Director expects to travel and be out of office, he will provide the phone number of the place of his accommodation to the authorised representatives; and

- all Directors are required to provide their respective office phone numbers, mobile phone numbers, fascimile numbers and e-mail addresses (where applicable) to the Stock Exchange.

In addition, our Company will appoint, before the Listing Date, Taifook Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to act as an additional channel of communication with the Stock Exchange.

Further, meetings between the Stock Exchange and our Directors could be arranged through the authorised representatives or our Company's compliance adviser, or directly with our Directors within a reasonable timeframe. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorised representatives and compliance adviser.

All of our Directors have also confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period.

II. CONNECTED TRANSACTIONS

Corn Industry has entered into certain transactions, which would constitute non-exempt continuing connected transactions for our Company under the Listing Rules after the Listing. Our Company has applied to the Stock Exchange for, and has been granted a waiver from strict compliance with the relevant announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the SFO, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

The Share Offer is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them or any other persons or parties involved in the Share Offer.

UNDERWRITING

This prospectus is published in connection with the Share Offer, which is sponsored by Taifook Capital and managed by the Lead Manager. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement, including the Lead Manager (for itself and on behalf of the Underwriters) and our Company agreeing to the Offer Price. Information relating to the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Lead Manager (for itself and on behalf of the Underwriters) and our Company on or around Friday, 11 December 2009, or such later date as may be agreed between the Lead Manager (for itself and on behalf of the Underwriters) and our Company but in any event not later than 6:00 p.m. (Hong Kong time) on Monday, 14 December 2009.

If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse.

Application for the Public Offer Shares

The application for the Public Offer Shares will commence on Tuesday, 8 December 2009 up to Friday, 11 December 2009 for four calendar days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, 17 December 2009. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, 18 December 2009.

RESTRICTIONS ON SALE OF THE SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

United States

The Offer Shares have not been and will not be registered under the US Securities Act, and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the benefit of, US persons, except to qualified institutional buyers in accordance with Rule 144A or in accordance with another exemption from the registration requirements of the US Securities Act, or outside the United States in accordance with Regulation S. In addition, until 40 days after the later of the commencement of the Share Offer and the completion of the distribution of the Offer Shares, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Share Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements.

THE OFFER SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE SHARE OFFER OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

If at any time our Company is not subject to the reporting requirements of Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, our Company will furnish, upon request, to any owner of the Offer Shares purchased pursuant to Rule 144A or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act to permit compliance

with Rule 144A in connection with the resale of the Offer Shares so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act. Our Company will also furnish to each such owner all notices of Shareholders' meetings and other reports and communications that our Company generally makes available to Shareholders.

United Kingdom

This prospectus does not constitute a prospectus for the purpose of the prospectus rules issued by the UK Financial Services Authority ("**FSA**") under section 84 of the Financial Services and Markets Act (the "**FSMA**") and has not been approved by or filed with the FSA. The Offer Shares have not been offered or sold, and prior to the expiry of a period of six months from the latest date of the issue of the Offer Shares, the Offer Shares may not be offered or sold, to the public in the United Kingdom (within the meaning of section 102B of the FSMA) save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of the FSMA) being made available. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in any investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Offer Shares except in circumstances in which section 21(1) of the FSMA does not apply.

In the United Kingdom, this prospectus is directed at, and its distribution is restricted to persons who are both (i) "qualified investors" within the meaning of section 86 of the FSMA and (ii) "investment professionals" as defined in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Any investment or investment activity to which this prospectus relates is available only to such persons and will be engaged in only with such persons. Persons who do not have professional experience in investments should not rely on this prospectus.

Singapore

This prospectus has not been and will not be lodged as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") with the Monetary Authority of Singapore and the Offer Shares will be offered in Singapore pursuant to exemptions invoked under Subdivision 4, Division 1 of Part XIII, particularly Section 274 and Section 275, of the SFA. Accordingly, this prospectus and any other offering document or material in connection with the offer of the Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or sold, directly or indirectly, nor may an invitation or offer to subscribe for or purchase any Offer Shares be made, directly or indirectly, in Singapore other than (a) pursuant to, and in accordance with the conditions of, exemptions invoked under Subdivision 4, Division 1, of Part XIII, particularly Section 274 and Section 275, of the SFA and to persons to whom the Offer Shares may be offered or sold under such exemption; or (b) otherwise pursuant to, and in accordance with the conditions of any other provision of the SFA (including any re-sale restrictions under the SFA).

PRC

This prospectus may not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold, directly or indirectly, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Cayman Islands

The Offer Shares may not be offered or sold to the public in the Cayman Islands.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed that he or she or it is aware of the restrictions on offering of the Offer Shares described in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Share Offer, and any Shares to be issued upon the exercise of the Over-allotment Option, or any options which may be granted under the Share Option Scheme, on the Main Board.

Save as disclosed herein, no part of the Shares or loan capital of the Company is listed or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to deal is being or is proposed to be sought on the Main Board or any other stock exchange in the near future.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Shares to be issued pursuant to the Share Offer will be registered on our Company's branch register of members to be maintained by Tricor Investor Services Limited in Hong Kong. The principal register of members will be maintained in the Cayman Islands. Only Shares registered on the branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in Shares registered on the Hong Kong branch register of members will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

Our Company, our Directors, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other persons or parties involved in the Share Offer do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading days. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence at 9:30 a.m. on Friday, 18 December 2009. Shares will be traded in board lots of 1,000 each.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Mingxing (王明星先生)	No. 132, Xiwang Village Handian Town Zouping County Shandong Province The PRC	Chinese
Mr. Wang Mingfeng (王明峰先生)	No. 99, Xiwang Village Handian Town Zouping County Shandong Province The PRC	Chinese
Mr. Wang Mingliang (王明亮先生)	No. 141, Xiwang Village Handian Town Zouping County Shandong Province The PRC	Chinese
Mr. Wang Fuchang (王福昌先生)	Flat 302, Unit 2, Building 2 No. 618 Huanghe Three Road Bincheng District Binzhou City Shandong Province The PRC	Chinese
Mr. Sun Guohui (孫國輝先生)	No. 101, Qiujia Village Handian Town Zouping County Shandong Province The PRC	Chinese
Mr. Huang Da (黃達先生)	No. 220, Handan Road Yangpu District Shanghai The PRC	Chinese

Name	Address	Nationality
Non-executive Director		
Mr. Ke Shifeng (柯世鋒先生)	Flat 601, Building 52, 333 Nong Jinxiu Road Shanghai The PRC	Chinese
Independent non-executive Directors		
Mr. Liu Shusong (劉樹松先生)	Flat 402, Unit 3, Block 8 No. 525 Bohaiqiu Road Bincheng District Binzhou City Shandong Province The PRC	Chinese
Mr. Wang Ruiyuan (王瑞元先生)	Flat 301302 Block 5 Tower 1 A8, Zhongguancun South Street Haidian District Beijing The PRC	Chinese
Mr. Wang Aiguo (王愛國先生)	Flat 302, Unit 2, Building No. 13 No. 7366 Second Ring Road East Lixia District Jinan City Shandong Province The PRC	Chinese

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Taifook Capital Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Sole Bookrunner and Lead Manager	Taifook Securities Company Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Public Offer Underwriters	Taifook Securities Company Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong Access Capital Limited Suite 606, 6th Floor Bank of America Tower 12 Harcourt Road Central, Hong Kong China Merchants Securities (HK) Co., Limited 48th Floor, One Exchange Square Central, Hong Kong Oriental Patron Securities Limited Suite 2701-3 & 2705-8 27th Floor, Two Exchange Square 8 Connaught Place, Central Hong Kong Piper Jaffray Asia Securities Limited 39th Floor, Tower 1 Lippo Centre 89 Queensway Hong Kong Somerley Limited 10th Floor, The Hong Kong Club Building 3A Chater Road Central Hong Kong

Legal advisers to us	*As to Hong Kong law:* Baker & McKenzie 23rd Floor, One Pacific Place 88 Queensway Hong Kong *As to PRC law:* Grandall Legal Group (Shanghai) 31st Floor, Nanzheng Building 580 Nanjing West Road Shanghai 200041 PRC *As to Cayman Islands law:* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong law:* Chiu & Partners 41st Floor, Jardine House 1 Connaught Place Hong Kong *As to PRC law:* Jingtian & Gongcheng 15th Floor, The Union Plaza 20 Chaoyangmenwai Daijie Beijing 100020 The PRC
Auditors and reporting accountants	Grant Thornton *Certified Public Accountants* 6th Floor, Nexxus Building 41 Connaught Road Central Hong Kong
Property valuer	Savills Valuation and Professional Services Limited 23rd Floor, Two Exchange Square Central Hong Kong
Receiving banker	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in the PRC	Handian Industrial Park Zouping County Shandong The PRC
Place of business in Hong Kong registered under Part XI of the Companies Ordinance	Room 313, 3rd Floor Central Building Pedder Street Central Hong Kong
Company's website	www.chinacornoil.com
Company secretary	Ms. Chan Yuen Ying, Stella *ACIS, ACS, HKIoD*
Authorised representatives	Mr. Huang Da No. 220, Hantan Road Yangpu District Shanghai The PRC Ms. Chan Yuen Ying, Stella Flat H, 14th Floor, Tower 1 Marina Habitat 1-3 Yuet Hoi Street Apleichau Hong Kong
Audit committee	Mr. Wang Aiguo *(Chairman)* Mr. Wang Ruiyuan Mr. Liu Shusong
Remuneration committee	Mr. Wang Mingxing *(Chairman)* Mr. Wang Aiguo Mr. Wang Ruiyuan Mr. Liu Shusong
Nomination committee	Mr. Wang Mingxing *(Chairman)* Mr. Wang Aiguo Mr. Wang Ruiyuan Mr. Liu Shusong

Principal share registrar and transfer office in Cayman Islands	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Compliance adviser	Taifook Capital Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Principal banker	Agricultural Bank of China, Zouping Sub-branch No. 132, Daixi Third Road Zouping County Shandong Province The PRC Bank of China, Zouping Sub-branch No. 65, Daixi Third Road Zouping County Shandong Province The PRC ICBC, Zouping Sub-branch No. 183, Huangshan Third Road, Zouping County Shandong Province The PRC

Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various government official publications. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from these official government sources, such facts and statistics have not been independently verified by our Company, the Shareholders, the Sponsor, the Lead Manager, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Share Offer, and none of them makes any representation as to the accuracy or completeness of such information. Our Directors have no reason to believe that such facts, statistics and data presented in this section is false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading.

In this section, information regarding the relevant industries has been recited or extracted from certain articles, reports or publications, and their preparations were not commissioned or funded by us or the Sponsor.

INTRODUCTION

We operate primarily in the edible corn oil industry by principally engaging in the manufacture of edible corn oil products for (1) sale under our brand 長壽花 (Longevity Flower) in the PRC consumer market; and (2) domestic or export bulk sales mainly to other enterprises that are engaged in the sale of edible corn oil under their own brands.

Edible oil, mainly used in cooking, is produced either from animal tissues or vegetable seeds and accordingly is broadly classified as edible animal oil and edible vegetable oil. Major types of edible animal oil include butter and lard while major types of edible vegetable oil include soybean oil, rapeseed oil, peanut oil, sunflower seed oil, cottonseed oil, olive oil, palm oil and corn oil.

According to the "Dietary Guidelines for Americans, 2005" issued by the US Department of Health and Human Services and the US Department of Agriculture, most dietary fats should come from polyunsaturated fatty acids, whereas the intakes of saturated fat should be minimised. Liquid vegetable oils, including soybean oil, corn oil, and safflower oil, being sources of omega-6 polyunsaturated fatty acids and with lower saturated fat content, are healthier than edible animal oil. The "Dietary Guidelines for Americans, 2005" also mentioned that high intake of saturated fats increases the risk of unhealthy blood lipid levels, which in turn may increase the risk of coronary heart disease. On the other hand, inadequate intake of essential fatty acids including polyunsaturated fatty acids may contribute to unfavourable changes in high-density lipoprotein blood cholesterol and triglycerides.

Corn oil is extracted from corn embryo and becomes edible corn oil after further production processes such as refining. Edible corn oil has a milder taste than other edible oils and its high smoke point makes it a valuable frying oil for cooking use. According to USDA National Nutrient Database for Standard Reference, Release 21 released by the US Department of Agriculture in 2008, compared to other popular edible vegetable oils such as soybean oil, rapeseed oil, peanut oil and cotton seed oil, edible corn oil generally has a higher polyunsaturated fatty acid level and/or lower saturated fatty acid level. A

comparison of the levels of polyunsaturated and saturated fatty acids of different types of edible vegetable oil are illustrated below:

Types of vegetable oil	Polyunsaturated fatty acid (grams per tablespoon)	Saturated fatty acid (grams per tablespoon)
Corn oil	7.436	1.761
Cotton seed oil	6.542	2.448
Soybean oil	5.114	2.026
Peanut oil	4.320	2.282
Rapeseed oil	3.940	1.031

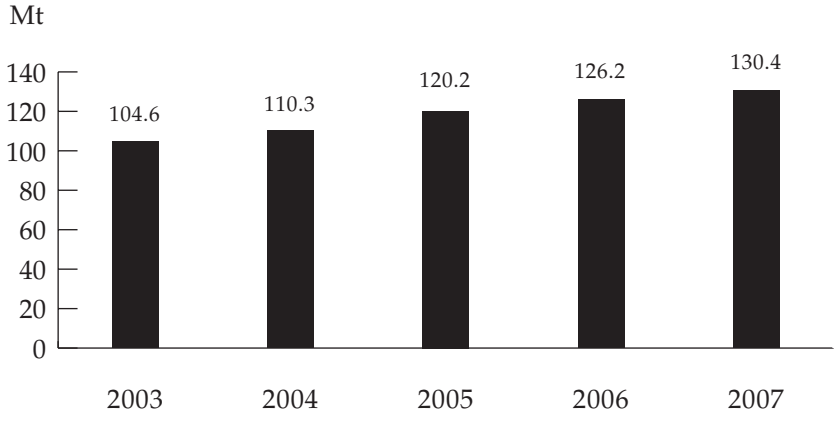
Source: USDA National Nutrient Database for Standard Reference, Release 21 released by the US Department of Agriculture

The PRC is the major market of our edible corn oil products during the Track Record Period. The performance of the PRC edible corn oil industry is driven by the growth of the PRC economy, the increase in disposable income of the PRC population and the consumers' increasing health awareness for the consumption of healthy edible vegetable oil in the PRC.

THE GLOBAL EDIBLE VEGETABLE OIL INDUSTRY

The global demand for edible vegetable oil has grown steadily in recent years. According to the Food and Agriculture Organization of the United Nations, the world production volume of edible vegetable oil from 2003 to 2007 grew at a CAGR of approximately 5.66%. The following chart sets out the world production volume of edible vegetable oil from 2003 to 2007.

World production volume of edible vegetable oil



Source: Food and Agriculture Organization of the United Nations

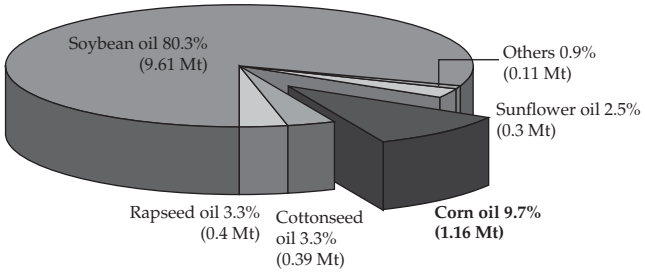
THE GLOBAL AND THE US EDIBLE CORN OIL INDUSTRY

According to the Food and Agriculture Organization of the United Nations, the global edible corn oil market has shown steady growth in recent years with global production volume increased from approximately 1.98 million tonnes in 2003 to approximately 2.2 million tonnes in 2007, representing a CAGR of approximately 2.7%. Edible corn oil remains as a minor oil product in the global edible vegetable oil market with global production volume accounted for approximately 1.69% of the global production volume of all edible vegetable oils in 2007, yet the development of edible corn oil market is very much different in developed countries such as the US.

With over 100 years of history of production and consumption, edible corn oil has been widely used by people in the US and has the second largest market share in the US edible oil market in terms of production volume in 2007, following soybean oil and the third largest market share in the US edible oil market in terms of consumption volume in 2007, following soybean oil and rapeseed oil. According to the Oil Crops Yearbook 2008 released by the US Department of Agriculture, the production volume of edible corn oil amounted to approximately 1.16 million tonnes and represented approximately 9.7% of the production volume of all edible vegetable oils in the US in 2007 whereas the consumption volume of edible corn oil amounted to approximately 0.84 million tonnes and represented approximately 6.5% of the consumption volume of all edible vegetable oils in US in 2007.

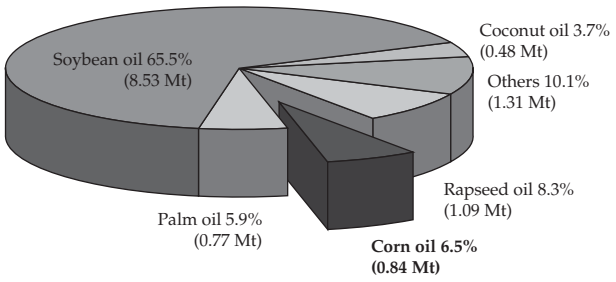
The following charts respectively set forth (i) the production volume of edible corn oil in the US and its contribution to the total production volume of all edible vegetable oils in the US in 2007; and (ii) the consumption volume of edible corn oil in the US and its contribution to the total consumption volume of all edible vegetable oils in the US in 2007.

Production volume of edible vegetable oil in the US by oil types in 2007



Source: Oil Crops Yearbook 2008, the US Department of Agriculture

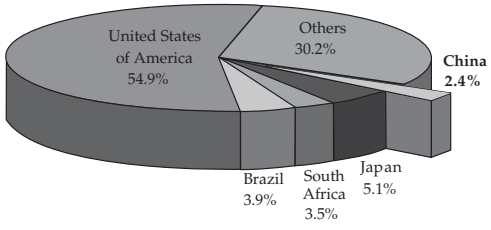
Consumption volume of edible vegetable oils in US by oil types in 2007



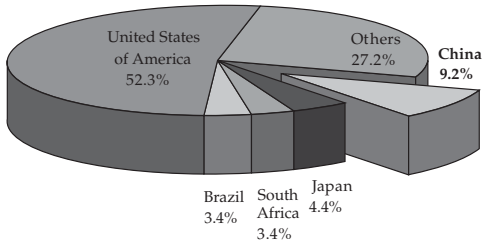
Source: Oil Crops Yearbook 2008, US Department of Agriculture

The US has been the largest corn oil producer and consumer for over a decade. According to the Food and Agriculture Organization of the United Nations, the US is the world's largest edible corn oil producer with production volume accounted for approximately 52.3% of the total global production volume of edible corn oil in 2007, whereas China has become the world's second largest edible corn oil producer with production volume accounted for approximately 9.2% of the total global production volume of edible corn oil in 2007. The following chart sets forth the global production volume of edible corn oil in 2003 and 2007 respectively.

Production volume of edible corn oil by countries in 2003



Production volume of edible corn oil by countries in 2007

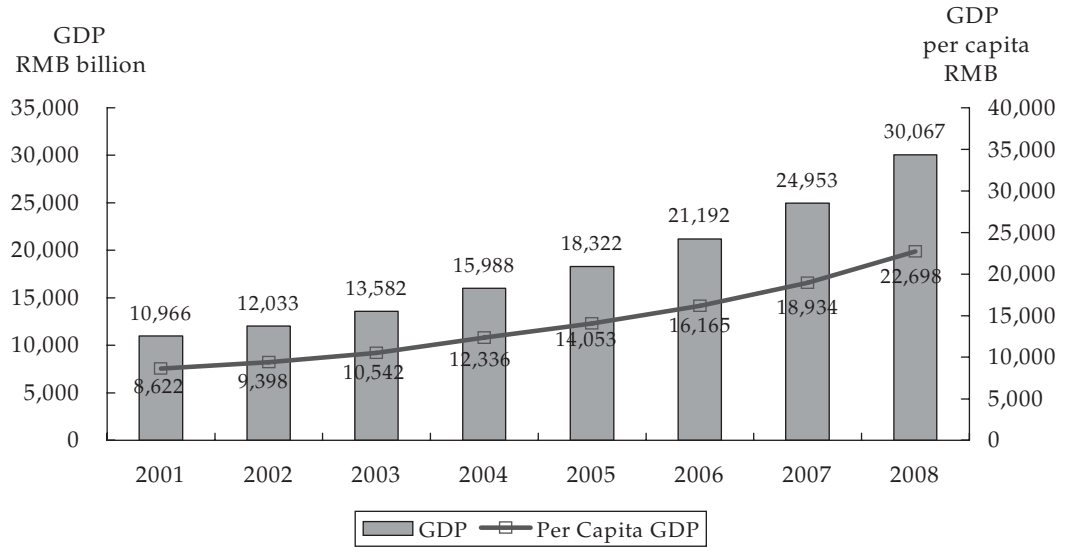


Source: Food and Agriculture Organization of the United Nations

PRC ECONOMY

China is one of the world's fastest growing economies over the past decade. According to the National Bureau of Statistics of China, China achieved a gross domestic product CAGR of approximately 15.5% from approximately RMB10,966 billion in 2001 to approximately RMB30,067 billion in 2008, with the per capita gross domestic product increased from approximately RMB8,622 to approximately RMB22,698 during the same period. This growth has partially been driven by China being the world's largest domestic consumer market. The following chart sets out the Gross Domestic Product ("**GDP**") and the per capita GDP of the PRC from 2001 to 2008.

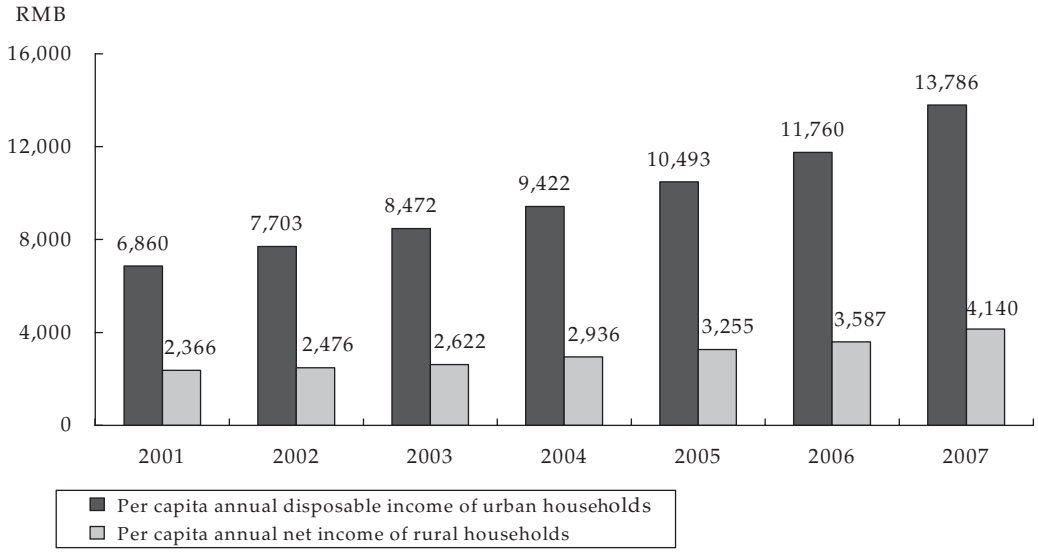
GDP and Per capita GDP of the PRC



Source: National Bureau of Statistics of China

The consumer purchasing power in China has been increasing along with the economic growth. According to the National Bureau of Statistics of China, the per capita annual disposable income of urban households in China has increased from approximately RMB6,860 in 2001 to approximately RMB13,786 in 2007, representing a CAGR of approximately 12.3%, while over the same period the per capital annual net income of rural households increased from approximately RMB2,366 in 2001 to approximately RMB4,140 in 2007, representing a CAGR of approximately 9.8%. The following chart sets out the per capita annual disposable income of urban households and the per capital annual net income of rural households of the PRC from 2001 to 2007.

Per capita income growth of urban and rural households of the PRC



Source: National Bureau of Statistics of China

We believe that the general increase in wealth and disposable income level of the Chinese population will result in the continuous growth of the middle-to-upper-class of the PRC society which is the target consumer group of our healthy edible corn oil products.

THE CORN SUPPLY IN THE PRC

China is the world's second largest cultivator of corn in terms of production volume and growing area. According to the United States Department of Agriculture, China has the second largest production volume and growing area of corn which accounted for approximately 19.2% and approximately 18.4% of the global production volume and growing area respectively in 2007, following the US which accounted for approximately 41.8% and 21.9% respectively. According to the Food and Agriculture Organization of the United Nations, the harvest areas of corn in China has increased at a CAGR of approximately 5.2% from approximately 24.1 million hectares in 2003 to approximately 29.5 million hectares in 2007, whereas the production volume of corn in China has increased at a CAGR of approximately 7.0% from approximately 116 million tonnes in 2003 to approximately 152 million tonnes in 2007. According to CCOA (Oil and Fats Division)[†], the production volume of corn in 2008 in China has nearly reached 160 million tonnes which theoretically can facilitate the production of approximately 4 million tonnes of corn oil and the current utilisation rate is less than 10%. According to CCOA (Oil and Fats Division), the abundance of corn production in the PRC guarantees a sufficient supply of corn embryos for the future growth of the edible corn oil manufacturing industry. We believe that the abundant supply of corn embryo in the PRC can (i) stabilise the market price of corn embryos in the PRC and secure the profitability of edible corn oil manufacturers; and (ii) lessens the PRC edible corn oil manufacturers' reliance on the import of corn embryos which in turn lower their procurement costs.

THE EDIBLE VEGETABLE OIL INDUSTRY IN THE PRC

The edible vegetable oil consumption market in the PRC has experienced significant growth in recent years due to the people's gradual change in diet habits and increasing demand towards healthy edible oil products. With growing urbanisation and rising disposable incomes, consumers in the PRC have become more concerned over their health and the nutrition contents of food. Compared to urban households in the PRC whose edible oil consumption is almost solely from edible vegetable oil, there has been an

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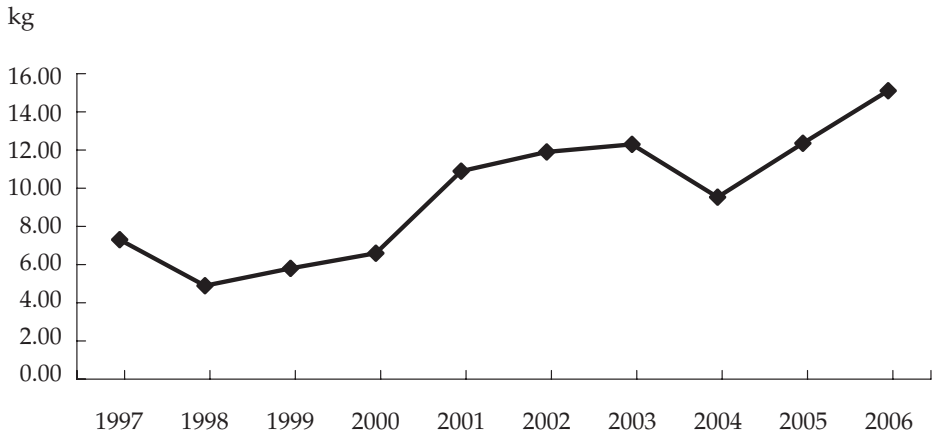
[†] CCOA (Oil and Fats Division) is a division of the Chinese Cereals and Oils Association, which is a national academic association under the guidance and supervision of The China Association for Science and Technology with members mainly being technicians and entrepreneurs engaging in scientific research and industrial production of the cereals and oil industry. Chinese Cereals and Oils Association is a cross-border and cross-industry association with over 6,000 individual members and over 550 corporate members, and has established 5 professional divisions in the areas of: storage of grain and oils, grain and food, oil and fats processing, animal feed processing and information automation. After approved by The China Association for Science and Technology, Chinese Cereals and Oils Association has participated as a national member in the International Association of Cereal Science and Technology and has exchanged knowledge and established cooperation relationship with academic associations from the US, Germany, Canada, Australia, United Kingdom, France, Japan and Italy, etc. "Journal of the Chinese Cereals and Oils Association", the major publication of Chinese Cereals and Oils Association, is published both in the PRC and overseas with Chinese editions every two months and English editions annually. "Journal of the Chinese Cereals and Oils Association" is a national first class periodic journal and is approved by the PRC government as a recognised publication for academic thesis to be released by PRC technicians. Save for the fact that Mr. Wang Ruiyuan, our independent non-executive Director, is currently the vice president of Chinese Cereals and Oils Association, CCOA (Oil and Fats Division) has no relationship with our Group. Certain information and statistics set out in this section have been extracted or derived from a market overview prepared by CCOA (Oil & Fats Division) which has not been commissioned by us.

increasing trend for rural households to switch from edible animal oil to edible vegetable oil as well. According to the National Bureau of Statistics of China, the per capita consumption of edible vegetable oil by rural households in the PRC accounted for approximately 84.9% of the per capita consumption of all edible oil in 2007 while the proportion was approximately 68.5% in 1990, indicating that the consumption of edible vegetable oil has increased in rural areas of the PRC. According to the Ministry of Agriculture of the PRC, the per capita edible vegetable oil consumption in the PRC has increased from approximately 7.3kg in 1997 to approximately 15.1kg in 2006, representing a CAGR of approximately 8.4%. The following charts sets forth the per capita consumption of edible vegetable oil in the PRC from 1997 to 2006.

Per capita edible vegetable oil consumption in the PRC

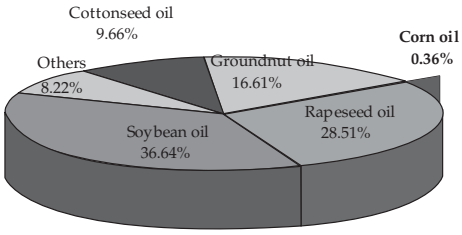


Source: Ministry of Agriculture of the PRC

According to the Ministry of Agriculture of the PRC, the production volume of edible vegetable oil in the PRC has increased from approximately 8.94 million tonnes in 1997 to approximately 19.86 million tonnes in 2006, representing a CAGR of approximately 9.3%. According to the Ministry of Agriculture of the PRC, China has remained a net importer of edible vegetable oils since 1986, and the import volume of edible vegetable oil grew at a CAGR of approximately 10.2% from 1997 to 2006 while the export volume of edible vegetable oils grew at a mere CAGR of 0.5% during the same period.

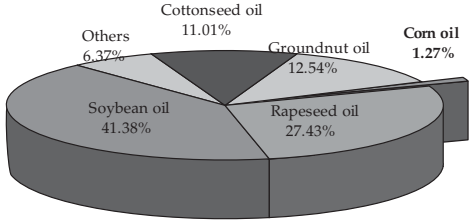
According to the Food and Agriculture Organization of the United Nations, the production volume of edible corn oil in the PRC has increased from approximately 0.36% in 2003 to approximately 1.27% in 2007 of the total production volume of all edible vegetable oils in the PRC which indicates a large growth potential for edible corn oil products.

Production of vegetable oils in the PRC by oil type in 2003



Source: Food and Agriculture Organization of the United Nations

Production of vegetable oils in the PRC by oil type in 2007

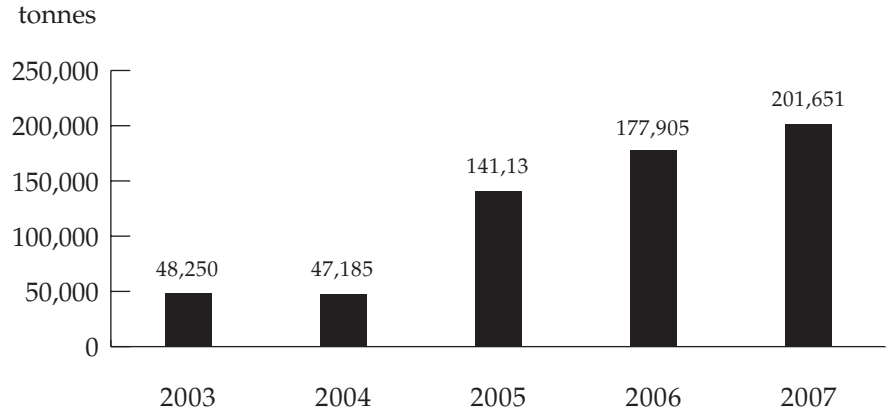


Source: Food and Agriculture Organization of the United Nations

THE EDIBLE CORN OIL INDUSTRY IN THE PRC

According to the Food and Agriculture Organization of the United Nations, the production volume of edible corn oil in the PRC increased from approximately 48,000 tonnes in 2003 to approximately 202,000 tonnes in 2007, representing a CAGR of approximately 43%. The significant growth in the production volume of edible corn oil in recent years indicates the huge development potential of the edible corn oil consumer market. The following chart sets forth the production volume of edible corn oil in the PRC from 2003 to 2007.

Production volume of edible corn oil in PRC



Source: Food and Agriculture Organization of the United Nations

Despite significant growth in recent years, the production volume of edible corn oil still merely contributed for approximately 1.27% of the production volume of all edible vegetable oils in the PRC in 2007. We believe that the current small size of the edible corn oil market in the PRC is mainly due to the short development history for the production and consumption of edible corn oil in the PRC. Compared to the US with approximately 100 years history of edible corn oil production, the edible corn oil production in the PRC has only around 10 years history, yet the rapid development in recent years has led China to become the world's second largest corn oil producer in 2007, right after US according to the Food and Agriculture Organization of the United Nations. Considering (i) China's abundant supply of corn embryos for the development of edible corn oil production which is similar to the US; (ii) a growing size of middle-to-upper class population in the PRC with increasing awareness towards healthy and quality lifestyle and the consumption of healthy edible vegetable oil; (iii) the significant growth rate of the market demand relative to the industry supply of edible corn oil products; and (iv) the superior health value of edible corn oil compared with other edible oils, we believe that edible corn oil has the potential to become one of the major edible oil products in the PRC by following the steps of the development of edible corn oil industry in the US.

According to CCOA (Oil and Fats Division), Corn Industry was the first manufacturer in the PRC engaging in edible corn oil production and has been the largest edible corn oil manufacturer in terms of production volume during 2006 to 2008. According to CCOA (Oil and Fats Division), the total production volume of edible corn oil in the PRC was approximately 250,000 tonnes in 2008.

COMPETITIVE LANDSCAPE

The edible corn oil consumer market has a short development history in the PRC and the market is concentrated with competition mainly among several brands. According to CCOA (Oil and Fats Division), our brand 長壽花 (Longevity Flower) and the other two brands (which belong to two groups of companies and a member of each of such groups was our bulk sales customer during the Track Record Period), together have a significant share of the PRC's packaged edible corn oil market which accounted for over 50% of the sales volume of all packaged edible corn oil in the PRC in 2008, and our brand 長壽花 (Longevity Flower) had not less than 10% of the market share in terms of sale volume.

Considering the health awareness of the target customer group of edible corn oil that are mostly mid-to-upper class in the PRC, different brands had focused their marketing and product development efforts on the quality, nutrition value and health effect of edible corn oil products. Our Directors believe that the business of manufacture and sale of edible corn oil requires capital investment and specialised production technology, which are the major entry barriers to new players.

Our reputation as one of the earliest and largest edible corn oil manufacturers in the PRC which supplies edible corn oil to other PRC edible corn oil brands helped position our brand 長壽花 (Longevity Flower) as a symbol of quality and health in the market. Comparing to our competitors which are also engaged in the production and sale of other packaged edible oil types apart from edible corn oil, we are more focused and more ambitious to expand and develop our brand 長壽花 (Longevity Flower) in the edible corn oil market. We believe that by focusing on the edible corn oil industry, we can establish our corporate image as the expert in edible corn oil market and make it easier for consumers to associate edible corn oil with our brand 長壽花 (Longevity Flower).

1. LAWS AND REGULATIONS RELATING TO FOOD QUALITY AND SAFETY

The legal framework for food production and distribution is laid down by the national laws and regulations of the PRC, as well as regional laws, regulations and measures promulgated by the relevant provincial or municipal authorities of the PRC. The principal laws and regulations in the PRC applicable to our Group include the following:

(a) Food Safety Law of the PRC (中華人民共和國食品安全法) (the "**Food Safety Law**") was promulgated by the Standing Committee of the National People's Congress on 28 February 2009 and took effect on 1 June 2009. On 20 July 2009, Regulations for Implementation of Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) was promulgated and became effective on the same date. The Food Safety Law and regulations for its implementation set out the requirements for various aspects of safety standards of food and food additive production operation, food packaging and containers and the prescribed contents of food packaging labels, as well as stipulating the safety requirements in respect of premises, facilities and equipment for food production, transportation and trading.

A PRC food processing company is required to obtain a food production permit.

Enterprises in violation of the provisions of the Food Safety Law and the regulation for its implementation will, subject to individual circumstances, either be warned, ordered to rectify, have illegal gains confiscated, fined, ordered to stop production operation or required to make immediate announcement recalling sold products. The production permit of such enterprises may also be forfeited, or such enterprises or their officers may be invoked criminal liability where serious harms on body health have been inflicted.

(b) Pursuant to the Rules on the Construction of Systems for Health Supervision (關於衛生監督體系建設的若干規定) which was implemented on 5 January 2005, the Ministry of Health of the PRC (衛生部) is responsible for the health supervision for the whole country. One of its major duties is to handle applications for health administrative licence and qualification accreditation within its terms of reference in accordance with laws. Provincial health supervision authorities are responsible for the organisation and coordination of health supervision within their respective jurisdictions. One of their major duties is also to handle applications for health administrative licence, qualification accreditation and routine health supervision within their terms of reference in accordance with laws. Health supervision authorities at the municipal or county level are responsible for routine health supervision within their respective districts. One of their major duties is to handle applications for health administrative licence in relation to certain health standards for food production and operation units, the catering industry and public canteens.

(c) The Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**") came into effect on 1 September 1993 with amendments made on 8 July 2000. Such law provides that a producer shall be responsible for the quality of products it produces and the quality of products shall pass relevant examinations. Products shall meet the requisite standards. The State also implements a regulation and inspection system focusing on random examinations of products.

Those violating the provisions of the Product Quality Law will be liable for various penalties, including being ordered to take corrective actions within a specified time, suspension of business, confiscation of illegal proceeds and payment of fine in accordance with the particular circumstances. In serious circumstances, business licence of the enterprises concerned will be revoked and criminal offences will be charged against such enterprises. Enterprises and persons directly responsible for such offences may be subject to criminal liability.

(d) The Implemental Rules on the Supervision and Management of the Quality Safety of Food Production and Processing Enterprises (Provisional) (食品生產加工企業質量安全監督管理實施細則(試行)) (the "**QS Rules**") issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局) ("**GAQSIQ**") became effective on 1 September 2005. According to the QS Rules, the PRC has adopted the market admittance system on food quality safety. Enterprises operating food production and/or food processing shall maintain the production standards to guarantee food quality safety, and shall obtain production permit in accordance with relevant procedures. Food products shall not be distributed without passing relevant inspection and being stamped with the food quality safety market admittance symbols.

(e) The Standardisation Law of the PRC (中華人民共和國標準化法) (the "**Standardisation Law**") was promulgated by the Standing Committee of the National People's Congress on 29 December 1988 and took effect on 1 April 1989. According to the Standardisation Law and its implemental regulations, the food hygiene standard is a compulsory standard imposed on food production enterprises. Products that fall short of the compulsory standards shall not be produced, distributed or imported.

(f) The Regulation on the Management of Production Permit for Industrial Products (中華人民共和國工業產品生產許可證管理條例) was promulgated by the State Council and became effective on 1 September 2005. According to the Regulation on the Management of Production Permit for Industrial Products, the PRC government implements the National Industrial Product Production Permit for various manufacturing industries including edible oil production industry, where only enterprises that meet the prescribed quality standards could obtain the relevant permits.

(g) The Special Rules of the State Council on Strengthening the Supervision and Management of the Safety of Food and Other Products (國務院關於加強食品等產品安全監督管理的特別規定) (the "**Special Rules**") was promulgated by the State Council and took effect on 26 July 2007. According to the Special Rules and its implemental opinions, the PRC government imposes expressed requirements on manufacturers and distributors for production and distributions of products which are related to human health and safety. More strict requirements are imposed on imported and exported products. For exported goods, manufacturers and distributors must ensure that the exported goods meet the standard set by the importing countries or regions, or by the contractual requirements. Further, the Special Rules emphasise the responsibilities of inspectors of exported goods. The regulatory authority will keep an "honor roll" and blacklist of the manufacturers and distributors of exported goods.

(h) Provisions on Management of Food Recalls (食品召回管理規定) was promulgated by GAQSIQ and took effect on 27 August 2007. The recall of food produced or sold within the territory of the PRC as well as the supervision and administration thereof shall be governed by the Provisions on the Management of Food Recalls.

2. ENVIRONMENTAL PROTECTION REGULATIONS

The Ministry of Environmental Protection (環境保護部) is responsible for the overall supervision and control of environmental protection in the PRC. It formulates national rules for environmental protection and monitors the PRC's environmental protection system. Environmental protection bureaus at the county level and above are responsible for environmental protection within their respective areas of jurisdiction.

(a) The PRC Environmental Protection Law (the "**Environmental Protection Law**") (中華人民共和國環境保護法) was promulgated on 26 December 1989. It requires all entities that produce pollutants or other hazardous substances to take necessary environmental protection measures and implement environmental protection methods, systems or procedures. Such measures and systems include the adoption of effective measures to control and properly dispose of waste gases, waste water, residue, dust or other waste materials. Any entity that discharges waste materials must register with the relevant environmental protection authority.

Penalties and remedies for the breach of the Environmental Protection Law include warnings, payment of damages and fines. Material violation of environmental laws and regulations that causes loss of properties or personal injuries or death may attract criminal liability.

(b) According to the Law of Prevention and Treatment of Water Pollution of the PRC (中華人民共和國水污染防治法) which was amended on 28 February 2008 and effective on 1 June 2008, all new, innovated or expanded construction projects discharging pollutants directly or indirectly into water must be constructed with due evaluation of impact on environment. Entities discharging pollutants directly or indirectly into water must report and register their contaminated wastes discharge facilities and treatment facilities and the types, amount and concentration of pollutants discharged under normal operating conditions and provide technical information in respect of prevention and control of water pollution to the local environmental protection authorities. Enterprises discharging pollutants into water should pay the prescribed waste discharge fees. If the discharges exceed the standard, they should pay the prescribed excess discharge fees and be responsible for any remedial actions.

Where the provisions of the Law of Prevention and Treatment of Water Pollution of the PRC are violated, the environmental protection administrative and supervisory authority shall impose penalties, subject to individual cases, such as warnings, fines, orders to suspend operations or even orders to close down, on enterprises which have violated the provisions. Enterprises having caused the water pollution hazards shall be responsible to get rid of the hazards and compensate any victims of such contamination.

(c) Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例) was promulgated and took effect on 29 November 1998. According to the regulations, state standards and local standards for the discharge of pollutants must be complied with in building construction projects that generate pollution; requirements for aggregate control of discharge of major pollutants must be met in areas concerned. The PRC practises the construction project environmental impact evaluation system. The work of construction project environmental impact evaluation shall be undertaken by entities having acquired certificates of corresponding qualifications.

(d) The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法) was amended and adopted on 29 December 2004, and the amended law took effect on 1 April 2005. "Solid waste" means articles and substances in solid, semi-solid state or gaseity in containers that are produced in the production and other activities and have lost their original use values or are discarded or abandoned, and articles and substances that are classified under the management of solid wastes by laws and regulations. For the prevention and control of environmental pollution by solid wastes, the PRC implements the principle that any entity or individual causing such pollution shall be responsible. The manufacturers, sellers, importers and users shall be responsible for the prevention and control of solid wastes pollution produced thereby.

The environmental protection administrative department of the State Council shall, pursuant to state environmental quality standards and state economic and technical conditions, formulate state technical standards on the prevention and control of environmental pollution by solid wastes in collaboration with the relevant administrative departments of the State Council. The environmental protection administrative department of the State Council shall establish a system for monitoring environmental pollution by solid wastes, formulate unified monitoring standards and, in conjunction with relevant departments, set up a monitoring network.

Government authorities shall impose different penalties against persons or enterprises in violation of the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes depending on the individual circumstances and extent of contamination. Such penalties include warnings, fines, orders to take remedial actions within specified period, orders to suspend production, orders to re-install contamination prevention and remedial facilities which have been removed or left unused, imposition of administrative actions against relevant responsible persons, or orders to close down those enterprises. Where the violation committed is serious, persons in violation may be required to pay damages to victims. Persons directly responsible may be subject to criminal liability.

(e) According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) which was amended in 2000 and became effective on 1 September 2000, new construction projects, expansion or reconstruction projects which discharge atmospheric pollutants shall be governed by the State regulations concerning environmental protection for such projects. Units that discharge atmospheric pollutants must, pursuant to the provisions of the administrative department of environmental protection under the State Council, report to the local administrative department of environmental protection its existing discharge and treatment facilities for pollutants and the types, amount and concentration of pollutants discharged under normal operating conditions and submit to the same department relevant technical data concerning the prevention and control of atmospheric pollution. Enterprises discharging pollutants into the atmosphere should pay the prescribed waste discharge fees.

Where the provisions of the Law of the PRC on the Prevention and Control of Atmospheric Pollution are violated, the environmental protection administrative and supervisory authority shall impose penalties, subject to individual cases, such as warnings, fines, orders to suspend operations or even orders to close down, on enterprises which have violated the provisions. Enterprises having caused the atmospheric pollution hazards shall be responsible to get rid of the hazards and compensate any victims of such contamination.

(f) The Administrative Measures for Urban Drainage License (the "**Measures**") (城市排水許可管理辦法) were promulgated by the Ministry of Construction on 25 December 2006 and came into effect on 1 March 2007. The Measures apply to the applications for urban drainage licenses within the territory of the PRC, as well as to the supervision and administration of the drainage entities' draining sewage into the urban drainage pipe network and its accessory facilities.

Under the Measures, to drain sewage into the urban drainage pipe network and its accessory facilities, a drainage entity must apply for an urban drainage license. The drainage entity shall drain sewage according to the licensed drainage type, total volume, time limit, location and number of the drainage exits, types and concentration of pollutants discharged, etc.. A drainage administrative department shall, in accordance with the relevant laws, regulations and the Measures, supervise and inspect the sewage drained by the drainage entities within the ambit covered by the urban drainage pipe network and its accessory facilities. These drainage entities shall, according to the urban drainage plan and other relevant requirements, drain sewage into the urban drainage pipe network and its accessory facilities, otherwise they will be warned or fined by the drainage administrative department.

3. WORK SAFETY

The Law of the PRC on Work Safety (中華人民共和國安全生產法) (the "**Work Safety Law**"), was promulgated and came into effect on 1 November 2002. Production and business units shall abide by the Work Safety Law and other laws and regulations concerning work safety and ensure work safety by setting up and improving the responsibility system for work safety and improving the conditions for it to guarantee work safety. The relevant departments under the State Council shall, in compliance with the requirements for safeguarding work safety and in accordance with law, formulate relevant national or industrial standards without delay and make timely revisions on the basis of technological advancement and economic development. Production and business units shall implement the national or industrial standards for work safety formulated in accordance with laws. Production and business units shall attain the standards for work safety as specified by the provisions in the Work Safety Law and relevant laws, administrative regulations and national standards or industrial specifications. Production and business units that do not meet such standards are not allowed to be engaged in production and business activities.

The principal leading members of production and business units are charged with the following responsibilities for work safety: (1) setting up and improving the responsibility system for work safety in their own units; (2) making arrangement for formulating rules and operating rules for work safety in their own units; (3) guaranteeing an effective input into work safety in their own units; (4) supervising over and inspecting work safety in their own units and, in a timely manner, eliminating hidden dangers threatening work safety; (5) making arrangements for the formulation and implementation of their own units' rescue plans for accidents; and (6) submitting to higher authorities timely and truly report on accidents due to lack of work safety.

Any decision-making body, principal leading member of a production or business unit or individual investor that fails to guarantee, in accordance with the provisions of the Work Safety Law, the funds for input essential to work safety, thus resulting in the lack of conditions for work safety, the production or business unit shall be ordered to set it right by providing the necessary amount of funds within a specified time. If it is not remedied on the expiration of the time limit, the production or business unit shall be ordered to suspend production or business operation.

Those violating the provisions of the Work Safety Law will be liable for various penalties, including being ordered to take corrective actions within a specified time, suspension of business, confiscation of illegal proceeds and payment of fine in accordance with the particular circumstances. In serious circumstances, business licenses will be revoked or criminal offences will be charged. Enterprises and persons directly responsible for the offences may be subject to criminal liability.

4. EXPORT-RELATED LAWS AND REGULATIONS

(a) Pursuant to the PRC Customs Law (中華人民共和國海關法) amended on 8 July 2000 and took effect on 1 January 2001, engagement in commissioned customs declarations without custom registration is banned. Illegal income so obtained shall be forfeited and a fine may be imposed. Individuals receiving or delivering import and export goods, declarant enterprises and declarant individuals bribing the customs staffs will have their registration and qualification for custom declaration revoked and cancelled, be fined by the customs, be subject to criminal liability, and be not qualified to be re-registered as a customs declarant or to apply for customs declaration qualification certificate.

(b) Pursuant to the Regulations of Customs of the PRC on Implementing the Registration System of Declarant Units (中華人民共和國海關對報關單位註冊登記管理規定) promulgated on 31 March 2005 and took effect on 1 June 2005, declarant units for any of the following circumstances will be warned by the customs and be ordered for correction, and a fine between RMB1,000 and RMB5,000 may be imposed:

(i) the declarant enterprise fails to duly effect change of registration procedures after obtaining approval for change of registration; and

(ii) the declarant fails to duly effect change of registration procedures in the event the contents for customs registration, such as name of the enterprise, nature of the enterprise, address of the enterprise, legal representative etc., have changed.

(c) The Provisional Rules on Administration of Export Food Hygiene (中華人民共和國出口食品衛生管理辦法(試行)) (the "**Export Food Rules**") was issued by the State Administration of Export-Import Commodities Inspection of the PRC (中華人民共和國進出口商品檢驗局) (now replaced by GAQSIQ) and the Ministry of Health of the PRC on 16 July 1984. According to the Export Food

Rules, food production enterprises which conduct production of export food should register with the Provincial Administration for Entry-Exit Inspection and Quarantine. Export food which is lack of export inspection or fails to pass the export inspection should not be exported.

(d) The Regulatory Rules on Hygiene Registration of Enterprises Producing Export Foods (出口食品生產企業衛生註冊登記管理規定) ("**Hygiene Registration Rules**") was issued by GAQSIQ and became effective on 20 May 2002. According to the Hygiene Registration Rules, the PRC adopted the registration system on the enterprises that produce, process or store export foods ("**Food Production Enterprises**"). The Certification and Accreditation Administration of the PRC (國家認證認可監督管理委員會) ("**CNCA**") is in charge of the nationwide registration of Food Production Enterprises in the PRC. Local Administration for Entry-Exit Inspection and Quarantine directly administrated by GAQSIQ is in charge of the registration of the hygiene registration work within their jurisdictions. Food Production Enterprises within the scope of the Catalogue of the Food Products Under Export Food Hygiene Registration Control (實施出口食品衛生註冊、登記的產品目錄) shall be under the administration of the hygiene registration. Food Production Enterprises within the scope of the Catalogue of Products for Hygiene Registration to be reviewed according to HACCP System (衛生註冊需評審HACCP體系的產品目錄) shall be reviewed according to Hygiene Requirements for Enterprises producing export foods formulated by GAQSIQ and the Hazard Analysis and Critical Control Point (HACCP) System and Guidelines for its Application (危險分析和關鍵控制點(HACCP)體系及其應用準則) issued by the Codex Alimentarius Commission (國際食品法典委員會).

(e) The Rules on the Administration of Labelling of Import and Export Foods (進出口食品標籤管理辦法) (the "**Food Labelling Rules**") was issued by the State Administration for Entry-Exit Inspection and Quarantine (國家出入境檢驗檢疫局) (now replaced by GAQSIQ) on 15 February 2000. According to the Food Labelling Rules, all export food labels shall be inspected by relevant inspection entities and obtain the Certificate for the Examination of Import and Export Food Labels (進出口食品標籤審核證書). According to an announcement on Adjusting the Examining and Approving of the Label System on Import and Export Foodstuff and Cosmetics (關於調整進出口食品、化妝品標簽審核制度的公告) released by GAQSIQ on 24 March 2006, the inspection of labels shall be conducted with the inspection and quarantine of such import and export food, and the requirement for the pre-inspection of labels has been cancelled.

(f) Pursuant to the Regulations for Administration of Import and Export Goods of the PRC (中華人民共和國貨物進出口管理條例), the PRC provides for the implementation of quota management on restricted export goods with quantity restrictions, while other restricted export goods are subject to license management. Catalogues for goods with export restriction are devised, revised and promulgated by the supervisory departments for external trades in consultation with the State Council. Pursuant to the Administration

Regulations for Goods Export License (貨物出口許可證管理辦法) amended on 7 May 2008 and took effect on 1 July 2008, the PRC has implemented export license management on goods with export restriction. The Ministry of Commerce (商務部) in consultation with the General Administration of Customs (海關總署) is responsible for the devising, revision and promulgation of the annual Catalogues for Goods subject to Export License Management.

Import or export of goods subject to import and export restriction exceeding the approved and permitted scope shall be liable to criminal offence according to provisions of the criminal law relating to trafficking or illegal operation. Where criminal offence is irrelevant, penalty can be imposed according to the relevant provisions of the PRC Customs Law. The supervisory authority for foreign trade under the State Council may also suspend or even revoke the relevant license for external trade operation.

5. APPROVALS FROM PRC GOVERNMENTAL AUTHORITIES RELATING TO THE REORGANISATION AND THE PROPOSED LISTING

(a) Notice 75

Pursuant to the Notice of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and Roundtrip Investment via Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**Notice 75**") promulgated by the State Administration of Foreign Exchange ("**SAFE**") on 21 October 2005, domestic resident natural persons or legal persons are required to register with the relevant local branches of SAFE before they directly establish or indirectly control any offshore special purpose vehicles for the purpose of capital raising using assets or equity interests of their PRC companies. "Domestic resident natural person" is defined in Notice 75 as any individual who holds PRC identification documents such as resident ID cards or passports, or any individual who does not have such identification documents but habitually resides in the PRC for economic reasons. "Domestic resident legal person" is an enterprise or economic organisation legally established in the PRC.

Our PRC Legal Advisers have advised that the acquisition of 100% equity interest in Corn Industry by Corn BVI from Sanxing Grease pursuant to the equity transfer agreement dated 11 January 2007 entered into between Sanxing Grease and Corn BVI (the "**Equity Transfer**"), as mentioned in the section headed "History and Corporate Development" in this prospectus, is not subject to Notice 75 and the registrations prescribed thereof on the basis that Corn BVI is not an offshore special purpose vehicle referred to under Notice 75. Accordingly, the Equity Transfer does not constitute a roundtrip investment under Notice 75.

Our PRC Legal Advisers have further advised that the acquisition of 99.8% interest in Corn BVI by Sanxing Trade from Mr. Koay (the "**Acquisition**"), as mentioned in the section headed "History and Corporate Development" in this prospectus, is not subject to Notice 75 and the registrations prescribed thereof given

that Sanxing Trade is not an offshore special purpose vehicle as referred to under Notice 75 as it was established in Mauritius with limited liability on 8 November 2006 for the purpose of carrying out the principal business of overseas trading of edible corn oil products, and hence, the acquisition of 99.8% interest in Corn BVI, which is an offshore company, by Sanxing Trade from Mr. Koay, a non-PRC individual, does not constitute a roundtrip investment under Notice 75. The Acquisition was carried out between two offshore companies, which does not fall into the concept of "direct investment into domestic companies" as defined in Notice 75.

For further details about the Equity Transfer and the Acquisition, see section headed "History and Corporate Development" in this prospectus.

As advised by our PRC Legal Advisers, the Equity Transfer, the Acquisition and the Listing do not constitute any investments under Notice 75.

(b) M&A Rules

On 8 August 2006, six PRC regulatory agencies, including the Ministry of Commerce ("**MOFCOM**") and the China Securities Regulatory Commission ("**CSRC**"), promulgated the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**"), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006. Articles 6 and 10 of the M&A Rules require that mergers and acquisitions of domestic enterprises by foreign investors be approved by the MOFCOM or its counterparts at the provincial level. Article 11 of the M&A Rules requires domestic companies, enterprises and natural persons to apply to MOFCOM for approval when they acquire associated PRC companies through offshore companies established or controlled by them. In addition, Article 40 of the M&A Rules requires that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such offshore special purpose vehicle's securities on an overseas stock exchange, especially in the event that the offshore special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for shares of offshore companies.

Our PRC Legal Advisers have advised that (i) the Equity Transfer and the Acquisition are not subject to Article 11 of the M&A Rules and the approval prescribed thereof because neither Corn BVI nor Sanxing Trade is an offshore special purpose vehicle referred to under the M&A Rules; (ii) the proposed Listing does not require prior approval of the CSRC under Article 40 of the M&A Rules as our Reorganisation does not involve any offshore special purpose vehicle; and (iii) none of the historical incidents as set out in the paragraph headed "Our Corporate History" under the section headed "History and Corporate Development" in this prospectus and the Listing would amount to a circumvention of any of the provisions under the M&A Rules.

Our PRC Legal Advisers have advised us that (i) the Acquisition, Equity Transfer, our Reorganisation and the proposed Listing have obtained all of the necessary requisite approvals, registrations and filings from all the PRC governmental authorities pursuant to the applicable PRC laws and regulations including the M&A Rules, the Notice 75, the Law on foreign Invested Enterprises of the PRC and its detailed implementation rules; and (ii) all of such governmental authorities are the authorities that have been granted authority for issuing the corresponding approvals.

OUR CORPORATE HISTORY

Our history began with the establishment of Sanxing Grease in 2001 by Shandong Sanxing as to 33.6%, Mr. Wang MX as to 33.4%, Mr. Wang MF as to 16.5% and Ms. Huo as to 16.5% respectively. Sanxing Grease was primarily engaged in the manufacture and sale of edible corn oil before the establishment of Corn Industry.

In order to streamline the corporate structure of the Sanxing Group by separating Sanxing Grease's edible corn oil manufacturing and sale business from the other activities of the Sanxing Group, Sanxing Grease established Corn Industry on 14 November 2006 for the purpose of transferring its edible corn oil manufacturing and sale business to Corn Industry. Following completion of such transfer, Sanxing Grease was no longer engaged in edible corn oil business which competes or may compete with Corn Industry's business save for its sales arrangement with Corn Industry, further information of which is set forth in the section headed "Connected Transactions" in this prospectus.

On 11 January 2007, as Sanxing Group intended to focus its resources, including financial and management resources, on its other businesses, Sanxing Grease entered into an equity transfer agreement with Corn BVI to transfer its 100% equity interest in Corn Industry to Corn BVI, a company incorporated in BVI, which was then wholly-owned by Mr. Koay, for a consideration of US$10 million (the "**Equity Transfer**"). The Equity Transfer was undertaken after taking into account the fact that Sanxing Group would receive proceeds from the Equity Transfer for its own uses and the Wang Brothers could spend their time focusing on the management of other businesses of Sanxing Group. It was a mutual understanding between Sanxing Grease and Mr. Koay that the Wang Brothers would not stay in the management team of Corn Industry after completion of the Equity Transfer. To the best knowledge of our Directors, Mr. Koay had been engaged in the trading of edible oil products for over 15 years and since 2003, had been an agent of our Group for the bulk sales of edible corn oil in the overseas markets. Save for the aforesaid business relationship, (i) Mr. Koay has no relationship with any member of the management of our Group, the Controlling Shareholders and their respective associates; and (ii) Mr. Koay has no relationship with each of CDCP, GMIM and NGPL.

After Corn Industry obtained the 外商投資企業批准證書 (Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC) dated 5 February 2007 and its new business licence dated 13 February 2007, it became a foreign investment enterprise wholly-owned by Corn BVI on 13 February 2007.

NGPL[(1)] entered into a loan agreement with Corn BVI on 1 April 2007, pursuant to which NGPL agreed to advance US$2 million to Corn BVI and NGPL was granted a right

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(1) NGPL is a private company incorporated in Singapore which is principally engaged in investment holding and is owned as to 50% each by two Independent Third Parties who are interested in investing in businesses in the PRC and have invested in certain companies listed on the Shanghai Stock Exchange. Save for NGPL's investment in Corn BVI, NGPL has no relationship with Mr. Koay, any member of the management of our Group, the Controlling Shareholders and their respective associates. To the best knowledge of our Directors, NGPL has no relationship with each of CDCP, GMIM, Martin Currie Investment Management Limited ("**MCIM**") and Martin Currie Inc ("**MCI**").

to invest in Corn BVI (the "**Investment Right**") during the period of one year from the date of such loan agreement. Pursuant to such loan agreement, if the Investment Right is exercised by NGPL, the parties thereto shall enter into a separate agreement for the investment by NGPL in Corn BVI and NGPL shall forgo its entitlement to the loan repayment of US$2 million. On 16 April 2007, the US$2 million loan amount was advanced by NGPL to Corn BVI. On 25 April 2007, US$2 million of the consideration for the Equity Transfer was received by Sanxing Grease from Corn BVI.

Given that Mr. Koay and Corn BVI had not been able to settle the remaining consideration of US$8 million for the Equity Transfer, on 9 May 2007, Sanxing Trade, a wholly-owned subsidiary of Sanxing Grease, acquired 49,900 shares of US$1.00 each in Corn BVI representing 99.8% interest in Corn BVI from Mr. Koay for a consideration of US$49,900 which was approximately equal to 99.8% of the then net assets value of Corn BVI that was attributable to the interest acquired by Sanxing Trade (the "**Acquisition**"). Based on the then latest management account of Corn BVI, the net assets value of Corn BVI of approximately US$50,000 comprised: (i) total assets of approximately US$10.05 million which consisted of investment cost in Corn Industry amounting to US$10 million and bank and cash amounting to approximately US$50,000; and (ii) total liabilities of US$10 million which consisted of the aforesaid loan advanced by NGPL on 16 April 2007 amounting to US$2 million and the unsettled consideration for the Equity Transfer due to Sanxing Grease of US$8 million. The Acquisition was the result of the fact that (i) Mr. Koay and Corn BVI were not able to settle the consideration for the Equity Transfer in full and Sanxing Group could not receive the proceeds from the Equity Transfer as it originally planned; (ii) CDCP, GMIM and NGPL had agreed to invest in Corn BVI (as described below) but required the Wang Brothers to stay in the management team of Corn Industry and Sanxing Group to be the controlling shareholder of Corn BVI and Corn Industry; and (iii) the Acquisition and the investment of CDCP, GMIM and NGPL would allow Corn BVI to receive funding and in turn Sanxing Grease could receive the consideration for the Equity Transfer in full, and strengthen the shareholders' base of Corn BVI. As a result of the Acquisition, Mr. Koay held the remaining 0.2% interest in Corn BVI which was not given to him as an award or remuneration. As confirmed by Sanxing Grease and Mr. Koay, Sanxing Grease retained its power to govern the financial and operating policies of Corn Industry and Mr. Koay did not participate in the management of the business during the period from the Equity Transfer to 9 May 2007 because Mr. Koay had not settled the consideration in full. Since the Acquisition, Sanxing Grease, Shandong Sanxing and the Wang Brothers have decided to retain the control and/or management of our Group in view of the investments of CDCP, GMIM and NGPL and the subsequent listing of the Group's business on Alternext (as described below) and it is the intention of Sanxing Grease, Shandong Sanxing and the Wang Brothers to retain the control and/or management of our Group after Listing.

On 21 May 2007, Corn BVI increased its authorised share capital from 50,000 shares of US$1.00 each to 65,000 shares of US$1.00 each.

On 18 May 2007, CDCP[(2)] and GMIM[(2)] entered into a subscription agreement to subscribe for new shares in Corn BVI and, on 28 May 2007, NGPL exercised the Investment Right (following which the obligation on the part of Corn BVI to repay the US$2 million loan to NGPL was waived) and entered into a subscription agreement to subscribe for new shares in Corn BVI. On 14 June 2007, Corn BVI allotted and issued a total of 6,466 shares of US$1.00 each, representing approximately 10.83% of the entire issued share capital of Corn BVI, to CDCP and GMIM as to 50% each, for an aggregate consideration of US$5 million; and allotted and issued 3,235 shares of US$1.00 each, representing approximately 5.42% of the entire issued share capital of Corn BVI, to NGPL for a consideration of US$3 million. As at the Latest Practicable Date, no special rights were granted to any of CDCP, GMIM and/or NGPL pursuant to the aforesaid subscription agreements. As confirmed by NGPL, given that: (a) NGPL and its shareholders did not have a significant investment track record and were not as reputable when compared with MCI and MCIM as mentioned below; (b) NGPL had a keen interest to invest in the corn oil business in the PRC operated by our Group in order to strengthen its investment portfolio and track records; and (c) the investments by CDCP and GMIM, of which reputable MCIM and MCI are the investment managers respectively, provided additional comfort and support to NGPL's decision to

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(2) First Plaza Group Trust (the "**First Plaza I Trust**") is a New York trust trusteed by JP Morgan Chase Bank, N.A. The United States pension plans which are the beneficial owners of the account in the First Plaza I Trust (the "**Account**") which holds the shares of Corn Oil Luxembourg are the General Motors Hourly-Rate Employees Pension Plan and the General Motors Retirement Program for Salaried Employees. The named fiduciary for investment purposes for such pension plans is GMIM (currently known as Promark Investment Advisors, Inc.) which has, on behalf of the trust for the benefit of the Account, engaged MCI to act as investment manager.

In 2008, GMIM established a group trust called First Plaza Group Trust II ("**First Plaza II Trust**") and transferred some of the assets under First Plaza I Trust to First Plaza II Trust. The trustee for First Plaza II Trust is State Street Bank and Trust Company. The interests held by JPMorgan Chase Bank, N.A. for First Plaza I Trust was transferred to State Street Bank and Trust Company as Trustee for the First Plaza II Trust in 2008.

CDCP is an exempted limited partnership established under the laws of Bermuda. China Development Capital GP Limited (the "**General Partner**"), a company incorporated in Bermuda, is acting in its capacity as the general partner to The China Development Capital Partnership, which comprised the master fund, CDCP, and the feeder fund, the China Development Capital Partnership Feeder Fund LP (the "**Feeder Fund**"). The Feeder Fund is also an exempted limited partnership established under the laws of Bermuda and together with CDCP operates as a master-feeder fund. The Feeder Fund invests all of its assets in CDCP and is a limited partner in CDCP. CDCP has a number of limited partners, including the Feeder Fund, and the beneficial owners of the interests in CDCP are all professional, institutional investors. CDCP generally engages in the investment in companies with the majority of their operations in China (including Hong Kong, Macau and Taiwan). MCIM was appointed to act as the investment manager to CDCP and the Feeder Fund.

MCI is a corporation established under the laws of the State of New York, United States and based in Scotland, United Kingdom. MCIM is a company established under the laws of Scotland and based in Scotland, United Kingdom. The ultimate controlling shareholder of both MCI and MCIM are Martin Currie Limited, a company registered in Bermuda. MCI and MCIM are reputable specialist active equity managers which manage over billions of US dollars for clients worldwide, including financial institutions, charities, foundations, pension funds and investment trusts.

To the best knowledge of our Directors, save for CDCP's and GMIM's investments in Corn BVI, each of MCI, MCIM, CDCP and GMIM has no relationship with Mr. Koay, any member of the management of our Group, our Controlling Shareholders and their respective associates. To the best knowledge of our Directors, each of MCI, MCIM, CDCP and GMIM has no relationship with NGPL.

invest in Corn BVI, NGPL was willing to pay a higher price of US$5 million for acquiring approximately 5.42% interest in Corn BVI as compared with the consideration of US$2.5 million each paid by CDCP and GMIM to acquire approximately 5.42% each interest in Corn BVI.

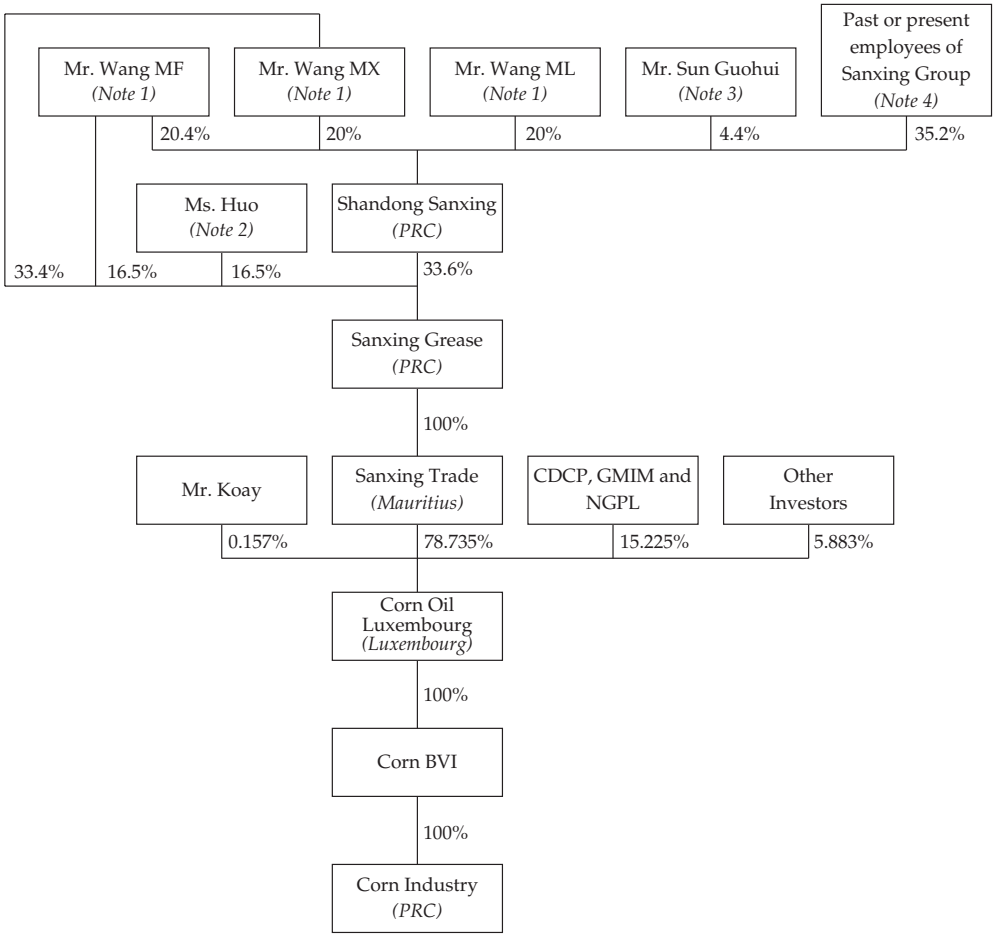
During 22 to 29 June 2007, Sanxing Grease received the remaining consideration of approximately US$8 million for the Equity Transfer from Corn BVI.

On 19 December 2007, Sanxing Trade set up Corn Oil Luxembourg for the purpose of listing on Alternext with an initial issued share capital of 3,650 shares of €8.50 each. Pursuant to the shareholders' resolution of Corn Oil Luxembourg passed on 15 January 2008, the 3,650 shares of €8.50 each in the issued share capital of Corn Oil Luxembourg held by Sanxing Trade were changed to 18,250 shares of €1.70 each.

On 14 January 2008, Corn Oil Luxembourg acquired from Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL their respective interests in Corn BVI in consideration of Corn Oil Luxembourg alloting and issuing its issued share capital representing 4,015,870 shares of €1.70 each to each of Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL on a pro-rata basis. Immediately after such acquisition, Corn Oil Luxembourg's total issued share capital of 4,034,120 shares of €1.70 each was owned as to 3,374,840 shares (83.66%) by Sanxing Trade, as to 6,725 shares (0.17%) by Mr. Koay, as to 217,475 shares (5.39%) by CDCP, as to 217,475 shares (5.39%) by GMIM and as to 217,605 shares (5.39%) by NGPL.

On 25 March 2008, Corn Oil Luxembourg was listed on Alternext through the placement of 252,144 new shares at €19.83 per share and raised gross proceeds of approximately €5 million in total which, net of listing expenses, was then contributed by Corn Oil Luxembourg to our Group and was subsequently applied by our Group as partial funding for the purchase of a refinement production line, a packaging production line and the research and development centre from Sanxing Grease at an aggregate consideration of approximately RMB185.6 million during 2008. On the date of listing on Alternext, Corn Oil Luxembourg's total issued share capital of 4,286,264 shares of €1.70 each was owned as to 3,374,840 shares (78.735%) by Sanxing Trade, as to 6,725 shares (0.157%) by Mr. Koay, as to 217,475 shares (5.074%) by CDCP, as to 217,475 shares (5.074%) by GMIM, as to 217,605 shares (5.077%) by NGPL and as to 252,144 shares (5.883%) by other public investors ("**Other Investors**").

Set out below is the shareholding structure of our Group immediately after the completion of the placement and the listing of Corn Oil Luxembourg's shares on Alternext:



Notes:

(1) Mr. Wang MX, our Chairman, chief executive officer and an executive Director, Mr. Wang MF, an executive Director and Mr. Wang ML, an executive Director, are brothers.

(2) Ms. Huo is the spouse of Mr. Wang ML.

(3) Mr. Sun Guohui is an executive Director.

(4) The eight individuals are past or present employees of Sanxing Group and they in total are interested in 35.2% of the registered share capital of Shandong Sanxing. To the best knowledge of our Directors, they are not parties acting together.

(5) To the best knowledge of our Directors, CDCP, GMIM and NGPL were Independent Third Parties and not parties acting in concert with the Controlling Shareholders as at the Latest Practicable Date.

Since the listing of Corn Oil Luxembourg's shares on Alternext, Sanxing Trade had made on-market purchases and sales of Corn Oil Luxembourg's shares on Alternext from time to time and Mr. Koay has disposed of his entire interests in Corn Oil Luxembourg's shares before the privatisation offer. Trading in the shares of Corn Oil Luxembourg was suspended on 25 September 2009 pending the issue of an announcement in relation to the privatisation offer, on such date Corn Oil Luxembourg's issued share capital was owned as to approximately 82.162% by Sanxing Trade, as to 5.074% by CDCP, as to 5.074% by GMIM, as to 5.072% by NGPL and as to 2.618% by Other Investors.

OUR REORGANISATION

(1) Establishment of the Company

On 9 September 2009, our Company was incorporated under the Companies Law as an exempted company with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. Our Company allotted and issued one Share to Codan Trust Company (Cayman) Limited which was subsequently transferred to Sanxing Trade on the same date.

(2) Privatisation offer for Corn Oil Luxembourg

On 4 November 2009 (Central European time), Corn Oil Luxembourg announced that Sanxing Trade, a wholly-owned subsidiary of Sanxing Grease, together with CDCP, GMIM, and NGPL had made a proposal to acquire all the shares of Corn Oil Luxembourg not already owned, controlled or agreed to be acquired by Sanxing Trade or entities controlled by or associated with it, other than those shares held by CDCP, GMIM and, NGPL which together with Sanxing Trade were then interested in approximately 97.38% of the issued share capital of Corn Oil Luxembourg, and to seek the voluntary delisting of Corn Oil Luxembourg from Alternext.

The privatisation offer was made on 5 November 2009 (Central European time) at an offer price of approximately €22 (or approximately HK$257.31) in cash per share of Corn Oil Luxembourg. For illustration purpose only, based on (i) the aforesaid offer price of €22 per share of Corn Oil Luxembourg and Corn Oil Luxembourg's total issued share capital of 4,286,264 shares; (ii) the forecast combined profit attributable to equity holders of our Company of not less than RMB113 million (or approximately HK$128.3 million) for the year ending 31 December 2009 as set out in the paragraph headed "Profit Forecast" under the section headed "Financial Information" in this prospectus; and (iii) the assumption that Corn Oil Luxembourg will issue new shares equal to 35% of its entire issued share capital as enlarged by such new issue (as in the case of Share Offer in order to make the price/earnings multiple comparable to those in the Share Offer as mentioned below), the prospective price/earnings multiple on a pro forma basis for the privatisation offer is approximately 13.23 times. As set out in the paragraph headed "Statistics of the Share Offer" under the section headed "Summary" in this prospectus, the prospective price/earnings multiple on a pro forma basis of the Company is approximately 10.02 times based on an Offer Price of HK$2.57 and approximately 15.01 times based on an Offer Price of HK$3.85.

The reasons for the privatisation offer were as follows:

- The trading liquidity of the shares of Corn Oil Luxembourg on Alternext in the preceding year had been generally thin. The average daily trading volume of the shares of Corn Oil Luxembourg had been approximately 2,245 shares over the 12-month period prior to the suspension of trading in the shares of Corn Oil Luxembourg on 25 September 2009 pending the issue of an announcement in relation to the privatisation offer, representing approximately 0.052% of the total issued share capital of Corn Oil Luxembourg. Our Controlling Shareholders believed that Corn Oil Luxembourg's share price might not reflect the underlying values of our business and the valuation and the trading liquidity of our shares may be improved if we were to be listed of our Group on the Stock Exchange; and

- Through the privatisation offer, accepting shareholders were provided with an opportunity to realise their investments in Corn Oil Luxembourg for a cash consideration. The offer price under the privatisation offer represented a premium of approximately 22.3% over the last transacted price per share of €17.99 as at 25 September 2009, and premiums of approximately 11.11%, 18.34%, and 13.58% over the average of the last transacted prices of Corn Oil's Luxembourg shares over the 30-day, 90-day, and 180-day periods respectively up to and including 25 September 2009.

The privatisation offer was made by Invest Securities as the financial adviser on behalf of Sanxing Trade, CDCP, GMIM and NGPL. The independent financial adviser appointed for the purpose of the privatisation offer was of the view that the offer price was fair. The board of directors of Corn Oil Luxembourg and Invest Securities believe that the aforesaid opinion of the independent financial adviser has been arrived at after taking into account the intention of Sanxing Trade, CDCP, GMIM and NGPL for the Listing. As advised by Invest Securities and the board of directors of Corn Oil Luxembourg, the then existing shareholders of Corn Oil Luxembourg had been informed of all relevant information for considering the privatisation offer in accordance with the regulatory requirements of Alternext and all relevant disclosures in relation to the privatisation offer had complied with the regulatory requirements of Alternext.

The privatisation offer closed on 19 November 2009 (Central European time). Pursuant to the privatisation offer, Sanxing Trade purchased 24,455 shares in Corn Oil Luxembourg at €22 per share for an aggregate consideration of €538,010. As at the Latest Practicable Date, the board of directors of Corn Oil Luxembourg confirmed that no objection against the privatisation offer and/or the Listing had been received by Corn Oil Luxembourg from any of the Other Investors who/which did not accept the privatisation offer.

Following the closing of the privatisation offer, Corn Oil Luxembourg's issued share capital was owned as to approximately 82.733% by Sanxing Trade, as to 5.074% by CDCP, as to 5.074% by GMIM, as to 5.072% by NGPL and as to 2.047% by Other Investors.

On 20 November 2009 (Central European time), Corn Oil Luxembourg was delisted from Alternext. So far as the Directors are aware, there had not been any regulatory or disciplinary action taken against Corn Oil Luxembourg or its directors during the period since Corn Oil Luxembourg's listing on the Alternext and up to 20 November (Central European time) when Corn Oil Luxembourg was delisted from Alternext. The Controlling Shareholders (except Corn Oil Luxembourg) have undertaken to indemnify the Group in respect of any actual and potential costs, expenses, losses and damages, arising from any legal proceedings instituted by or against or any other claims in relation to Corn Oil Luxembourg since its listing on the Alternext and up to the date on which it was delisted from Alternext, including but not limited to any potential legal proceedings relating to the privatisation offer for and the delisting of Corn Oil Luxembourg.

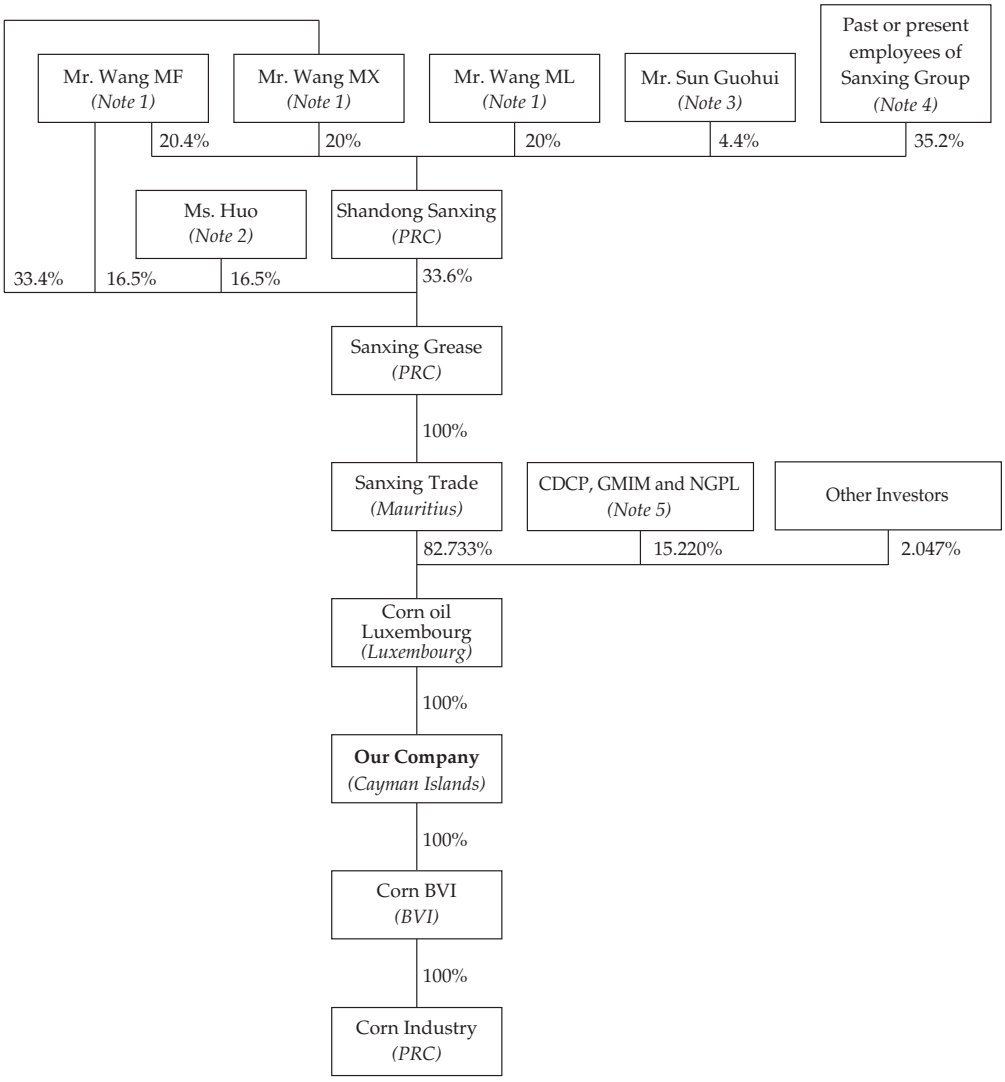
(3) Transfer of shares of Corn BVI

On 26 November 2009, Corn Oil Luxembourg (as vendor), the Company (as purchaser), the Controlling Shareholders (collectively as warrantors) entered into a reorganisation deed, pursuant to which Corn Oil Luxembourg transferred its entire interest being 59,701 shares of US$1.0 each in Corn BVI to the Company in consideration of €11,126,979, payable by the Company by way of allotting and issuing 324,999,999 shares of HK$0.10 each in the share capital of the Company credited as fully paid to Corn Oil Luxembourg. On the same date, Sanxing Trade transferred the 1 share of the Company held by it to Corn Oil Luxembourg at a nominal value of HK$0.10. Following the above transfers (the "**Transfer**"), the Company was wholly-owned by Corn Oil Luxembourg. The edible oil business of our Group, which was originally held by Corn Oil Luxembourg through Corn BVI, was effectively transferred to the Company pursuant to the Transfer, which Transfer would not be affected even if the Liquidation Process (as defined below) cannot proceed because of any objection by the existing creditors of Corn Oil Luxembourg. The Liquidation Process will not be undertaken if it creates any legal risk or business risk to the Group and the Shareholders.

As at the Latest Practicable Date, it is the intention of the majority shareholders of Corn Oil Luxembourg to apply for the voluntary winding up of Corn Oil Luxembourg. On 1 December 2009, Corn Oil Luxembourg issued a notice by way of newspaper publication and Luxembourg official gazette convening an extraordinary general meeting ("**EGM**") of Corn Oil Luxembourg to be held on 22 December 2009. At the EGM, certain resolutions will be proposed to be passed, which include, among others, (i) dissolution of Corn Oil Luxembourg; (ii) appointment of the liquidator; and (iii) determination of the powers to be given to the liquidator and determination of remuneration of the liquidator. Pursuant to and following the winding up of Corn Oil Luxembourg, all the issued shares of the Company held by Corn Oil Luxembourg (or the interests under the Stock Borrowing Agreement representing such shares, if appropriate) will be distributed by way of transfer or otherwise to the then existing shareholders of Corn Oil Luxembourg, namely, Sanxing Trade, CDCP, GMIM, NGPL and the Other Investors who/which did not accept the privatisation offer on a pro-rata basis ("**Liquidation Process**"), such that Sanxing Trade, CDCP, GMIM, NGPL and the Other Investors who/which did not accept the privatisation offer will hold the issued shares of the Company or the relevant interests under the Stock Borrowing Agreement directly. The board of directors of Corn Oil Luxembourg currently expects that the Liquidation Process will be completed in the first half of 2010. As Corn Oil Luxembourg will continue to be controlled by Shandong Sanxing and the Wang Brothers, the Company believes that the Group's business and operations will not be affected in any material manner. The Company is of the view that the timing of the completion of the Liquidation Process does not have any material impact on the Group's business or operations after Listing or impose any material risk on the Group. In addition, if for any reason Corn Oil Luxembourg cannot be liquidated, Corn Oil Luxembourg will remain a registered shareholder of the Company and there will be no legal impact on the shareholdings of the other public shareholders in the Company. It is the intention of the majority shareholders of Corn Oil Luxembourg that the Liquidation Process will only be undertaken if the Liquidation Process would comply with all applicable laws and regulations and would not create any legal risk or business risk to the Group and the Shareholders.

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE THE SHARE OFFER

Set out below is the shareholding structure of our Group after the Reorganisation and immediately prior to the Share Offer:



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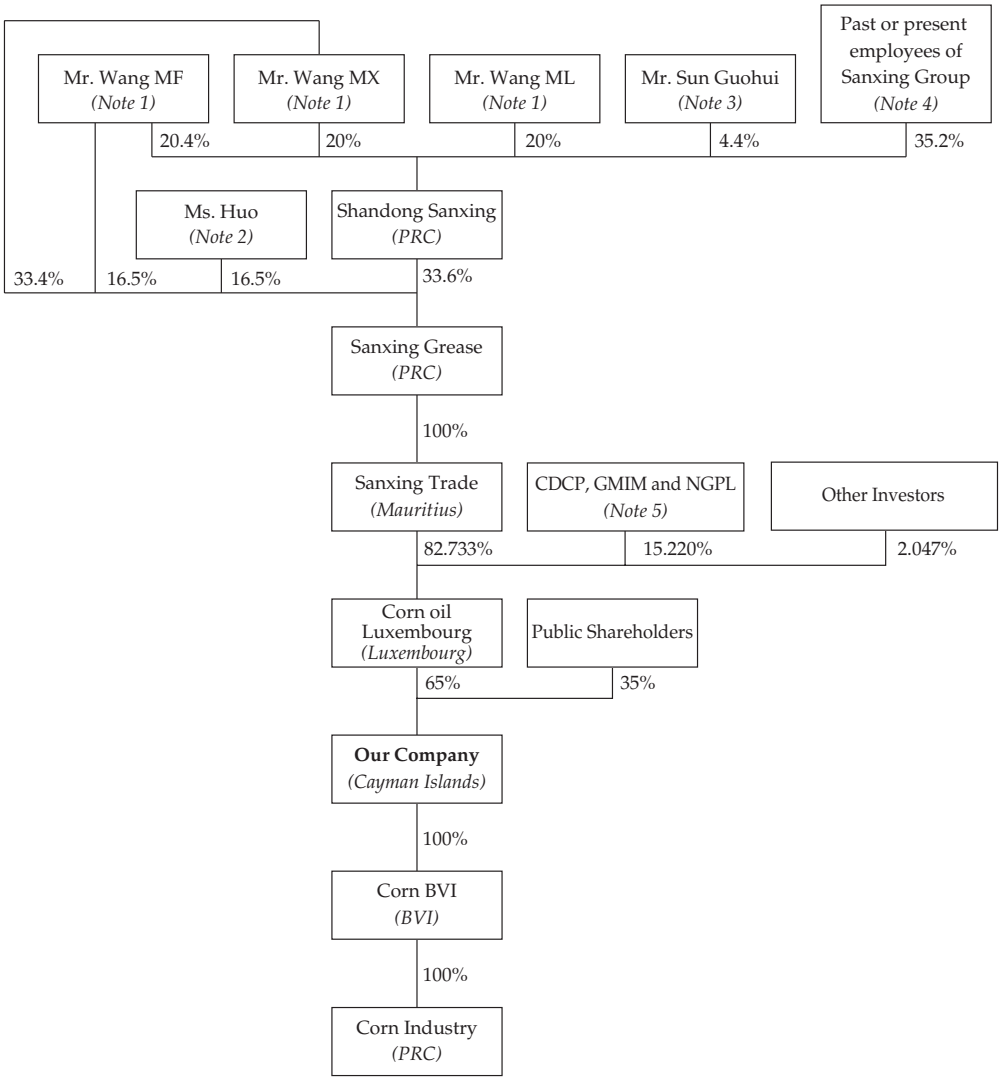
(4) The eight individuals are past or present employees of Sanxing Group and they in total are interested in 35.2% of the registered share capital of Shandong Sanxing. To the best knowledge of our Directors, they are not parties acting together.

(5) To the best knowledge of our Directors, CDCP, GMIM and NGPL were Independent Third Parties and not parties acting in concert with the Controlling Shareholders as at the Latest Practicable Date.

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP UPON COMPLETION OF THE SHARE OFFER

Set out below is the shareholding structure of our Group upon completion of the Share Offer (assuming that the Over-allotment Option is not exercised):



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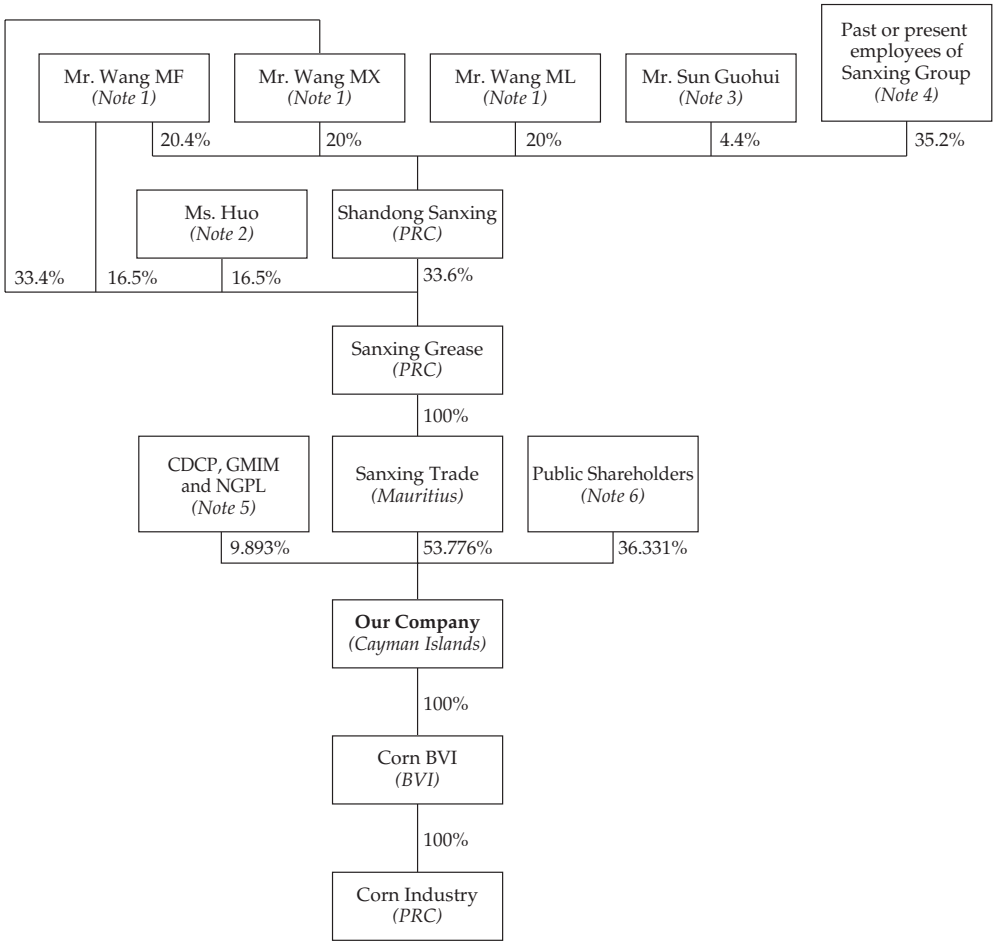
Set out below is the shareholding structure of our Group upon completion of the Share Offer (assuming that the Over-allotment Option is not exercised) and the Liquidation Process (assuming that it is completed immediately after the completion of the Share Offer):



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(5) To the best knowledge of our Directors, CDCP, GMIM and NGPL were Independent Third Parties and not parties acting in concert with the controlling shareholders as at the Latest Practicable Date.

(6) Public Shareholders include certain Other Investors who/which did not accept the privatisation offer for Corn Oil Luxembourg and who/which together will be interested in approximately 1.331% interest of the Company.

OUR BUSINESS DEVELOPMENT

In 2001, the Sanxing Group, Mr. Wang MX, Mr. Wang MF and Ms. Huo established Sanxing Grease which was primarily engaged in the manufacture and sale of edible corn oil for domestic bulk sales mainly to other enterprises that were engaged in the sale of edible corn oil under their own brands.

In April 2003, we entered into certain cooperation arrangements with a Japanese company and we began to export our edible corn oil products to the Middle East through this company.

In late 2003 and 2004, we commenced export sales of our products to Singapore and Malaysia and subsequently terminated our cooperation relationship with the Japanese company and began handling our export sales to the Middle East by ourselves. Up to 30 June 2009, our export sales had covered places including countries in the Middle East, Singapore, Malaysia, the Netherlands and the US.

In July 2006, we developed a new business line by launching edible corn oil products under our brand 長壽花 (Longevity Flower) in the PRC market. In order to build up our brand and expand our national footprint, we have appointed a nationally renowned celebrity in the PRC, 倪萍 (Ni Ping), as the image and brand ambassador of the 長壽花 (Longevity Flower) brand since July 2006. Our brand 長壽花 (Longevity Flower) was named 中國馳名商標 (China Well-Known Trademark) in November 2006, 全國玉米油知名品牌 (China Famous Brand for Corn Oil) in September 2006, 山東名牌 (Shandong Famous Brand) in September 2007 and 中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry) in April 2007. Our edible corn oil products were granted an exemption from quality surveillance inspection by 國家質量監督檢驗檢疫總局 (State General Administration of Quality Supervision, Inspection and Quarantine of the PRC) in December 2006.

In the second half of 2006, we launched our edible corn oil products under our brand 金银花 (Gold & Silver Flower) to the PRC market as our second line products, targeting at the mass market.

With a view to providing a broader product range to our customers and enhance our corporate image and brand, we have introduced other types of edible vegetable oil products to the market under our brand 長壽花 (Longevity Flower) including edible sunflower seed oil in 2006 and edible olive oil in 2007.

Since we first engaged in the manufacture of edible corn oil in 2001, the capacity of our production facilities has been expanded over the years. Our annual production capacity had increased from approximately 82,000 tonnes of corn and other oil as at 31 December 2006 to approximately 182,000 tonnes of corn and other oil as at 30 June 2009. According to CCOA (Oil & Fats Division), we were the largest edible corn oil manufacturer in the PRC in terms of production volume during 2006 to 2008.

We started to establish sales representative offices in July 2006. As at the Latest Practicable Date, we established seven sales representative offices in Beijing, Hangzhou, Guangzhou, Wuhan, Jinan, Xian and Chongqing respectively, to market and distribute our edible oil products under our brands covering 20 provinces and/or administrative municipalities in the PRC. As at the Latest Practicable Date, we were accredited with: (i) ISO 14001, a standard for environmental management; (ii) ISO 22000, a standard for food safety management; and (iii) ISO 9001, a standard for quality management. Our Directors consider that such accreditation has successfully promoted our image and more importantly, may enable us to capture more recognition of our branded edible oil products in the future.

OVERVIEW

We were the largest edible corn oil manufacturer in the PRC during 2006 to 2008 in terms of production volume according to CCOA (Oil & Fats Division). Our production volume of edible corn oil in 2007 and 2008 amounted to approximately 65,500 tonnes and 76,600 tonnes respectively, which represented approximately 32.4% and 30.6% of the total production volume of edible corn oil in the PRC of approximately 202,000 tonnes in 2007 according to the Food and Agriculture Organization of the United Nations and approximately 250,000 tonnes in 2008 according to CCOA (Oil & Fats Division) respectively. According to the Food and Agriculture Organization of the United Nations, the production volume of edible corn oil in the PRC accounted for approximately 1.27% of the total production volume of all edible vegetable oils in the PRC in 2007.

We are principally engaged in the manufacture of edible corn oil products for: (1) domestic or export bulk sales mainly to other companies engaging in the sale of edible corn oil under their own brands; and (2) domestic sales under our brand of 長壽花 (Longevity Flower) in the PRC consumer market. For the three years ended 31 December 2008 and the six months ended 30 June 2009, our bulk sales of non-branded oil accounted for approximately 80.8%, 76.2%, 70.9% and 73.8% respectively of our total turnover, whereas our sales of branded edible oil accounted for approximately 5.9%, 10.8%, 14.3% and 14.6% respectively of our total turnover. We aim to continue to be the leading edible corn oil manufacturer in the PRC and to develop 長壽花 (Longevity Flower) as a leading brand in the PRC edible corn oil consumer market.

According to CCOA (Oil & Fats Division), our brand 長壽花 (Longevity Flower) is one of the top three edible corn oil brands in the PRC which contributed for not less than 10% of the total sales volume of all packaged edible corn oil in the PRC in 2008. Our brand 長壽花 (Longevity Flower) has been named (i) 中國馳名商標 (China Well-Known Trademark) by 山西省臨汾市中級人民法院 (Linfen Intermediate People's Court in Shanxi Province) in 2006; (ii) 全國玉米油知名品牌 (China Famous Brand for Corn Oil) by 中國糧食行業協會 (China National Association of Grain Sector) in 2006; (iii) 中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry) by 品牌雜誌社 (Brand Magazine Agency), 財富時報社 (Fortune Times Agency), 中國聯合商報社 (China United Business News Agency), 購物導報社 (Shopping Guide Agency), 中國中小商業企業協會 (China Association For Small & Medium Commercial Enterprises), 中國國際品牌學會 (China International Brand Academy), 中國國際市場協會 (China International Market Academy) and 國際合作促進中心中國辦事處 (International Cooperation Promoting Centre China) in 2007; and (iv) 綠色食品A級產品證書 (Certificate for Grade A Level of Green Food Standards) by 中國綠色食品發展中心 (China Green Food Development Center) in 2008.

Edible corn oil products under our brands are sold in the PRC consumer market through our wholesale distributors and retailers. As at 30 June 2009, we had a distribution network of approximately 55 wholesale distributors and approximately 33 retailers covering 20 provinces and/or administrative municipalities in the PRC.

We have well-established relationships with our bulk sales customers which are mainly enterprises engaging in the sale of edible corn oil under their own brands. According to CCOA (Oil and Fats Division), our brand 長壽花 (Longevity Flower) and the other two brands (which belong to two groups of companies and a member of each of such

groups was our bulk sales customer during the Track Record Period), together have a significant share of the PRC's packaged edible corn oil market which accounted for over 50% of the sales volume of all packaged edible corn oil in the PRC in 2008, and our brand 長壽花 (Longevity Flower) had not less than 10% of the market share in terms of sales volume.

The PRC is currently the major market of our edible oil products. Our turnover generated from domestic sales in the PRC accounted for approximately 51.0%, 83.3%, 69.8% and 98.8% of our turnover for the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively. Our Group's sales strategy for the export or the domestic market of our bulk sales of non-branded oil products mainly depends on the profitability of each market. As the selling price of our Group's products in the export market in 2009 becomes less appealing than that in the domestic market after the cancellation of the export sales value-added tax refund policy in June 2008, our Group currently plans to focus on the domestic market in the PRC for our bulk sales but we are open to any profitable opportunity in the overseas export market should opportunities arise.

We have enjoyed a rapid growth in recent years. Our turnover has grown from approximately RMB481.1 million for the year ended 31 December 2006 to approximately RMB934.0 million for the year ended 31 December 2008, representing a CAGR of approximately 39.3%. Our net profit has grown from approximately RMB31.0 million for the year ended 31 December 2006 to approximately RMB91.4 million for the year ended 31 December 2008, representing a CAGR of approximately 71.6%.

COMPETITIVE STRENGTHS

We believe that our success to date and potential for future long-term growth can be attributed to the following:

Leading manufacturer of edible corn oil in the PRC with advanced and large production facilities

Sanxing Grease commenced its edible corn oil manufacturing business in 2001. We were the largest edible corn oil manufacturer in the PRC during 2006 to 2008 in terms of production volume according to CCOA (Oil & Fats Division). Our production volume of edible corn oil in 2007 and 2008 amounted to approximately 65,500 tonnes and 76,600 tonnes respectively, which represented approximately 32.4% and 30.6% of the total production volume of edible corn oil in the PRC of approximately 202,000 tonnes in 2007 according to the Food and Agriculture Organization of the United Nations and approximately 250,000 tonnes in 2008 according to CCOA (Oil & Fats Division) respectively. As at the Latest Practicable Date, we have an annual production capacity of approximately 182,000 tonnes of corn and other oil. Our leading production capacity is supported by our large and advanced production facilities, equipment and techniques, which are designed to produce consistently high quality products, reduce production costs and improve production yields. We believe that our extensive experience and leading market position in the manufacturing of edible corn oil would provide us with a strong foundation to further develop our brands 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) and enhance the market share of edible corn oil sold under our brands.

Well-recognised brand name

Our brand 長壽花 (Longevity Flower) is one of the leading edible corn oil brands in the PRC consumer market. According to CCOA (Oil & Fats Division), our brand 長壽花 (Longevity Flower) is one of the top three edible corn oil brands in the PRC which contributed to not less than 10% of the total sales volume of all packaged edible corn oil in the PRC in 2008.

Our 長壽花 (Longevity Flower) edible corn oil product was first launched to the market in July 2006, and was named (i) 中國馳名商標 (China Well-Known Trademark) by 山西省臨汾市中級人民法院 (Linfen Intermediate People's Court in Shanxi Province) in 2006, (ii) 全國玉米油知名品牌 (China Famous Brand for Corn Oil) by 中國糧食行業協會 (China National Association of Grain Sector) in 2006; (iii) 中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry) by 品牌雜誌社 (Brand Magazine Agency), 財富時報社 (Fortune Times Agency), 中國聯合商報社 (China United Business News Agency), 購物導報社 (Shopping Guide Agency), 中國中小商業企業協會 (China Association For Small & Medium Commercial Enterprises), 中國國際品牌學會 (China International Brand Academy), 中國國際市場協會 (China International Market Academy), and 國際合作促進中心中國辦事處 (International Cooperation Promoting Centre China) in 2007; and (iv) 綠色食品A及產品證書 (Certificate for Grade A Level of Green Food Standards) by 中國綠色食品發展中心 (China Green Food Development Center) in 2008. Since 2006, 倪萍 (Ni Ping), a nationally renowned celebrity in the PRC has been appointed as the image and brand ambassador to promote our brand 長壽花 (Longevity Flower). We believe that our brand can allow our edible corn oil products to gain customers' loyalty and capture more market share in the edible corn oil consumer market.

Well-established distribution networks

We have well-established relationships with our bulk sales customers which are mainly enterprises engaging in the sales of edible corn oil under their own brands. According to CCOA (Oil and Fats Division), our brand 長壽花 (Longevity Flower) and the other two brands (which belong to two groups of companies and a member of each of such groups was our bulk sales customer during the Track Record Period), together have a significant share of the PRC's packaged edible corn oil market which accounted for over 50% of the sales volume of all packaged edible corn oil in the PRC in 2008, and our brand 長壽花 (Longevity Flower) had not less than 10% of the market share in terms of sales volume.

We have established business relationships with these edible corn oil enterprises for around six to eight years. We believe that our long-term business relationships with these customers can facilitate a stable growth of our business.

For the sale of edible corn oil products under our brands, we have an extensive distribution and retailers network in the PRC. As at 30 June 2009, we had a distribution network of approximately 55 wholesale distributors and approximately 33 retailers covering 20 provinces and/or administrative municipalities in the PRC. We believe our distribution and retailers network can enable us to enhance market penetration in the edible corn oil consumer market.

Experienced and dedicated management team

The founders of our Group, the Wang Brothers, have been engaging in the manufacture of corn processing machineries and equipments in the PRC since 1997. Such experience has enhanced the Wang Brothers' knowledge and understanding of the corn processing industry and set up a foundation for the subsequent development of their edible corn oil business. Our management team possesses extensive operating experience and industry knowledge of the edible corn oil business. Mr. Wang MX, our chairman and chief executive officer has more than seven years of experience in the edible corn oil industry, whilst most of our other senior management have been with our Group or in the edible corn oil industry for over six years. We believe that our management team's in-depth knowledge of the edible corn oil industry can enable us to respond efficiently to various challenges from the changing market conditions.

Strong research and development capability

Our research and development centre was set up to design and develop production technologies that will enable us to improve our production efficiency and enhance our product quality. We have also entered into cooperation agreements with Henan University of Technology (河南工業大學), a university in the PRC and Food Institute of Jiangnan University (江南大學食品學院), for the development of new products, new production technologies and new production equipment in relation to edible oil.

Under the cooperation arrangement with Henan University of Technology, Henan University of Technology agreed to provide Corn Industry with research assistance services including research know-how, assistance in developing products and training for the research and development team of Corn Industry. The know-how derived from the research projects are owned by Corn Industry.

Under the cooperation arrangement with the Food Institute of Jiangnan University, the Food Institute of Jiangnan University agreed to provide Corn Industry with, among other things, all necessary research assistance and to give priority to develop the technological results of Corn Industry and to provide training to Corn Industry's research personnel. The Food Institute of Jiangnan University owns the know-how derived from the research projects under such cooperation arrangement. However, Corn Industry has the pre-emptive right to purchase the intellectual property rights of such know-how from the Food Institute of Jiangnan University at a price to be negotiated and determined by the parties thereto upon such pre-emptive right is exercised by Corn Industry.

Our research and development team works closely with these universities by discussing with them and exchanging ideas on new products that meet consumer demand. In 2009, our research and development team and Henan University of Technology have together developed a new edible corn oil product with phytosterol as an ingredient which can help to reduce cholesterol in the human body and in turn lower the risk of heart diseases. We intend to apply for patent for this new edible corn oil product and expect to launch the product in the market in the first half of 2010.

We believe the cooperation with Henan University of Technology and the Food Institute of Jiangnan University and other universities and academic and research institutes from time to time can further strengthen our capability in developing new products and production technologies.

Established relationships with suppliers

We have established long-term relationships with the suppliers of our principal raw materials being corn embryo and crude corn oil. We have maintained business relationship with some of our major suppliers for over four years as at the Latest Practicable Date. For each of the three years ended 31 December 2008 and for the six months ended 30 June 2009, our top five suppliers accounted for approximately 19.4%, 32.8%, 37.4% and 20.8% of our total purchases for the period. We believe that we are not dependent on any single supplier and as we are the largest manufacturer of edible corn oil in terms of production volume in the PRC, it should enable us to have better bargaining power over our suppliers and maintain a stable supply of raw materials.

Commitment to produce high quality products

We are committed to producing high quality products for our customers and have placed strong emphasis on product quality in our production process by implementing comprehensive quality control procedures at each stage of our main production process, starting from raw materials procurement to the packaging of finished products. Our production process has been accredited with ISO 22000 food safety management system certification and ISO 9001 quality management system certification from the China Quality Mark Certification Group Company Limited (方圓標誌認證集團有限公司) which are both valid until September 2012. Our 長壽花 (Longevity Flower) edible corn oil products were granted an exemption from quality surveillance inspection by the State General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局) since December 2006 and up to the cessation of such exemption system in September 2008. We believe that our stringent quality control standards can enhance our market reputation and strengthen our customers' confidence in our products.

BUSINESS STRATEGIES

We aim to continue to be the leading edible corn oil manufacturer in the PRC and to develop 長壽花 (Longevity Flower) as a leading brand in the PRC edible corn oil consumer market so as to maximise our Shareholders' value. Although we have a primary focus on the PRC market, we are open to any profitable opportunities for the export business from time to time. The following are our key business strategies:

Enhance brand image and recognition

We will continue to promote our brand 長壽花 (Longevity Flower) that we regard as one of our most valuable assets and our corporate image. We believe that brand and image are among the key factors in the consumers' purchasing decision, and we will continue to build up our brand and image as a symbol for healthy, quality and safe products. We will continue to strengthen our marketing efforts in the PRC and follow the same approach we

currently adopt to promote our brands and products in other potential markets in the PRC not already covered by our sales network. We will continue to run various marketing campaigns to enhance our brand image and recognition, including advertising in newspapers, magazines and public transportations, consumer education through conducting more roadshows and marketing events designed for our target consumers. We intend to increase the frequency and coverage of our sales and promotional activities. We will also liaise with our wholesale distributors and retailers in promoting and maintaining our brand and image.

Enhance and expand our marketing and distribution network

We plan to enhance our marketing and distribution network as well as to explore new business opportunities in the future. We will continue to penetrate and to increase our market shares in cities with our presence and to solidify our relationships with existing bulk sales customers, wholesale distributors and retailers whilst further expand our distribution networks to more cities with higher living standards as well as other secondary cities in the PRC. We will continue to increase the number of wholesale distributors and retailers and increase the number of sales representatives to assist us in the expansion of our network coverage in the PRC. We currently intend to engage approximately 30 additional wholesale distributors and approximately 20 additional retailers in cities with our presence and approximately 100 additional wholesale distributors and approximately 25 additional retailers in other cities that we currently have no presence. In line with our effort to build up the awareness of our brand 長壽花 (Longevity Flower), we plan to employ more of our effort on direct sales to retailers by establishing business relationships with more large chain-supermarkets.

Expand production capacity to increase market penetration

We currently have one production line for the "squeezing" production process with annual production capacity of 100,000 tonnes of crude corn oil and two production lines for the "refinement" production process with an aggregate annual production capacity of 182,000 tonnes of corn oil and other oil. In anticipation of the growing demand for our products, we intend to construct a new production plant which is expected to start construction during 2010 to 2011. The new production plant will house an additional production line for our refinement production process and is expected, upon full operation, to add an additional annual production capacity of 100,000 tonnes of corn oil and other oil for our refinement process.

Improve our expertise and technical know-how

We intend to invest additional resources to further strengthen our research and development capacities and to improve our expertise and technical know-how in relation to product quality and production techniques of edible corn oil products. The primary focus of our research and development will be placed on enhancing the quality of our products whilst improving the production techniques and efficiency and reducing costs of our production process. We will continue to cooperate with universities and academic and research institutions to keep abreast of the latest technical know-how and expertise, which we believe will help strengthen the competitiveness of our products so as to capture additional market share.

PRODUCTS AND BRANDS

Our products are broadly categorised as follows:

- edible corn oil;
- refined corn oil;
- other oil mainly includes: sunflower seed oil and olive oil; and
- corn meal.

The following table shows our product types by sales channel and geographical locations of customers:

Our product types	Sales channels	Geographical locations of customers
Edible corn oil	• Under our brands 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower)	• PRC
	• Bulk sales	• PRC • Overseas
Refined corn oil	• Bulk sales	• PRC • Overseas
Other oil (mainly includes sunflower seed oil and olive oil)	• Under our brand 長壽花 (Longevity Flower)	• PRC
	• Bulk sales	• PRC
Corn meal	• Bulk sales	• PRC • Overseas

The following table shows our turnover by product segment during the Track Record Period:

Turnover	Year ended 31 December						Six months ended 30 June	
	2006		2007		2008		2009	
	RMB (million)	%	RMB (million)	%	RMB (million)	%	RMB (million)	%
Bulk sales								
– Edible corn oil	363.7	75.6	424.0	61.0	596.0	63.8	373.6	72.8
– Refined corn oil	5.6	1.1	2.8	0.4	48.8	5.2	–	–
– Other oil	19.8	4.1	102.4	14.8	17.1	1.9	4.9	1.0
– Corn meal	63.8	13.3	90.2	13.0	138.5	14.8	59.4	11.6
Subtotal	452.9	94.1	619.4	89.2	800.4	85.7	437.9	85.4
Own branded sales								
– Edible corn oil	22.6	4.7	63.0	9.1	114.8	12.3	63.9	12.5
– Other oil	5.6	1.2	11.9	1.7	18.8	2.0	11.1	2.1
Subtotal	28.2	5.9	74.9	10.8	133.6	14.3	75.0	14.6
Total	481.1	100	694.3	100	934.0	100	512.9	100

The following shows our major branded edible oil products and product series:

Products	Brand and Year of first launch	Product Unit Size (as at Latest Practicable Date)	Sample product picture
Edible corn oil	長壽花 (Longevity Flower) launched in 2006	900 ml 1L 1.8L 2.5L 4L 5L Gift package (2 x 2.5L)	
	金銀花 (Gold & Silver Flower) launched in the second half of 2006	4L 4.5L 5L	
Edible sunflower seed oil	長壽花 (Longevity Flower) launched in 2006	1.8L 5L	
Edible olive oil	長壽花 (Longevity Flower) launched in 2007	750 ml	

Edible corn oil

Edible corn oil is a vegetable oil produced from corn embryo mainly through the "squeezing" and "refinement" production processes with major application as cooking oil. Our edible corn oil products are either for (i) sales under our brands, 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) which are sold to wholesale distributors and retailers in the PRC; and (ii) domestic and overseas bulk sales mainly to other companies engaged in the sale of edible corn oil under their own brands.

Refined corn oil

Refined corn oil is produced from corn embryo after the "squeezing" process and certain stages of the "refinement" process. Refined corn oil will go through further stages of the "refinement" processing to become edible corn oil. Our refined corn oil products are for domestic and overseas bulk sales to other companies for their further refinement processes.

Other oil

Other oil mainly includes (i) sunflower seed oil which is produced from sunflower seed and is commonly used as frying oil for cooking and in cosmetic formulations as an emollient; and (ii) olive oil which is a fruit oil obtained from olives.

We launched our sunflower seed oil and olive oil products to the market, with an aim to provide a broader product range to our customers and enhance our corporate image and brand. Our sunflower seed oil and olive oil products were and are intended to remain as our secondary product lines in the future.

Corn meal

Corn meal is a by-product obtained from the production process of corn oil. Corn meal contains a high level of protein and is commonly used as animal feeds. The corn meal produced from our production process is sold to animal feeds producers in the PRC and overseas.

Our brands

長壽花 (Longevity Flower)

Our brand, 長壽花 (Longevity Flower), represents "long-life" and symbolises our ambition to provide healthy and quality products to our customers. We have positioned our 長壽花 (Longevity Flower) product as a healthy edible corn oil product targeting at mid-to-upper class consumer markets with higher levels of disposable income. Since its launch in July 2006, 長壽花 (Longevity Flower) was named 中國馳名商標 (China Well-Known Trademark), and was awarded with 全國玉米油知名品牌 (China Famous Brand for Corn Oil) and 中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry). We believe that we have been successful in associating the image of healthy and quality product and lifestyle to our brand 長壽花 (Longevity Flower).

金銀花 (Gold & Silver Flower)

Since the launch of our 金銀花 (Gold & Silver Flower) product in the second half of 2006, we have positioned it as a second line edible corn oil product mainly targeting at the mass market.

The following table shows the sales of our edible oil by brands during the Track Record Period:

	Year ended 31 December						Six months ended 30 June	
	2006		2007		2008		2009	
Turnover	RMB (million)	%	RMB (million)	%	RMB (million)	%	RMB (million)	%
– 長壽花 (Longevity Flower)	23.8	84.4	63.0	84.1	110.0	82.3	61.6	82.1
– 金銀花 (Gold & Silver Flower)	4.4	15.6	11.9	15.9	23.6	17.7	13.4	17.9
Total	28.2	100.0	74.9	100.0	133.6	100.0	75.0	100.0

AWARDS AND ACCREDITATION

We and/or our brand 長壽花 (Longevity Flower) have received a number of awards and accreditations which include the following:

Year of grant		Award/Certificate	Awarding body
2005	November	中國食用油市場公認十佳放心品牌 (Top 10 Confident Brands from the Edible oil market in China)	中國市場品牌戰略管理聯合會 (Management Association for Strategic Branding China Market)
	December	營養健康食品 (Nutritious and Healthy Food Products)	中國食品工業協會營養指導工作委員會 (Nutrition Guidance Working Committee, China National Food Industry Association)
2006	September	全國玉米油知名品牌 (China Famous Brand for Corn Oil) (Valid until December 2009)	中國糧食行業協會 (China National Association of Grain Sector)
	September	第四屆山東省糧油制品(食用植物油)行業十佳品牌 (4th Shandong Top 10 Brands of Edible Oil Product Industry for Edible Vegetable Oil)	山東省食品工業協會 (Food Industrial Association of Shandong Province), 山東省消費者協會 (Shandong Province Consumers Association), 山東省質量評價協會 (Quality Evaluation Association of Shandong Province) and 山東省糧食行業協會 (The Grain and Food Association of Shandong Province)

Year of grant		Award/Certificate	Awarding body
	November	中國馳名商標 (China Well-Known Trademark) *(Note)*	山西省臨汾市中級人民法院 (Linfen Intermediate People's Court in Shanxi Province)
	December	2006年度中國食品行業最具市場競爭力企業百強 (Top 100 Most Competitive Companies in the China Food Industry in 2006)	中國食物文化研究會 (China Eating Culture Research Centre), 世界食品工業協會 (World Eatable Industry Association), 中國食品質量報社 (China Food Quality Press Agency), 中國工業經濟發展中心 (China Industrial and Economic Development Centre) and 中國食品行業年會 (China Food Industry Annual Conference)
2007	April	中國食用油行業最具影響力十大品牌 (China Top 10 Most Influential Brands in the Edible Oil Industry)	品牌雜誌社 (Brand Magazine Agency); 財富時報社 (Fortune Times Agency); 中國聯合商報社 (China United Business News Agency); 購物導報社 (Shopping Guide Agency); 中國中小商業企業協會 (China Association For Small & Medium Commercial Enterprises); 中國國際品牌學會 (China International Brand Academy); 中國國際市場協會 (China International Market Academy); and 國際合作促進中心中國辦事處 (International Cooperation Promoting Centre China)
	August	山東省著名商標證書 (Famous Trademark of Shandong Province) (Valid until August 2010)	山東省工商行政管理局 (Administration for Industry and Commerce of Shandong Province)
	September	山東名牌 (Shandong Famous Brand) (Valid until September 2010)	山東省名牌戰略推進委員會 (Strategic Promotion Committee for Famous Brand of Shandong Province) and 山東省質量技術監督局 (Shandong Bureau of Quality and Technical Supervision)

Year of grant		Award/Certificate	Awarding body
	December	山東省食品行業綜合實力 (食品加工) 百強企業 (Consolidated Top 100 enterprises of the food industry (food processing) in Shandong Province)	山東省食品工業協會 (Food Industrial Association of Shandong Province) and 山東省食品工業辦工室 (Shandong Food Industrial Office)
2008	June	標準化良好行為證書 (Good Standardising Practice Certificate)	山東省質量技術監督局 (Shandong Bureau of Quality and Technical Supervision)
	September	綠色食品A級產品證書 (Certificate for Grade A Level of Green Food Standards)	中國綠色食品發展中心 (China Green Food Development Center)
2009	September	ISO 9001 (Valid until September 2012)	方圓標誌認證集團有限公司 (China Quality Mark Certification Group Company Limited)
		ISO 22000 (Valid until September 2012)	方圓標誌認證集團有限公司 (China Quality Mark Certification Group Company Limited)
		ISO 14001 (Valid until September 2012)	方圓標誌認證集團有限公司 (China Quality Mark Certification Group Company Limited)

Note: In August 2006, Sanxing Grease instituted an action against an individual (the "**Defendant**") regarding infringement of its right as to the trademark 長壽花 (Longevity Flower). According to the judgment of 山西省臨汾市中級人民法院 (Linfen Intermediate People's Court in Shanxi Province) (the "**Court**") dated 17 November 2006, the Defendant was found to have infringed the right of Sanxing Grease in the trademark 長壽花 (Longevity Flower) as he had used others' reputable registered trademark as his registered domain name (namely, www.長壽花.com) and conducted business activities through such domain name. The Court had ordered the Defendant to cease using such domain name on the Internet with immediate effect from the date of the judgment. Further, our brand 長壽花 (Longevity Flower) was considered as a 中國馳名商標 (China Well-known Trademark) by the Court, after taking into consideration, among others, significant amounts invested for the advertising of our brand 長壽花 (Longevity Flower) throughout the PRC.

SALES AND MARKETING

For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, our total turnover amounted to approximately RMB481.1 million, RMB694.3 million, RMB934.0 million and RMB512.9 million respectively, representing a CAGR of approximately 39.3% from 2006 to 2008. The PRC is currently the major market for our edible oil and refined oil products. Our turnover generated from sales in the PRC accounted for approximately 51.0%, 83.3%, 69.8% and 98.8% of our total turnover for the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively.

We also sell our edible oil and refined oil products overseas. Our turnover generated from overseas sales accounted for approximately 49.0%, 16.7%, 30.2% and 1.2% of our total turnover for the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively. During the Track Record Period, our largest customer accounted for approximately 14.4%, 13.5%, 14.1% and 9.5% of our total turnover for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively. The sales to our top five largest customers amounted to approximately RMB193.7 million, RMB247.0 million, RMB353.2 million and RMB120.3 million, representing approximately 40.3%, 35.6%, 37.8% and 23.4% of our total turnover for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively. Our sales in the PRC are denominated in RMB and our sales in the overseas markets are denominated in USD.

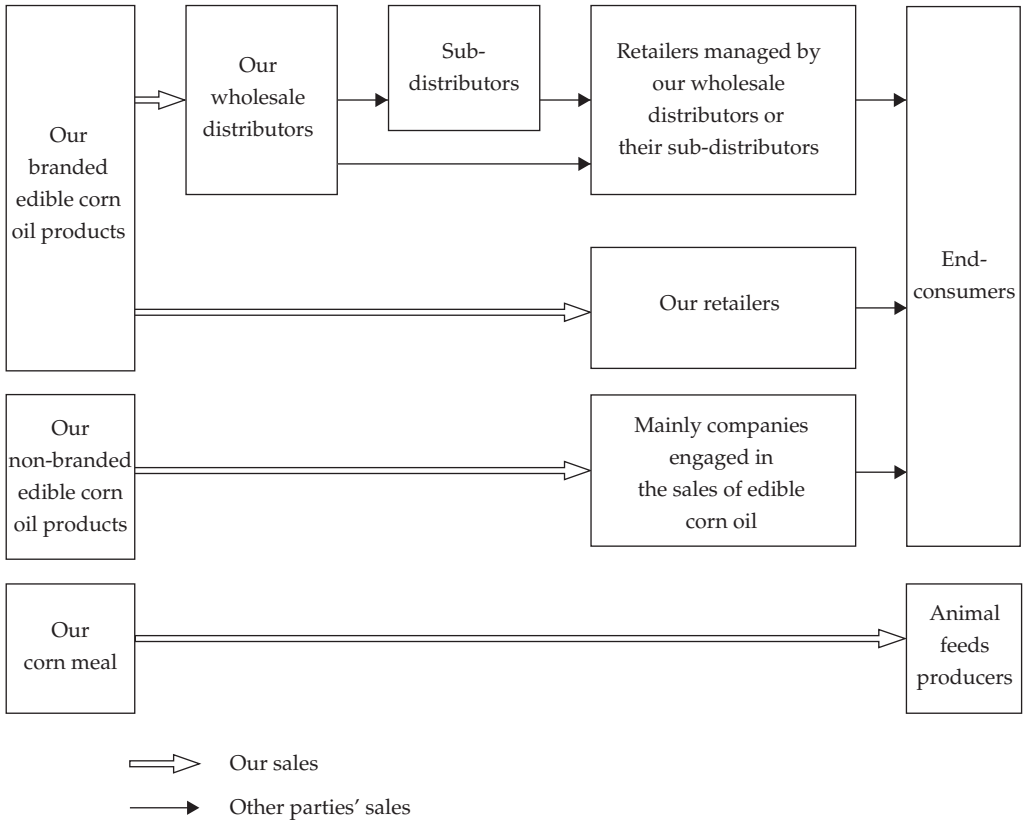
As of the Latest Practicable Date, none of our Directors or their respective associates, and none of the existing Shareholders who (to the best knowledge of our Directors) own more than 5% of the issued share capital of our Company, have any interest in any of our five largest customers during the Track Record Period (save for Sanxing Grease for the two years ended 31 December 2008 and the six months ended 30 June 2009 and Sanxing International for the two years ended 31 December 2008).

The following table shows the breakdown of the turnover of our products by product types and geographical locations of customers during the Track Record Period:

	Year ended 31 December						Six months ended 30 June	
	2006		2007		2008		2009	
	RMB (million)	%	RMB (million)	%	RMB (million)	%	RMB (million)	%
Turnover								
Non-branded oil								
– PRC	153.3	31.8	413.3	59.5	396.2	42.5	372.2	72.6
– Overseas	235.8	49.0	115.9	16.7	265.7	28.4	6.3	1.2
Subtotal	389.1	80.8	529.2	76.2	661.9	70.9	378.5	73.8
Branded edible oil								
– PRC	28.2	5.9	74.9	10.8	133.6	14.3	75.0	14.6
Corn meal								
– PRC	63.8	13.3	90.2	13.0	122.6	13.1	59.4	11.6
– Overseas	–	–	–	–	15.9	1.7	–	–
Subtotal	63.8	13.3	90.2	13.0	138.5	14.8	59.4	11.6
Total	481.1	100.0	694.3	100.0	934.0	100.0	512.9	100.0

Distribution and retail sales network

The following diagram illustrates our current distribution and retail sales model for the sales of our edible corn oil products and corn meal:



The following table shows the breakdown of sales of our branded edible oil products by our wholesale distributors and retailers during the Track Record Period:

	Year ended 31 December						Six months ended 30 June	
	2006		2007		2008		2009	
	RMB (million)	%	RMB (million)	%	RMB (million)	%	RMB (million)	%
Turnover of branded edible oil								
Wholesale distributors	28.2	100.0	67.2	89.7	102.9	77.0	52.7	70.3
Retailers	–	–	7.7	10.3	30.7	23.0	22.3	29.7
Total	28.2	100.0	74.9	100.0	133.6	100.0	75.0	100.0

Sales of our edible corn oil products under our brands

The sales of our edible corn oil products under our brands are generally sold through (i) our wholesale distributors or (ii) direct sales to retailers such as chain-supermarkets.

Wholesale distributors

We primarily sell our edible corn oil products to our wholesale distributors who then sell to their sub-distributors and/or retailers. This sales channel allows us to increase market penetration and launch new products to the market in a shorter timeframe and minimise our risk in doing business in areas where we are less familiar with. Our wholesale distributors are primarily engaged in the distribution of our edible corn oil products sold under our brands.

We select our wholesale distributors based on a number of criteria including the scale of their existing distribution networks, warehousing facilities, delivery capabilities, sales personnel, financial condition, historical sales records, reputation, creditworthiness and compatibility with our business strategies. We maintain flexibility in managing our distribution network by, among others, selecting our wholesale distributors with different market penetration in various provinces and/or administrative municipalities in the PRC.

For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, we had approximately 10, 55, 50 and 55 wholesale distributors, respectively. We have well-established relationships with our wholesale distributors. As at 30 June 2009, around 20 distributors have been cooperating with us for over 2 years since the launch of our brand 長壽花 (Longevity Flower), representing approximately 36.4% of the total number of wholesale distributors of our Group as at 30 June 2009.

Standard distribution agreement for wholesale distributors in the PRC

We generally enter into standard distribution agreements with our wholesale distributors in the PRC for a maximum contract period of 1 year and a new agreement may be entered into upon expiry of the term. These distribution agreements include terms such as specified area for sales of products, purchases price and payment terms. We have not entered into any long-term distribution agreement with our existing wholesale distributors, which is, to our Directors' belief, consistent with the market practice in the PRC.

In general, we offer standard wholesale prices to our wholesale distributors and they are also required to adhere to the standard retail prices as determined by us from time to time.

We may unilaterally terminate the distribution agreements with our wholesale distributors who (i) do not operate satisfactorily or operate illegally; (ii) fail to achieve annual sales targets set by us; or (iii) breach our selling policies so that the reputation of our brand is seriously affected.

Retailers

We have an established network of retailers for sales of our edible corn oil products, most of them are medium to large scale supermarkets. Our Directors confirmed that all of our retailers are Independent Third Parties.

Generally we select and categorise our retailers based on their operation scale, network coverage, financial conditions, creditworthiness and reputation. For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, we had about 4, 10, 24 and 33 retailers respectively. The net increase of new retailers in 2007 was 6, in 2008 was 14 and in 2009 was 9. We maintain stable relationships with our retailers. As at 30 June 2009, approximately 7 retailers have been cooperating with us for over two years, representing approximately 21.2% of the total number of retailers of our Group as at 30 June 2009.

We generally enter into merchandise contracts with our retailers in the PRC which have maximum contract period of one year and may be renewed by agreement. These merchandise contracts specify terms such as delivery, payment and product quality. The amount of purchases and unit price are usually stated in the sales orders placed by our retailers with us. We have not entered into any long-term merchandise contracts with our existing retailers, which is, to our Directors' belief, consistent with the market practice in the PRC.

Our retailers are required to sell our edible corn oil products under our brands at the standard retail prices determined by us. We sell our products to our retailers at a standard range of discounts from the standard retail price determined by us; the rate of discount is determined by negotiation with our retailers based on their purchase amounts and our relationships with them.

Management of our wholesale distributors and retailers

The following map illustrates the geographical distribution of our network of wholesale distributors and retailers in the PRC as of 30 June 2009:

Wholesale distributors

Our wholesale distributors are responsible for building up their own sales network and contacting their own customers, which consists of their sub-distributors and/or retailers, within their own defined regions.

Our sales representatives contact our wholesale distributors regularly to collect information including sales volumes and will compare their purchase amounts with their annual sales targets so that we can analyse and monitor their sales performance. Our sales representative will also conduct regular inspections on our wholesale distributors to ensure that they have sufficient levels of stocks and that our edible corn oil products are only sold to their sub-distributors and their retailers.

Retailers

Our computer system allows us to be connected to the computer systems of some of our retailers for accessing information on the sales performance of our products at their outlets. For those retailers that we do not have direct computer access to, our sales representatives will conduct regular on-site visits to collect information in order to analyse and assess their sales performance. In both cases, the information gathered includes levels of inventory and sales volumes. This way will allow us to better monitor the performance of our retailers and obtain latest information on the sales volume and inventory levels at their outlets.

Our sales representatives also conduct on-site inspections at selected retail outlets on a regular basis to ensure that sales of our edible corn oil products are sold to consumers at the standard retail prices determined by us. Our sales representatives also work closely with our retailers in arranging the display of our products at their outlets. We request our retailers to display the products of our brands 長壽花 (Longevity Flower) and 金銀花(Gold & Silver Flower) at a prominent place within their outlets.

Bulk sales of our non-branded edible corn oil products

The edible corn oil products we manufactured are also sold in the PRC or exported in bulks to overseas countries including those in the Middle East and Southeast Asia. Sales in the PRC are principally sold to companies that are mainly engaged in the sale of edible corn oil under their own brands. We have well-established and long term relationship with these customers ranging from six to eight years which has been stable and was the main source of demand for our edible corn oil products over the years.

With our reputation and extensive experience and large production scale in the production of edible corn oil products in the PRC, we managed to achieve a satisfactory growth in the bulk sales of our edible oil products in recent years despite no specific marketing activities have been undertaken by our Group to promote our bulk sales in the PRC. For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, sales of our edible oil products in bulk to other enterprises in the PRC amounted to approximately RMB153.3 million, RMB413.3 million, RMB396.2 million and RMB372.2 million respectively, representing a CAGR of approximately 60.8% from 2006 to 2008.

As at the Latest Practicable Date, we have sold our edible corn oil products in bulk to countries including the Middle East, Malaysia and United States. We have engaged overseas agents for introducing new overseas customers for our export bulk sales of edible corn oil products. Commissions and agency fees are payable to our overseas sales agents upon their introduction of new customers to our Group, the commission and agency fee is typically a certain percentage of the sales amount as agreed between the Group and the sales agent. Our Group's commissions and agency fees paid to these overseas agents amounted to approximately RMB2.7 million, RMB1.0 million, RMB2.8 million and RMB29,000 for each of the three years ended 31 December 2008 and the six months ended 30 June 2009. For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, sales of our edible corn oil products in bulk to companies overseas amounted to approximately RMB235.8 million, RMB115.9 million, RMB265.7 million and RMB6.3 million respectively.

Our Group's sales strategy for the export or the domestic market of our bulk sales of non-branded oil products mainly depends on the profitability of each market. As the selling price of our Group' products in the export market in 2009 becomes less appealing than that in the domestic market after the cancellation of the export sales value-added tax refund policy in June 2008, our Group currently plans to focus on the domestic market in the PRC for its bulk sales, yet is still open to any profitable opportunity in the overseas export market should opportunities arise.

Bulk sales of our corn meal products

We sell our corn meal products to both the PRC and overseas animal feeds producers in bulk. As our corn meal is only a by-product obtained from the production process of our corn oil and the sale of corn meal products is not a principal line of our business, we do not have any marketing strategy or policy in respect of the sales of our corn meal products. For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, sales of corn meal products amounted to approximately RMB63.8 million, RMB90.2 million, RMB138.5 million and RMB59.4 million respectively, representing approximately 13.3%, 13.0%, 14.8%, and 11.6% of our total turnover respectively.

Sales Team

In addition to our marketing and sales representatives working at the headquarters in Shandong Province, we have dedicated sales representatives stationed in our seven sales representative offices in Hangzhou, Jinan, Xian, Wuhan, Beijing, Chongqing and Guangzhou to market and distribute our edible corn oil products under our brands in 20 provinces and/or administrative municipalities in the PRC. Each sales representative office is responsible to market and distribute our products in provinces and/or administrative municipalities proximate to its location. Our management team continuously identifies suitable regions for launching our branded corn oil products based on the statistics and information collected by our sales representative offices.

The following table shows the geographical locations, coverage of and the number of staff at each of the sales representative offices as at the Latest Practicable Date:

Location of sales representative offices	**Number of staff**	**Provinces and/or administrative municipalities covered**
Beijing	23	Beijing, Tianjin, Hebei and Liaoning
Chongqing	10	Chongqing, Sichuan and Yunnan
Guangzhou	12	Guangdong and Fujian
Hangzhou	20	Shanghai, Zhejiang, Jiangsu, Jiangxi and Anhui
Jinan	43	Shandong
Wuhan	12	Hunan, Henan and Hubei
Xian	10	Shaanxi and Shanxi

Our sales representatives are primarily responsible for approaching potential distributors and retailers and obtaining sales orders from our distributors and retailers. Our sales representatives generally hold meetings with our distributors and our retailers on a regular basis and gather information from them including sales records and levels of inventory and conduct inspections at the outlets of the retailers on a regular basis to monitor retail prices, in order to monitor their performance.

Pricing Policy

We require our branded edible corn oil products to be sold to our end-consumers at the standard retail prices determined by us. We sell our branded edible corn oil products to our wholesale distributors and retailers in the following manners:

- Wholesale distributors – we offer standard wholesale prices to our wholesale distributors at uniform discounts from the standard retail prices determined by us which we believe can help maintain our brand image, consistent pricing and prevent price competition among our wholesale distributors.

- Retailers – we sell our products to our retailers at a standard range of discounts from the standard retail price determined by us; the rate of discount is determined by negotiation with our retailers based on their purchase amounts and our relationships with them. We believe that through such arrangement, we can offer our retailers flexibility in determining a purchase price satisfactory to them and acceptable to both parties. Accordingly, we can maintain good relationships with our retailers.

We monitor our wholesale distributors and our retailers through our sales representatives who help ensure that they sell our products at standard retail prices set by us.

Our branded edible corn oil products are usually priced at a mark-up to our non-branded edible corn oil products. In determining the pricing strategies of our branded edible corn oil products, our management team will take into account the bulk sale prices of our edible corn oil products, supply and demand in the market, production cost and the prices of competitors' products.

The prices at which we sell our non-branded edible corn oil products are determined through negotiation with our bulk sales customers to arrive at a price acceptable to both parties based on the market price of edible corn oil products and taking into account the value-added tax refund policy if necessary.

The prices at which we sell our corn meal products to animal feeds producers are determined through negotiation with them to arrive at a price acceptable to both the animal feeds producers and us based on the market price of corn meal.

Payment Terms and Credit Control

We generally require our domestic wholesale distributors for our edible corn oil products to settle their payments before delivery of our products to them. Our retailers are generally required to settle their payments with us within 60 days from the delivery of our edible corn oil products to them. We may provide revolving credit limits to our domestic wholesale distributors on a case-by-case basis, depending on their estimated future sales, business volume and years of business relationship with us but in any case all payments are required to be settled within 60 days from the delivery of our products to them. Our Directors consider that such practice is consistent with the market practice in the PRC. All settlements with wholesale distributors and retailers are in RMB.

Overseas customers of our bulk sales of edible corn oil products are usually given a credit period of 60 days. All of our bulk sales of edible corn oil products to overseas customers are settled in USD. Majority of our PRC bulk sales customers are required to settle their payments within seven days after delivery of products.

We started to accept bank's notes (銀行承兑匯票) as one of our settlement methods in 2009. These note receivables usually have a maturity period ranging from 3 to 6 months. Our customers present to us bank's notes to settle their purchases before delivery of our products. Our Directors consider that such settlement method does not have credit risk to our Group given (1) we receive bank's notes before delivery of our products; and (2) these bank's notes will be settled by issuing banks.

Sales Returns

For our edible corn oil products, we generally permit our retailers to return defective products and in case of wholesale distributors, we will be responsible for defective products issues arising during the shelf life of the products.

During the Track Record Period, we had not experienced any material product returns or made any product recalls due to any quality defects, perceived product side effects or harmful chemicals or substances.

Marketing and Promotion

Our marketing and promotion strategy has been an important contributor to our success. In February 2006, we started to engage an Independent Third Party company to provide marketing and promotional services in the PRC, including conducting market researches; formulating marketing strategies and brand positioning; they also provided assistance to us when we implemented our marketing and promotion plans. We adopt a multi-faceted marketing strategy to market and promote our brands and products. Our dedicated marketing team is responsible for the design and promotion of our brands and our products and the formulation of marketing strategies. We have implemented our marketing strategies through various channels including (i) television commercials (ii) advertising in newspapers, magazines, public transportation and billboards; (iii) selecting suitable celebrity as our brand ambassador; and (iv) organising in-store marketing activities and roadshows. We place great emphasis on promotion channels, our

management team intends to increase our promotion channels and expand our promotion network to other provinces or regions in the PRC in order to expand our coverage of distribution network and deepen our product penetration. Our Directors believe that this marketing strategy has a positive impact on the public image of our brands and products.

Since July 2006, 倪萍 (Ni Ping), a nationally renowned celebrity, has been appointed by us as the image and brand ambassador for our brand 長壽花 (Longevity Flower). Television commercials featuring 倪萍 (Ni Ping) were launched at prime time on major television channels nationwide, including China Central Television (CCTV), in order to capture majority of different consumer groups. 倪萍 (Ni Ping) will continue to be our image and brand ambassador for our brand 長壽花 (Longevity Flower) until 28 February 2010.

We require our retailers to display our edible corn oil products according to specifications set by us and assign our sales representatives to monitor the in-store display of our products at various retail outlets to help ensure that our retailers follow our product display policy. Our distributors are required to procure their sub-distributors and retailers to follow the product display policy set by us.

Marketing and Promotional Activities

Below are the highlights of the marketing and promotional events organised to promote our brand image to the general public and to increase our product exposure:

Year	Events	Description
2006 – 2009.	Brand ambassador	Engagement of 倪萍 (Ni Ping) as our image and brand ambassador for our brand 長壽花 (Longevity Flower)
2006 – 2009.	Television commercials	Television commercials for our brand 長壽花 (Longevity Flower) which were broadcasted on major television channels in the PRC
2006 – 2009.	Print media	Advertising of our brand 長壽花 (Longevity Flower) and our edible corn oil products in various newspapers and magazines in the PRC

Year	Events	Description
2006 – 2009.	In-store promotional activities	Setting up of promotional product layout in supermarkets at various locations in the PRC
2009	Roadshows	Organising roadshows to promote our brand 長壽花 (Longevity Flower) and our edible corn oil products

Sales arrangement with Sanxing Grease

Some of our Group's sales of edible oil products under our brands for the two years ended 31 December 2008 and the six months ended 30 June 2009 were made via the sales arrangement (the "**Sales Arrangement**") with Sanxing Grease, the predecessor of Corn Industry, after the transfer of the business in relation to edible corn oil manufacturing and sales operation by Sanxing Grease to Corn Industry. It was because certain contracts entered into by Sanxing Grease with several supermarkets and other retailers (the "**Retailers**") and several wholesale distributors relating to the sales of edible oil products under our brands had not expired at the relevant time. Under the Sales Arrangement, Sanxing Grease was responsible for:

- allowing its accounts maintained with the Retailers be used by Corn Industry for sales of Corn Industry's edible oil products to the Retailers;
- executing sales contracts with the Retailers in relation to the sale of edible oil products under our brands that are negotiated between Corn Industry and the Retailers;
- receiving the sales monies paid by the Retailers for Corn Industry's edible oil products and paying the same to Corn Industry;
- issuing sales invoices to the Retailers in the name of Sanxing Grease; and
- paying expenses in relation to its performance of the Sales Arrangement which would be reimbursed by Corn Industry (the "**Sales Expenses**") on an actual incurred basis.

Save for the sales services provided under the Sales Arrangement, Sanxing Grease (i) was not involved in any of the business activities in relation to our Group's sales of edible oil products under our brands to the Retailers; and (ii) did not have any employees involved in such business activities mentioned in (i) above. In particular, save for the above documentation works and fund flows, all the related sales and marketing activities were undertaken by our Group during the Track Record Period.

As at the Latest Practicable Date, all of our Group's new and existing contracts with the wholesale distributors were entered into or renewed under the name of Corn Industry. For contracts with the Retailers that had not expired as at the Latest Practicable Date (the "**Unexpired Contracts**"), our Directors consider that it is in the best interests of the Company and our Shareholders as a whole for Corn Industry to continue its sales of edible oil products under our brands through Sanxing Grease's existing accounts with the Retailers until all the accounts maintained with the Retailers under the Unexpired Contracts expires or terminates on or before 30 June 2010. This is to allow Corn Industry to negotiate with these Retailers and changes of the account information in the internal sales systems of the Retailers to take place smoothly without causing any adverse impact on our sales. As at the Latest Practicable Date, Sanxing Grease had 26 Unexpired Contracts, of which 22 of the Unexpired Contracts will expire by 31 December 2009 and 4 of the Unexpired Contracts will expire on or before 30 June 2010. Our Directors intend that Corn Industry will enter into new contracts with these retailers upon expiry of the Unexpired Contracts on or before 30 June 2010, and all new accounts to be set up or existing accounts to be renewed by our Group will be under the name of Corn Industry. Details of the sales arrangement between Corn Industry and Sanxing Grease are set out in the section headed "Connected Transactions" in this prospectus.

For the two years ended 31 December 2008 and the six months ended 30 June 2009, the prices charged by Corn Industry to Sanxing Grease under the Sales Arrangement were based on the on-sale prices payable by the Retailers and the wholesale distributors to Sanxing Grease as determined by Corn Industry, as adjusted downward for the Sales Expenses.

During the three years ended 31 December 2008 and the six months ended 30 June 2009, the total sales of edible oil products by Corn Industry to Sanxing Grease were nil, approximately RMB62.3 million, RMB131.7 million and RMB49.0 million respectively and accounted for nil, approximately 9.0%, 14.1% and 9.6% of our Group's total sales for the corresponding period, of which nil, approximately RMB58.6 million, RMB131.7 million and RMB49.0 million respectively were attributable to the Sales Arrangement, and approximately nil, RMB3.7 million, nil and nil respectively were attributable to the bulk sales of non-branded oil products of Corn Industry through Sanxing Grease which has been ceased since 1 January 2008. The bulk sales of non-branded oil products by Corn Industry through Sanxing Grease for the year ended 31 December 2007 was mainly due to the fact that certain bulk sales customers were still unfamiliar with Corn Industry after the transfer of the business in relation to edible corn oil manufacturing and sales operation from Sanxing Grease to Corn Industry.

Export sales via Sanxing International

Some of our Group's export bulk sales to overseas customers for the two years ended 31 December 2008 were conducted via Sanxing International after Sanxing Grease's transfer of the business in relation to edible corn oil manufacturing and sales operation to Corn Industry. When Corn Industry obtained the relevant approval for conducting export business, it subsequently took up all the export sales by itself directly and such export sales stopped around the end of 2008. During that transition period, Corn Industry conducted export sales through Sanxing International by selling oil products to Sanxing

International for it to on-sell to overseas customers at the prices same as its purchase prices from Corn Industry. This sales arrangement via Sanxing International ceased in the second half of 2008.

During the Track Record Period, our Group's sales to Sanxing International amounted to nil, approximately RMB93.5 million, RMB80.0 million and nil, which represented nil, approximately 13.5%, 8.6% and nil respectively of our Group's total amount of sales for the three years ended 31 December 2008 and the six months ended 30 June 2009.

RESEARCH AND DEVELOPMENT

We recognise the importance of our research and development in order to provide high-quality products and we have been consistently dedicated to improve the quality of our products.

As at the Latest Practicable Date, our research and development team consisted of four members, two of whom hold master degrees and the remaining hold bachelor degrees, primarily focus on designing and developing production technologies that will enable us to improve our production efficiency and enhance our product quality.

Our research and development team compares our edible corn oil products with those of our competitors, and gather information about the ingredients of our competitors' edible corn oil products. The data and information collected will in turn be utilised in the further research and development and improvement of our edible corn oil products.

We also have cooperation arrangements with Henan University of Technology (河南工業大學) and Food Institute of Jiangnan University (江南大學食品學院) for the exchange of expertise, know-how and market data as well as developing new techniques and products for our Group. Our research and development team works closely with these universities by discussing with them and exchanging ideas on new products that meet consumer demand and enhancement of production efficiency. During the Track Record Period, no amount had been paid by our Group to each of Henan University of Technology (河南工業大學) and Food Institute of Jiangnan University (江南大學食品學院) in relation to the aforesaid cooperation arrangements.

Pursuant to the long-term cooperation agreement between Henan University of Technology and Corn Industry dated 16 June 2009, Henan University of Technology agreed to provide Corn Industry with research assistance services at an annual fee of RMB300,000. In particular, Henan University of Technology agreed to provide Corn Industry with research know-how, assistance in developing products and training for the research and development team of Corn Industry. Corn Industry agreed to provide utilities and factory premises for implementation of the research projects, as well as the relevant testing equipment. The know-how derived from the research projects are owned by Corn Industry. Moreover, the parties are entitled to further develop the technological methods derived from the research projects. In such case, any resulting technology will be owned by the parties conducting the research.

Under the cooperation agreement between the Food Institute of Jiangnan University and Corn Industry dated 1 January 2009, the Food Institute of Jiangnan University agreed

to provide Corn Industry with, among other things, all necessary research assistance and to give priority to develop the technological results of Corn Industry and to provide training to Corn Industry's research personnel. In return, Corn Industry agreed to provide the Food Institute of Jiangnan University with teaching, research and all other necessary assistance, as well as internship opportunities for its students. The agreement is for a term of two years commencing from the date of the agreement. Corn Industry is not required to pay any service fees to and is also not entitled to receive any service fees from the Food Institute of Jiangnan University pursuant to the terms of the cooperation agreement. The Food Institute of Jiangnan University owns the know-how derived from the research projects pursuant to the agreement. However, Corn Industry has the pre-emptive right to purchase the intellectual property rights of such know-how from the Food Institute of Jiangnan University at a price to be negotiated and determined by the parties thereto upon such pre-emptive right is exercised by Corn Industry.

In 2009, our research and development team and Henan University of Technology (河南工業大學) have together developed a new edible corn oil product with phytosterol as an ingredient which can help to reduce cholesterol in the human body and in turn lower the risk of heart diseases. We intend to apply for patent for this new edible corn oil product and expect to launch the product in the market in the first half of 2010. We will continue to cooperate with universities and academic and research institutions to keep abreast of the latest technical know-how and expertise, which we believe will help strengthening the competitiveness of our edible corn oil products so as to capture additional market share.

PRODUCTION

We believe that the ability to produce high quality products is crucial to maintaining our competitive strength; and we also believe that by placing strong emphasis on our research and development and by using advanced production facilities during our production process, we can ensure the consistency and quality of our products. We have implemented tight quality control processes to ensure the quality of our edible corn oil products sold to our customers.

Production facilities and capacities

We manufacture our edible corn oil products in our self-owned production plants situated on three parcels of land in Zouping with a total site area of approximately 182,689.98 sq.m. Two parcels of land are situated next to each other with site areas of approximately 60,201.47 sq.m. and approximately 70,328.51 sq.m. respectively where production lines for our refinement and packaging production processes are located. The remaining parcel of land has a site area of approximately 52,160.00 sq.m. and on which houses our squeezing production line.

We occupy a total gross floor area of approximately 75,060.98 sq.m. and they are equipped with one production line for the production process of "squeezing", two production lines for the production process of "refinement" and five production lines for "packaging". All of our production lines operate 24 hours a day, 30 days per month and 12 months per year except during maintenance period. The refinement production lines are subject to maintenance period of an aggregate of approximately 15 days per year, during which the refinement production process stops. Other production lines are subject to on-going maintenance check. For the three years ended 31 December 2008, each

production line was operated by three work shifts per day. Starting from March 2009, each production line is operated by four work shifts per day. As of 31 December 2006, 2007 and 2008 and 30 June 2009, we had 287, 340, 366 and 330 production and supporting staff to support our manufacturing operation. Details of our production lines are set out as follow:

	For and as of the year ended 31 December			For the six months ended and as of 30 June
	2006	**2007**	**2008**	**2009**
Number of production lines				
– squeezing	1	1	1	1
– refinement	1	1	2	2
– packaging	2	2	5	5
Annual production capacity of corn and other oil *(tonnes)*				
– squeezing[(1)]	100,000	100,000	100,000	100,000
– refinement[(2)(3)]	82,000	82,000	182,000	182,000
– packaging[(1)(2)]	20,000	20,000	50,000	50,000
Total corn and other oil[(4)]:	82,000	82,000	182,000	182,000
Actual production volume of corn and other oil *(tonnes)*	75,000	73,000	78,000[(6)]	68,000
Average utilisation rate *(%)*	91.46[(4)(5)]	89.02[(4)(5)]	79.05[(4)(6)]	74.73[(4)(5)]

Notes:

(1) Production capacity for each of (i) squeezing and (ii) packaging production lines is calculated on the basis of 12 months per year.

(2) Corn Industry acquired from Sanxing Grease a refinement production line with annual production capacity of 100,000 tonnes of corn and other oil and packaging production lines with annual production capacity of 30,000 tonnes of corn and other oil in August 2008 and June 2008 respectively, which resulted in an increase in the annual production capacity of our refinement process and packaging process as of 31 December 2008 compared to that of 31 December 2007.

(3) Production capacity for the refinement production lines are calculated on the basis of 11.5 months per year as the refinement production lines are subject to maintenance period of an aggregate of approximately 15 days per year, during which the refinement production process stops.

(4) As (i) we can obtain crude corn oil for processing into our edible corn oil products either via our squeezing process of corn embryo or by direct purchase from other crude corn oil suppliers; and (ii) our edible oil products are sold either under our own brands after our packaging process or sold directly in bulk without our packaging process, our total production capacity of corn and other oil is equal to the production capacity of our refinement process.

(5) Utilisation rate for each of the two years ended 31 December 2007 and the six months ended 30 June 2009 is calculated based on the actual production volume of corn and other oil for each of the two years ended 31 December 2007 and the six months ended 30 June 2009 divided by the production capacity of our refinement production line(s) as at 31 December 2006 and 2007 and as at 30 June 2009 respectively.

(6) As the refinement production line acquired from Sanxing Grease in August 2008 commenced operation in October 2008 after installation and inspection, the utilisation rate for the year ended 31 December 2008 is calculated based on the actual production volume of corn and other oil for the year ended 31 December 2008 divided by 98,667 tonnes, being the production capacity for 2008 pro rata on the basis that the production capacity was 82,000 tonnes with one refinement production line for the ten months ended 31 October 2008 and the production capacity of our refinement production line(s) is 182,000 tones with two refinement production lines for the two months ended 31 December 2008.

In anticipation of the growing demand for our products, we intend to construct a new production plant, to be located next to our existing production plant for the refinement process which is expected to start construction during 2010 to 2011. The new production plant will house an additional production line for our refinement production process and is expected, upon full operation, to add an additional annual production capacity of 100,000 tonnes of corn and other oil for our "refinement" process. As at the Latest Practicable Date, the Group had not entered into any contract in relation to the construction of such new production plant. Our Group can obtain crude corn oil for our refinement processing into edible corn oil via (i) the squeezing process of corn embryo by our Group; or (ii) direct purchase of crude corn oil by our Group from crude corn oil suppliers. Given that (a) crude corn oil is readily available in the market; and (b) the quality of our Group's edible corn oil products depends to a large extent on the refinement process, our Directors consider that the refinement process is an important stage of our Group's production process and it is in the interests of our Group to concentrate more resources on the refinement production process. Accordingly, our Directors currently have no plans to expand our Group's squeezing production process. Our packaging production process would only be required for edible oil products under our brand with sales volume of approximately 3,245 tonnes, 7,226 tonnes, 11,224 tonnes and 9,679 tonnes for each of the three years ended 31 December 2008 and the six months ended 30 June 2009. Given the production capacity of our packaging process of 50,000 tonnes is in excess of the anticipated production volume of edible oil products under our brand, our Directors consider that our current production capacity of our packaging process is sufficient to cater for our future growth in our branded edible oil products and currently have no plan to increase nor outsource our packaging production facilities. The Group had not outsourced the squeezing production and the packaging production (saved as disclosed in the paragraph headed "Production process" in the section headed "Business" in this prospectus) during the Track Record Period.

Our major production equipment currently in use is sourced in the PRC. Some of the major production equipment used in our production are described as follow:

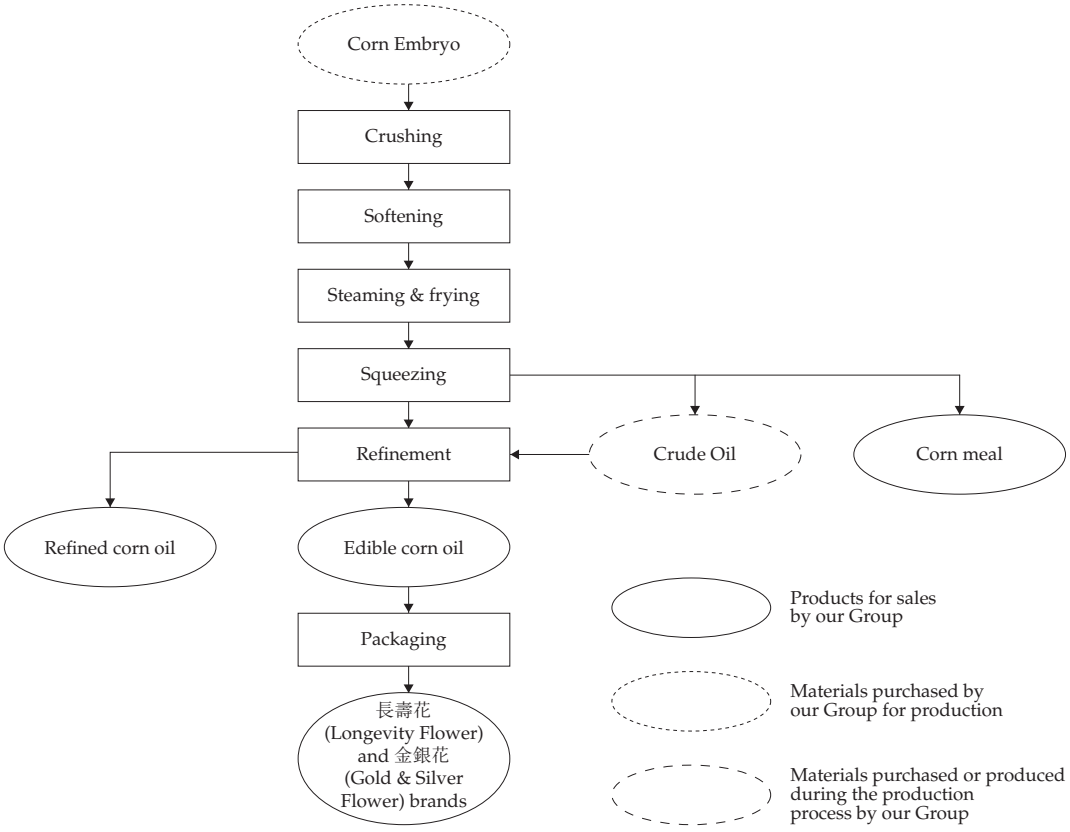
Production line	Type of major equipment	Number of units
squeezing	crushing machine	2
	rolling machine	6
	steam boiler	6
	squeezing machine	6
	filtering machine	6
refinement	centrifugal machine	3
	crude oil heater	1
	vacuum dryer	1
	recycling pump	1
	de-colourising filter	1
	crystalising can	1
	de-waxing filter	1
	de-odouring tower	1

We have a comprehensive maintenance system for our production plants and equipment, including scheduled downtimes for maintenance and repairs, and regular inspection of our production facilities and equipment in order to ensure the production lines run smoothly and operate at optimal levels. The refinement production lines are subject to maintenance period of an aggregate of approximately 15 days per year, during which the refinement production process stops. Other production lines are subject to on-going maintenance check. We have not experienced any material or prolong interruptions to our facilities due to equipment or machinery failure during the Track Record Period.

Production process

Our production process complies with international quality control standards and food safety standards. The following flow chart illustrates the typical production processes of our edible and refined corn oil products:

Edible and refined corn oil products



Crushing

As one of the initial steps in preparation for the squeezing process, corn embryos, after filtering for impurities, are being crushed into bits.

Softening

Embryo bits are then softened and heated with steam before being rolled into embryo slices.

Steaming & frying

For the third step in preparation for the squeezing process, the embryo slices are steamed and fried to a stage that makes them ready for squeezing into crude corn oil.

Squeezing

The steamed and fried embryo slices are squeezed for crude corn oil. Usually the first squeeze would squeeze out majority of the crude corn oil from the embryo slices. A second squeeze may be needed to fully extract the remaining crude corn oil from the embryo slices.

Corn meal, the residue of squeezed embryo slices being filtered from the crude corn oil in the squeezing process, is collected and sold to animal feeds producers.

Refinement

Apart from the self-produced crude corn oil, we also source crude corn oil from suppliers for refinement. In the refinement process, crude corn oil are heated up so that contaminants such as free fatty acids and odor are separated from the crude corn oil. Air and moisture are also removed from the crude corn oil during the refinement process.

Refined corn oil is produced after certain stages of refinement and it will be sold in bulk to other companies in the PRC and overseas for their further refinement.

After further stages of refinement, edible corn oil is produced and it is then stored in large oil tanks which will then either be sold in bulk to enterprises engaged in the sale of edible corn oil or packaged under our brands of 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower).

Packaging

Our edible corn oil products are packed into plastic bottles manufactured by us for sales under our brands.

In early 2009, at the request of certain wholesale customers, our edible corn oil products were sold in bulk to these wholesale customers at discounts to the standard wholesale prices offered to our other wholesale customers. These wholesale customers packaged those edible corn oil products under our brand 長壽花 (Longevity Flower) by themselves at their own costs. These wholesale customers are required to package the edible corn oil products according to the standard and specifications set by our Group. These wholesale customers were companies engaging in the trading of edible oil products by sourcing unpackaged edible oils from suppliers at a lower cost and carry out the packaging process with their own packaging facilities in order to enjoy a higher profitability as they lacked the relevant expertise and resources to carry out the squeezing and refinement production process. Under this sales arrangement, title of our edible corn oil products passes to these wholesale customers upon delivery of the unpackaged products by our Group. For the six months ended 30 June 2009, our revenue generated from this arrangement amounted to approximately RMB22.8 million. Our Directors plan to cease such arrangement by the end of 2009 in view of the costs and resources used in the supervision of the packaging process performed by such wholesale customers.

QUALITY CONTROL

Quality control on raw materials

We are aware that the quality of our core raw materials of corn embryo and crude corn oil are crucial to our production and product quality.

As part of the assessment for being qualified as our suppliers, new corn embryo suppliers are required to provide corn embryo samples to us for quality testing. Suppliers that passed the assessment would be shortlisted as a qualified supplier. Sample quality tests are carried out for the corn embryo purchased from and delivered by qualified suppliers before being processed to ensure the quality of our products.

We have implemented similar quality control measures for our other raw materials such as crude corn oil. Sample testing on the crude corn oil supplied to us will be carried out before being put into the production process.

Quality control on production process and end products

We have a strict quality control system covering our production process of edible corn oil, in particular, sourcing of raw materials and our refinement process.

Our production process has been accredited with the ISO 22000 food safety management system certification and ISO 9001 quality management system certification from the China Quality Mark Certification Group Company Limited (方圓標誌認證集團有限公司) which are both valid until September 2012. Our 長壽花 (Longevity Flower) edible corn oil products were granted an exemption from quality surveillance inspection by the State General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局) since December 2006 and up to the cessation of such exemption system in September 2008.

ISO 9001 is a set of standards and guidelines relating to quality management systems, and represents an international consensus on good quality management practices. ISO 9001 is maintained by International Organisation for Standardisation, and is administered by accreditation and certification bodies. Our certification to ISO 9001 standard certifies that consistent business process are being applied, and provides an objective standard against which third parties can assess the quality of our management and production process.

These certifications are evidence that our quality management system meets both the domestic and international standards of quality assurance and attests to the superior quality of our products. Our products will only be launched when all of the required product quality standards have been met. However, our Directors are not aware of any publicly available information which distinguishes the quality of our oil products from the oil products of our competitors.

During the production process nitrogen is injected into the top of the oil tanks to form a protective layer over our edible corn oil to protect it against receidity.

For each of the three years ended 31 December 2008 and the six months ended 30 June 2009, our quality control team comprised 12, 15, 20 and 19 staff, respectively. Our quality control team closely monitors the production process, equipment and machinery. We perform random sampling inspections at various production stages as well as on semi-finished products to ensure that the end products can achieve our target quality standards and to avoid sub-standard products being delivered to customers, it can also help us identify potential problems which may occur in the end products as early as in the production process. We also perform routine sample testing on our edible corn oil products to ensure consistent quality. Testing is conducted in accordance with the standard required by the "PRC National Standards for corn oil" (GB19111-2003) set by the State Administration of Grain (國家糧食局). This standard sets out, among others, the colour and luster, water contents, chemical contents of corn oil, as well as hygiene standards and maximum permitted levels of contamination for these products.

For our packaging process, routine sample tests on leakage and strength will be run on the plastics bottles produced before they are used. Those plastic bottles that fail the quality tests will be thrown away.

We have adopted strict hygiene standards for our production lines. All production staff are required to change into production uniforms and wear working caps and shoes and clean their hands before entering into the production plant to ensure the hygiene level of the production environment is maintained at a high standard. Each employee is assigned to a designated post within the production plant and personnel not directly involved in the production process are restricted from entering production lines.

A sample of our brand 長壽花 (Longevity Flower) edible corn oil failed in the food quality sample inspection carried out by the Administration for Industry and Commerce of Chengdu (成都市工商行政管理局) in November 2008. We had immediately revisited the quality testing record of that batch of products and subsequently confirmed with the Administration for Industry and Commerce of Chengdu (成都市工商行政管理局) that the quality of that batch of our products has met the requirements under the corresponding national standard. No penalty, suspension of operation or any negative impact was faced by our Group as a result of such incident. Save for the abovementioned failure, during the Track Record Period we had not failed in any external inspection carried out by independent third parties, nor received any complaints from customer regarding the quality of our product.

PROCUREMENT

Raw Materials and Suppliers

The principal raw material used in the production of our edible corn oil are corn embryo and crude corn oil. We obtain all these materials from domestic suppliers in the PRC.

Many of our raw material suppliers are located in Shandong Province, the PRC, where our manufacturing facilities are located. We believe such proximity of these suppliers offer convenience and help us improve procurement efficiency and minimise transportation costs. We have developed long-term relationships with some of our key suppliers. As at the Latest Practicable Date, we had maintained business relationship with some of our major suppliers for over four years.

We strive to obtain high quality corn embryo and crude corn oil for the production of our edible corn oil products, and we believe that this differentiate our edible corn oil products from those of our competitors. To the best knowledge of our Directors, all of our raw materials procured during the Track Record Period were not genetically modified. We purchase our corn embryo and crude corn oil either by obtaining a direct quotation from the suppliers and/or through a tender process.

During the Track Record Period, we procured our corn embryo from 21, 14, 8 and 8 different suppliers respectively and we procured our crude corn oil from 86, 83, 81 and 64 different suppliers respectively. Generally, payments to our corn embryo suppliers are made by cash before delivery while payments to our crude corn oil suppliers are made by cash against delivery.

We package our branded edible corn oil products in various sizes of plastic bottles manufactured by us. The principal raw material used in the manufacture of plastic bottles is plastic resin which is supplied by suppliers in the PRC. We produce all of our plastic bottles to minimise the packaging costs of our branded products and to control the quality and costs of our packaging materials.

During the Track Record Period, our five largest suppliers accounted for approximately 19.4%, 32.8%, 37.4% and 20.8% respectively of the aggregate amount of purchases from all suppliers and our largest supplier accounted for approximately 8.0%, 12.4%, 16.0% and 6.5% respectively, of the aggregate amount of purchases from all suppliers. We consider that there is no over-reliance on any individual supplier. We believe that we are not dependent on any single supplier and as a significant customer to our suppliers enables us to have a better bargaining power over our suppliers and maintain a stable supply of raw materials.

We have not entered into any long term purchasing agreement with any particular supplier. Our Directors are of the opinion that we can replace any one supplier with another with no undue difficulty. As corn embryo and crude corn oil are both readily available in the market, we may purchase from a wide range of suppliers. As at the Latest Practicable Date, none of our Directors or their respective associates, and none of the existing Shareholders who (to the knowledge of our Directors) owned more than five per cent of the issued share capital of the Company, have any interest in any of our five largest suppliers during the Track Record Period (save for Sanxing Mongolia for the year ended 31 December 2006 and Sanxing Grease for the two years ended 31 December 2008). We do not have any outstanding material disputes with our existing suppliers.

For the two years ended 31 December 2008 and the six months ended 30 June 2009, our Group purchased raw materials from Sanxing Grease mainly due to the fact that Corn Industry could only procure limited amount of raw materials from certain trustworthy suppliers that had established relationships with Sanxing Grease because these suppliers were still relatively unfamiliar with Corn Industry after the transfer of the edible corn oil business by Sanxing Grease to Corn Industry. The directors of Corn Industry considered that it was in the interest of Corn Industry to continue to purchase raw materials from these trustworthy suppliers with known product quality. Accordingly, since 2007, for those amount of raw materials that Corn Industry was not able to procure from the abovementioned suppliers, Sanxing Grease purchased from these suppliers for on-sale to Corn Industry at its purchase cost. After more than two years of business relationship and the expansion of Corn Industry's operation, those suppliers became familiar with Corn Industry. As such, Corn Industry conducted the majority of its purchase by itself instead of purchasing through Sanxing Grease in 2009 which led to the significant drop in Corn Industry's amount of purchase from Sanxing Grease for the six months ended 30 June 2009 and it is expected that Corn Industry will cease to make purchases from Sanxing Grease after Listing. During the Track Record Period, our Group's purchase from Sanxing Grease amounted to nil, approximately RMB48.3 million, RMB115.7 million and RMB10.2 million, which represented approximately 0%, 8.0%, 16.0% and 2.5% respectively of our Group's total purchases for the respective periods.

For the three years ended 31 December 2008 and the six months ended 30 June 2009, our Group purchased raw materials, mainly corn embryo and crude sunflower oil, from Sanxing Mongolia for its business operation at Sanxing Mongolia's original purchase cost. During the Track Record Period, our Group's purchase from Sanxing Mongolia amounted to approximately RMB13.2 million, RMB7.7 million, RMB3.8 million and RMB4.1 million, which represented approximately 2.7%, 1.3%, 0.5% and 1.0% respectively of our Group's total purchases for the respective periods.

Inventory control

Our inventory mainly consists of finished products and raw materials, they are stored in the warehouses, which are located in close proximity to our production facilities. All the finished products of edible corn oil are stored in our oil tanks which are being continuously monitored by computerised system. As one of our policies, we always maintain (1) a safety inventory level of raw materials of approximately 7 to 10 days' production volume at the warehouse facilities to avoid disruption of production in case of any delays in delivery of raw materials by our suppliers; and (2) a safety inventory level of products of approximately seven days' sales volume at the warehouse facilities in case of a disruption in production or a sudden increase of orders from our customers.

It is our policy to keep our inventory level at low levels while keeping a safety inventory level of approximately seven days' sales volume, and hence we rarely face the problem of obsolete stock. No provision for obsolete inventories was made during the Track Record Period. Nevertheless, stock control procedures have been implemented by us to keep the occurrence of obsolete stock to the minimum level.

Save for the written down of inventories to net realisable value for the year ended 31 December 2008 of approximately RMB4.5 million, we did not experience any material impairment on inventory during the Track Record Period. The written down of inventories for the year ended 31 December 2008 arose due to the significant decline in the retail prices of edible oils, and approximately RMB3.1 million of the inventory written down was reversed during the six months period ended 30 June 2009.

Logistics

Product transportation is either arranged by our customers or outsourced by us to logistics companies. These outsourcing arrangements allow us to reduce our capital investment and in both cases the logistics companies will bear the risks associated with the delivery of our products, reduce our risk of liability for transportation accidents, delivery delays or losses to be borne by us.

We engage approximately three logistics companies to perform delivery services of the products to our distributors and retailers to avoid over-reliance on a particular logistics company. We have developed long term relationship with most of our logistics companies. During the Track Record Period, we did not experience any material disruption in the delivery of products. There was also no material loss or compensation incurred by us as a result of delays in delivery or poor handling by the logistics companies during the Track Record Period.

INSURANCE

We maintain insurance policies which cover our production plants and equipment, and our inventories. There is no coverage on third party losses resulting from the cessation of business under the insurance policies maintained by us. Also, we have not taken out any insurance on third party liability or product liability with respect to the products sold by us. We believe that the product liability risk is mitigated by the quality control procedures adopted by our Group. During the Track Record Period, we had not experienced any material claims from third parties as a result of the quality of the products of our Group.

Social insurance is provided for our employees including insurance for retirement, unemployment, sickness and injury as required by the PRC social security regulations, our Directors believe that the coverage is adequate for our Group's operation. As at the Latest Practicable Date, we had not been the subject of any insurance claims which are material to us.

SAFETY

To ensure that our production facilities comply with the applicable safety standards, our squeezing production line is regularly inspected by our quality control team, whereas our refinement production line is continuously being monitored by our computer quality management system. As at the Latest Practicable Date, our production facilities complied with all applicable laws, rules, regulations and standards and all necessary licences in relation to safety have been obtained by our Group.

All of our production staff who are responsible in operating the equipment are required to be trained before they are allowed to operate any equipment in the production lines. Training sessions are provided on production facilities operation technique and related requisite safety standards. During the Track Record Period, no material or prolonged stoppage of production due to equipment failure had been experienced by us and there was no major accident during our production process. Our Directors are not aware that any toxic substance will be produced during the production process.

INTELLECTUAL PROPERTY RIGHTS

As a subsidiary of Sanxing Grease, we have been using the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) registered by Sanxing Grease in connection with our business since the commencement of our business operations. The awards and accreditations in relation to the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) were granted to and received by Sanxing Grease. Our Directors consider that such awards and accreditations are important to us because they have successfully promoted our image and more importantly, may enable us to capture more market recognition of our branded oil products in the future.

Certain key awards and accreditations granted to Sanxing Grease, being 山東名牌 (Shandong Famous Brand), 山東省著名商標證書 (Famous Trademark of Shandong Province) and 綠色食品A級產品證書 (Certificate for Grade A Level of Green Food Standards) are not transferable to the Group if the ownership of the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) are transferred to our Group (the "**Trademark Transfer**") because: (i) the relevant awarding bodies for the abovementioned awards and accreditations have confirmed that after the Trademark Transfer those awards and accreditations could not be transferred directly to our Group and our Group would be required to apply for those awards and accreditations and go through all necessary application procedures; and (ii) our Directors expect that the application for the abovementioned awards and accreditations by our Group, which can only be made after the Trademark Transfer, would take at least two years to complete. Hence, Corn Industry and Sanxing Grease entered into the Trademark Licence Agreements dated 16 November 2009 to formalise this trademarks licence arrangement.

Pursuant to the Trademark Licence Agreements, Sanxing Grease agreed to grant a licence to Corn Industry to use the registered trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the agreements, which is automatically renewable on a 10-year term upon expiry of the then current term, unless Corn Industry terminates the agreements by written notice prior to the expiry of the term of the agreements. According to the Trademark Licence Agreements, Corn Industry has options to acquire the registered trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) and all the relevant rights attached thereto from Sanxing Grease at any time during the term of the agreements for a nominal consideration of RMB10 for each registered trademark. For further details, please refer to the section headed "Connected Transactions" in this prospectus.

As at the Latest Practicable Date, we had four registered patents and seven applications for patent registration. For further details, please refer to the section headed "Statutory and General Information" in Appendix VI to this prospectus.

We have confidentiality protection arrangements in place to protect trade secrets, including the requirement for our technical and management personnel to enter into confidentiality and non-competition undertakings to ensure that our trade secrets are not passed onto any third party.

During the Track Record Period, our Directors are not aware of any counterfeiting incidents in which our brands or products were being counterfeited.

Save for the proceeding in relation to "China Well-known Trademark" (中國馳名商標) described under the paragraph headed "Awards and Accreditation" above, our Directors confirm that we are not involved in any proceedings in respect of, and have not received notice of any claims for infringement of, any intellectual property rights that may be threatened or pending, in which we may be involved either as claimant or respondent.

Please refer to the paragraph headed "Intellectual property rights" in Appendix VI to this prospectus for further details of intellectual property rights.

ENVIRONMENTAL PROTECTION

We recognise the importance of environmental protection and adopt stringent environmental protection policy in our production process. With a view to pursuing a recycle production chain at our production facilities, we try, to the extent possible, to utilise most of the residual materials generated from the production process. Corn meal, which is a by-product obtained from the processing of corn embryo, can be used as animal feed and is sold directly to other animal feed producers. Steam generated in the production process is converted into water, which in turn reduces the consumption of fresh underground water in the refinement process.

We have our own sewage processing facilities for disposal of the waste water produced during the production process and the treatment of sewage complies with local environmental protection regulations. All waste water produced during the production process is discharged and disposed directly to a third party disposal station for treatment.

We were accredited with ISO14001 certification for our environmental protection system which is valid until September 2012. Corn Industry awarded as one of the County Environmental Friendly Corporations (市級環境友好企業) by the Administration for Environmental Protection of Binzhou, Shandong Province (濱州市環境保護局) in January 2009.

During the Track Record Period, we did not breach any environmental protection laws and regulations in the PRC and were not subject to any material claim or penalty in relation to environmental protection. Our Directors confirm that we have been in compliance with all applicable environmental protection laws and regulations in the PRC.

EMPLOYEES

As at 31 December 2006, 2007 and 2008 and 30 June 2009, we had 370, 470, 494 and 490 staff respectively. The following table shows a breakdown of our employees by function as of 30 June 2009:

Division	Number of Employees
Management	8
Sales and Marketing	143
Production and Supporting	330
Corporate Administration and Human Resources Management	3
Finance, Accounting and Internal Audit	2
Research and Development	4
Total	490

We provide training to our staff on a regular basis to enhance their technical and product knowledge including industry quality standards, safety standards and customers sales skills. We constantly carry out staff evaluation to assess their performance.

We contribute to social insurance scheme in accordance with PRC laws and regulations. The PRC Legal Advisers confirmed that we have complied with the labour law and regulations in the PRC.

We maintain good working relationships with our staff. Our Directors believe that our working environment and benefits offered to our employees have contributed to building good staff relations and retention. As at the Latest Practicable Date, we had not experienced any strikes or any labor disputes with our staff which have had a material effect on our business.

COMPETITION

We face competition mainly from the PRC. Our Directors believe that market players normally compete on product quality, pricing, timeliness of delivery and cost of transportation. In the PRC, we face competition from local edible corn oil manufacturers and sellers as well as overseas edible corn oil manufacturers and sellers. Our Directors consider that competition from the import of overseas oil products is not significant given the amounts of delivery and logistics charges which would increase the overall costs and affect the profitability of those overseas oil manufacturers and sellers. In addition, the sales of our branded edible corn oil products faces direct competition from our bulk sales customers that are engaged in the sales of edible corn oil products under their own brands.

The edible corn oil consumer market is concentrated with competition mainly among several brands. Considering the health awareness of the target customer group of edible corn oil that are mostly mid-to-upper class in the PRC, different brands had focused their marketing and product development efforts on the quality, nutrition value and health effect of edible corn oil products.

Our reputation as one of the earliest and largest edible corn oil manufacturers in the PRC which supplies edible corn oil to other PRC edible corn oil brands help positioned our brand 長壽花 (Longevity Flower) as a symbol of quality and health in the market. The Directors believe that, comparing to our competitors which are also engaged in the production and sale of other packaged edible oil types apart from edible corn oil, we are more focused and more ambitious to expand and develop our brand 長壽花 (Longevity Flower) in the edible corn oil market. We believe that by focusing on the edible corn oil industry, we can establish our corporate image as the expert in edible corn oil market and make it easier for consumers to associate edible corn oil with our brand 長壽花 (Longevity Flower).

PROPERTIES

Details of our properties are set out in Appendix IV to this prospectus.

As at the Latest Practicable Date, Corn Industry owned 3 parcels of lands (the "Lands"), with a total site area of 182,689.98 sq.m., located at Industrial Park, Handian Town, Zouping County, Shandong, the PRC. The 44 buildings with total floor area of 75,060.98 sq.m. erected on the Lands are owned by Corn Industry. The PRC Legal Advisers confirmed that, as at the Latest Practicable Date, we have legally obtained all necessary land use right certificates and building ownership right certificates for our properties.

As at the Latest Practicable Date, we had also leased seven properties in the PRC as our sales representative offices in the PRC.

REGULATORY COMPLIANCE

Please refer to the section headed "Regulations" in this prospectus for the laws and regulations applicable to our operations in the PRC.

As advised by the PRC Legal Advisers, as at the Latest Practicable Date, we had duly obtained approvals, permits, consents, licences and registrations relating to our incorporation and necessary for the conduction of our business and all of them are presently in force. The PRC Legal Advisers have also confirmed that, we do not contravene any of the material laws and regulations in the PRC.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company's ultimate controlling shareholders are Mr. Wang MX, Mr. Wang ML, Mr. Wang MF, Ms. Huo and Shandong Sanxing. Immediately after completion of the Share Offer, Mr. Wang MX, Mr. Wang ML, Mr. Wang MF, Ms. Huo and Shandong Sanxing will, through their controlled corporations, namely Sanxing Grease, Sanxing Trade and Corn Oil Luxembourg, effectively own 65% of the issued share capital of our Company (assuming the Over-allotment Option is not exercised) and our Company will remain a subsidiary of each of Sanxing Grease, Sanxing Trade and Corn Oil Luxembourg (before its liquidation).

Sanxing Group is principally engaged in the following 11 strategic businesses:

1. Sanxing Mongolia – Focusing on the manufacture and sales of corn starch and corn embryo in the PRC and also the manufacture and sales of crude corn oil and sunflower crude oil in the PRC as its second product line.

2. Our Group – Focusing on the manufacture and sales of edible corn oil in the PRC

3. Sanxing Grease – Focusing on handling the treasury functions of the Sanxing Group. In addition, some of our Group's sales of edible oil products under our brands are made via the sales arrangement with Sanxing Grease which will terminate on or before 30 June 2010, the details of which are set out in the paragraph headed "Sales arrangement with Sanxing Grease" under the "Business" section and the paragraph headed "Non-exempt Continuing Connected Transactions" under the "Connected Transactions" section in this prospectus. Furthermore, our Group also purchases raw materials from Sanxing Grease which is expected to cease after Listing, the details of which are set out in the paragraph headed "Raw materials and suppliers" in the "Business" section in this prospectus.

4. Shandong Mingda – Focusing on providing steam and electricity to our Group, other members of Sanxing Group and other Independent Third Parties in Zouping, the PRC

5. Sanxing International – Focusing on the international and domestic trading of cotton materials and sesame products.

6. Shandong Sanxing Machinery Manufacture Company Limited (山東三星機械製造有限公司) – Focusing on the manufacture and sales of oil production machineries, corn processing machineries and wind power generation machineries in the PRC

7. Shandong Sanxing Group Oil Products Company Limited (山東三星集團油品有限公司) – Focusing on the sales of petrol, diesels and lubricating oils in the PRC

8. Zouping Sanxing Iron Construction Company Limited (鄒平三星鋼結構有限公司) – Focusing on the provision of construction and engineering services and sales of construction materials in the PRC

9. Shandong Sanxing Vehicle Trading Company Limited (山東三星集團汽貿有限公司) – Focusing on the sales and maintenance of vehicles in the PRC

10. Zouping Anxing Driving Company Limited (鄒平安星駕校有限公司) – Focusing on the provision of driving training services in the PRC

11. Zouping Sanxing Logistic Centre Company Limited (鄒平三星貨運中心有限公司) – Focusing on the provision of logistics services in the PRC

Our Group's operation is a distinct and independent business amongst the diversified businesses of Sanxing Group.

As part of Sanxing Group, our Company had entered into certain arrangements and connected transactions with other members of the Sanxing Group, particularly in relation to the sales of products, purchases of raw materials, use of trademarks, and supply of steam and electricity. These transactions will continue after the Listing. Please refer to the section headed "Connected Transactions" in this prospectus for details of these arrangements.

INDEPENDENCE FROM SANXING GROUP

Management Independence

Our Board consists of 10 members, comprising of six executive Directors, one non-executive Director and three independent non-executive Directors. Three of our executive Directors, namely Mr. Wang MX, Mr. Wang ML and Mr. Wang MF, are also the Controlling Shareholders. Each of our Directors are aware of his fiduciary duties as a Director which require, among others, that he must act for the benefits and in the best interests of our Company and must not allow any conflict between his duties as a Director and his personal interests.

If there is any potential conflict of interest arising out of any transactions to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Mr. Wang MX, Mr. Wang ML, Mr. Wang MF and Mr. Sun Guohui are management members of Shandong Sanxing which is also one of our Controlling Shareholders. Mr. Wang MF is responsible for the overall strategic planning and management of the Sanxing Group (save for our Group). Mr. Wang MX is responsible for the overall strategic planning and management of our Group. Mr. Wang ML is responsible for the management of the machinery manufacturing and sales business of the Sanxing Group. Mr. Sun Guohui is responsible for the sales and marketing of the products of our Group. In light of the actual and potential conflicts in our Company and Shandong Sanxing, we will adopt and implement certain corporate governance practice or procedures, more particularly disclosed in the paragraph headed "Corporate Governance Measures" in this section.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Group independently, and our Directors are of the view that we are capable of managing the business independently from the Controlling Shareholders after the Share Offer.

Operation Independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, the Board has full rights to make decisions on, and to carry out, our own business operations independently. Although Mr. Wang MX, Mr. Wang ML and Mr. Wang MF, being Controlling Shareholders, are executive Directors, our Company has our own management team, of which all members are independent of the Controlling Shareholders, which have served our Group for a substantial period of time and have substantial experience in the industry in which our Group is engaged. Moreover, our Company has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders.

Purchase of raw materials from Sanxing Mongolia

Our Group has engaged Sanxing Mongolia, which is owned as to approximately 86.7% by Mr. Wang ML and as to approximately 13.3% by two Independent Third Parties, as one of our suppliers for corn embryo and sunflower crude oil. Our Group has engaged Sanxing Mongolia as one of our suppliers because our Directors consider the corn embryo and sunflower crude oil provided by Sanxing Mongolia are of high quality. Our Group has entered into the Master Purchase Agreement with Sanxing Mongolia for the purchase of corn embryo and sunflower crude oil from Sanxing Mongolia which will take effect from the date of the Master Purchase Agreement, the details of which are disclosed in the section headed "Connected Transactions" in this prospectus.

Our Directors consider that we can function independently from Sanxing Mongolia given that our Group is able to engage other suppliers for the provision of corn embryo and sunflower crude oil when necessary. During the Track Record Period, we had engaged a number of suppliers in respect of the provision of corn embryo and sunflower crude oil other than Sanxing Mongolia. When determining which supplier is to be appointed, we will take into account the offer price, quality of the raw materials, delivery time, etc.. During the Track Record Period, we had not entered into any long term purchasing agreement with any particular supplier. Our Directors are of the opinion that we can replace any single supplier with another with no undue difficulty. As corn embryo and sunflower crude oil are both readily available in the market, we may opt to purchase from a wide range of suppliers.

During the Track Record Period, the percentage of purchases from Sanxing Mongolia by us to the total amount of purchases were approximately 3.4%, 1.3%, 0.5% and 1.0% respectively. Therefore, such purchases are not of such materiality as to affect our Group's ability to conduct its business independently of our Controlling Shareholders following the Listing.

Independent to Sanxing Mongolia

Our Group's operation is established as a distinct and independent line of business of our Controlling Shareholders with a focus on the manufacture and sales of refined and edible corn oil in the PRC.

Sanxing Mongolia focuses on the manufacture and sales of corn starch and corn embryo in the PRC and also the manufacture and sales of crude corn oil and sunflower crude oil in the PRC as its second product line. Sanxing Mongolia had also engaged in insignificant sales of edible corn oil for the year ended 31 December 2008 and the six months period ended 30 June 2009 with sales amount of approximately RMB79 and approximately RMB106,281 respectively. Sanxing Mongolia has ceased its sales of edible corn oil since the second half of 2009 as it is not in line with its principal business.

In light of (i) Sanxing Mongolia and our Group are engaged in business within different segment in the industry; (ii) the products sold by Sanxing Mongolia are raw materials for our Group's operation, our Directors consider that our Group and Sanxing Mongolia are independent of each other.

Our Directors believe that with the non-competition undertaking and the corporate governance measures as mentioned below put into place after Listing, any potential competition between our Group and Sanxing Mongolia will be minimised and monitored.

Sales Independence

Sanxing Grease, the predecessor of Corn Industry before the transfer of its edible corn oil manufacturing and sales operation to Corn Industry in 2006 as mentioned in the section headed "History and Corporate Development" in this prospectus, entered into certain contracts (the "**Unexpired Contracts**"), which had not expired as at the Latest Practicable Date, with several supermarkets and other retailers (the "**Retailers**") relating to the sales of edible oil products under our brands. As the entering into of new contracts by Corn Industry and the cancellation of the Unexpired Contracts by Sanxing Grease would require negotiations between Corn Industry and the Retailers and the changes of the account information in the internal sales systems of the Retailers, our Directors consider that it is in the best interests of the Company and our Shareholders as a whole for Sanxing Grease to continue with the Unexpired Contracts until 30 June 2010, being the date on which all Unexpired Contracts will expire and terminate, so as to allow the aforesaid negotiations and changes to take place smoothly without causing any adverse impact on our sales. Accordingly, before the expiry of the Unexpired Contracts, Corn Industry's sales of our edible corn oil products to the Retailers will be carried out through Sanxing Grease's existing accounts with these Retailers pursuant to the Sales Agreement entered into by Corn Industry and Sanxing Grease dated 16 November 2009, the details of which are disclosed in the section headed "Connected Transactions" in this prospectus.

Save for the sales services provided by Sanxing Grease under the Sales Agreement, Sanxing Grease (i) was not involved in any of the business activities in relation to our Group's sales of edible oil products to the Retailers; and (ii) did not have any employees involved in such business activities mentioned in (i) above. All of the existing accounts maintained with the Retailers under the Unexpired Contracts will expire or will be terminated on or before 30 June 2010, and all new accounts to be set up or existing accounts to be renewed by our Group will be under the name of Corn Industry. Our Directors intend that Corn Industry will enter into new contracts with the Retailers upon expiration of the Unexpired Contracts.

Currently, our Group negotiates and concludes sales independently from our Controlling Shareholders and Sanxing Grease. Our Group has its own team of sales and marketing staff. Our Group has appointed distributors for the sale of our products.

Given the above and the sales arrangement is only a transitional arrangement before the expiration and termination of all Unexpired Contracts and the expected sales amount will be not higher than HK$10 million for the six months ending 30 June 2010, our Company has not been dependent on our Controlling Shareholders or Sanxing Grease in any material way related to our business operations during the Track Record Period.

Procurement independence

The organisational structure of our Group is made up of individual departments, each with specific areas of responsibility. Our Group has independent access to the source of supplies of raw materials and packaging materials for production; and we also have our own customer base. Our Group has also established a set of internal controls to facilitate the effective operation of the business. Shandong Mingda has been supplying steam and electricity to Corn Industry for use in its production process. Corn Industry will continue to use the steady and stable supply of quality utilities by Shandong Mingda for its production base.

Our Group has entered into a steam and electricity supply agreement with Shandong Mingda, pursuant to which Shandong Mingda agreed to supply steam and electricity to Corn Industry. Details of which are set out in the section headed "Connected Transactions" in this prospectus. The steam and electricity supply agreement was entered into after arms-length negotiations. The rates charged by Shandong Mingda for the supply of steam and electricity are at prices prescribed by the relevant government authorities pursuant to the relevant PRC laws and regulations. Our Directors are of the view that in the event Shandong Mingda ceases to supply steam and/or electricity to our Group, we would be able to obtain steam and/or electricity from other utilities companies in the same district which are Independent Third Parties without undue delay or inconvenience when necessary. As the rate for heat and electricity charged by such other utilities companies which are Independent Third Parties are at State-prescribed price or market price, we do not expect any material financial impact on our financial performance should Shandong Mingda cease to supply heat or electricity to our Group.

Currently we do not have any plan to engage any Independent Third-Parties for the supply of steam and/or electricity to us.

Financial independence

We have our own finance department that is independent from and does not share functions or resources with our Controlling Shareholders. Our financial auditing is undertaken separately from that of our Controlling Shareholders by our own staff. We have independent bank accounts and tax registration. During the Track Record Period, no guarantees had been provided by any of our Controlling Shareholders for the benefit of our Group or vice versa. We have obtained bank financing at market rates from independent financial institutions and did not experience any difficulties in doing so. Given our financial and cash flow position, our Directors believe that, if required, we are able to obtain further loans and credit facilities from financial institutions at market rates without material difficulty.

NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders (together, the "**Non-competing Covenantors**") entered into a deed of non-competition (the "**Non-competition Deed**") on 23 November 2009 in favour of our Company, pursuant to which each of the Non-competing Covenantors has jointly and severally undertaken to our Company (for itself and for the benefit of its subsidiaries) that he/she/it would not, and would procure that his/her/its associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, partnership or other economic or non-economic association, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee, trustee or otherwise) any business in the PRC or elsewhere in the world which is or may be in competition with our business, and any other business which any member of our Group may undertake from time to time after the listing of our Shares (the "**Restricted Business**"). Such non-competition undertaking does not apply where:

(a) any opportunity to invest, participate, be engaged in and/or operate with a third-party any Restricted Business which has first been offered or made available to the Non-competing Covenators or his/her/its associates, and the Non-competing Covenators have given or procured his/her/its associates to give a written notice of such business opportunity to the Company on a timely basis, and our Company, after review and approval by the independent non-executive Directors, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third-party or together with Non-competing Covenantors (or any of them) and/or their associates; or

(b) having interests in the shares of a company whose shares are listed on a recognised stock exchange provided that:

(i) any Restricted Business conducted or engaged in by such company (and net assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

(ii) the total number of the shares held by the Non-competing Covenantors and/or their respective associates in aggregate does not exceed 5% of the total issued shares of the company in question and such Non-competing Covenantors and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Non-competing Covenantors and their respective associates in aggregate.

If our Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with the Non-competing Covenantors and/or their associates (or any of them, as the case may be), pursuant to (a) above, the Non-competing Covenantors and/or their associates can invest, participate, be engaged in and/or operate such Restricted Business with our Company. Our Company will comply with the requirements of the Listing Rules in case of such cooperation with the Non-competing Covenantors and/or their associates (or any of them, as the case may be).

The "restricted period" stated in the Non-competition Deed refers to the period during which the Shares remain listed on the Main Board of the Stock Exchange until (whichever is the earliest): (i) the date on which the Shares are formally delisted from the Main Board of the Stock Exchange; or (ii) the relevant Non-competing Covenantors and/or their respective associates jointly or severally are entitled to exercise or control the exercise of less than 30% in aggregate of the voting power at the general meetings of our Company.

None of our Controlling Shareholders or any of our Directors has any interest in a business apart from our business which competes or is likely to compete, either directly or indirectly, with our Group's business.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from any potential competing business and to safeguard the interests of the Shareholders, including:

(i) the independent non-executive Directors will review, on an annual basis, the compliance with the undertaking by the Controlling Shareholders under the Non-competition Deed;

(ii) the Controlling Shareholders undertake to provide all information requested by us which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Deed;

(iii) we will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the undertaking of the Controlling Shareholders, including decisions reached in respect of first rights of refusal referred to in paragraph (a) under "Non-Competition Undertaking" above under the Non-competition Deed in our annual reports;

(iv) the Controlling Shareholders will make an annual confirmation on compliance with their undertaking under the Non-competition Deed in our annual report;

(v) we believe that the Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, our Directors believe that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between our Group and our Controlling Shareholders arise;

(vi) in the event that potential conflicts of interest may materialise, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, our Director(s) with an interest in the relevant transaction(s) will abstain from voting at the relevant board meeting in respect of such transactions and will not be counted towards quorum at such board meeting;

(vii) in the event that potential conflicts of interest may materialise, the Controlling Shareholders will abstain from voting in our shareholders' meeting with respect to the relevant resolution(s); and

(viii) our Group is administratively independent from the Controlling Shareholders as we have our own company secretary, authorised representatives and administrative personnel.

CONNECTED PERSONS

Corn Industry, a wholly-owned subsidiary of the Company, has entered into a number of transactions with entities which will become connected persons (as defined in Chapter 14A of the Listing Rules) of the Company upon Listing, and such transactions will, upon Listing, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. These entities include:

(1) Shandong Sanxing, one of our Controlling Shareholders, which is therefore a connected person of the Company under Chapter 14A of the Listing Rules;

(2) Sanxing Grease, one of our Controlling Shareholders, which is therefore a connected person of the Company under Chapter 14A of the Listing Rules;

(3) Sanxing Mongolia, a company owned as to approximately 86.7% by Mr. Wang ML, our executive Director. As Mr. Wang ML is entitled to control the exercise of more than 30% voting power in Sanxing Mongolia's general meeting, Sanxing Mongolia is an associate of Mr. Wang ML and a connected person of the Company under Chapter 14A of the Listing Rules;

(4) Shandong Mingda, a company owned as to 51% by Shandong Sanxing. As Shandong Sanxing, one of our Controlling Shareholders, is entitled to control the exercise of more than 30% voting power in Shandong Mingda's general meeting, Shandong Mingda is an associate of Shandong Sanxing and a connected person of the Company under Chapter 14A of the Listing Rules; and

(5) Shandong Sanxing Group Oil Products Company Limited (山東三星集團油品有限公司) ("**Sanxing Group Oil Products**"), a company owned as to 40% by Shandong Sanxing. As Shandong Sanxing, one of our Controlling Shareholders, is entitled to control the exercise of more than 30% voting power in Sanxing Group Oil Products' general meeting, Sanxing Group Oil Products is an associate of Shandong Sanxing and a connected person of the Company under Chapter 14A of the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

The following connected transactions will constitute exempted continuing connected transactions for the Company under Rule 14A.33(3) of the Listing Rules and will be exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The following transactions are undertaken on normal commercial terms or terms more favourable to our Group. The applicable percentage ratios (other than the profits ratio) of the following transactions on an annual basis are either (i) less than 0.1%; or (ii) more than 0.1% but less than 2.5% and the annual consideration is less than HK$1,000,000.

1. Trademark Licence Agreements

Background of the transactions

As a subsidiary of Sanxing Grease, we have been using the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) registered by Sanxing Grease in connection with our business since the commencement of our business operations. Some of the awards and accreditations in relation to the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) were granted to and received by Sanxing Grease. Our Directors consider that such awards and accreditations are important to us because they have successfully promoted our image and more importantly, may enable us to capture more market recognition of our branded oil products in the future. Such awards and accreditations granted to Sanxing Grease may not be transferrable to us if the ownerships of the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) are transferred to us. Hence, Corn Industry and Sanxing Grease entered into the Trademark Licence Agreements dated 16 November 2009 to formalise this trademarks licence arrangement. After taking into account the above factors, our Directors consider that the non-transfer of the trademarks and the entering into of the Trademark Licence Agreements are in the interest of our Company as whole.

Major terms

Pursuant to the Trademark Licence Agreements, Sanxing Grease agreed to grant a licence to Corn Industry to use the registered trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the agreements, which is automatically renewable on a 10-year term upon expiry of the then current term, unless Corn Industry terminates the agreements by written notice prior to the expiry of the term of the agreements. According to the Trademarks Licence Agreements, Corn Industry has options to acquire the registered trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) and all the relevant rights attached thereto from Sanxing Grease at any time during the term of the agreements for a nominal consideration of RMB10 for each registered trademark. Corn Industry will exercise such option(s) when the transfer of the trademarks will not have any adverse impact on our Group.

Pursuant to the Trademarks Licence Agreements, Corn Industry may use the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) on its branded corn oil products, packaging product labels and instructions, advertisements, promotional materials, promotion activities, and other matters incidental to or in connection with our business at any locations where we conduct our business including, but not limited to the PRC or otherwise agreed by the parties in accordance with the relevant PRC laws and regulation. Our Directors are of the view that the duration of the Trademark Licence Agreements is beneficial to our business operations and secures long-term rights for us to use the trademarks.

Sanxing Grease cannot use, assign, sub-license, or allow the use of the trademarks 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) itself or by any of its subsidiaries and associated companies or any other third parties.

Listing Rules Implications

As no consideration is payable by Corn Industry to Sanxing Grease under the Trademark Licence Agreements, the transactions contemplated under the Trademark Licence Agreements constitute *de minimis* continuing connected transactions of the Company, which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Purchase of petrol, diesel and lubricating oil

We have been purchasing petrol, diesel and lubricating oil from Sanxing Group Oil Products which are used by our production equipment during the production process. As the estimated annual consideration for the purchase of petrol, diesel and lubricating oil will be less than HK$1,000,000 and the applicable percentage ratios (other than the profits ratio) on an annual basis are more than 0.1% but less than 2.5%, the transactions for the purchase of petrol, diesel and lubricating oil from Sanxing Group Oil Products constitute *de minimis* continuing connected transactions, which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following connected transactions will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

1. Sales Agreement

Background of the transaction

Sanxing Grease, the predecessor of Corn Industry before the transfer of its business in relation to edible oil manufacturing and sales operation to Corn Industry in 2006 as mentioned in the section headed "History and Corporate Development" in this prospectus, had entered into certain contracts (the "**Unexpired Contracts**"), which had not expired as at the Latest Practicable Date, with several supermarkets and other retailers (the "**Retailers**") and had entered into certain contracts with several wholesale distributors relating to the sales of edible oil products under our brands. As at the Latest Practicable Date, all of our Group's new and existing contracts with the wholesale distributors had been entered into or renewed under the name of Corn Industry. As the entering into of new contracts by Corn Industry with the Retailers and the cancellation of the Unexpired Contracts by Sanxing Grease would require negotiations between Corn Industry and the Retailers and the changes of the account information in the internal sales systems of the Retailers, our Directors consider that it is in the best interests of the Company

and our Shareholders as a whole for Sanxing Grease to continue with the Unexpired Contracts until 30 June 2010, being the date on which all Unexpired Contracts will expire or will be terminated so as to allow the aforesaid negotiations and changes to take place smoothly without causing any adverse impact on our sales. Accordingly, before the expiry of the Unexpired Contracts, Corn Industry's sales of our edible oil products to the Retailers would be carried out through Sanxing Grease's existing accounts with these Retailers until 30 June 2010.

Save for the sales services provided by Sanxing Grease as formalised by and as stated in the sales agreement entered into between Sanxing Grease and Corn Industry dated 16 November 2009 (the "**Sales Agreement**"), Sanxing Grease (i) was not involved in any of the business activities in relation to our Group's sales of edible oil products under our brands to the Retailers; and (ii) did not have any employees involved in such business activities mentioned in (i) above. Upon the expiration or termination of all the existing accounts maintained with the Retailers under the Unexpired Contracts on or before 30 June 2010, all new accounts to be set up or existing accounts to be renewed by our Group will be under the name of Corn Industry. Our Directors intend that Corn Industry will enter into new contracts with the Retailers upon expiration of the Unexpired Contracts.

Major terms

Pursuant to the Sales Agreement, Corn Industry agreed to sell edible oil products under our brands to Sanxing Grease for the purpose of on-selling to the Retailers by Sanxing Grease under the Unexpired Contracts. According to the Sales Agreement, Sanxing Grease shall perform the following sales services:

- to allow its accounts maintained with the Retailers be used by Corn Industry for sales of Corn Industry's edible oil products to the Retailers;

- to execute sales contracts with the Retailers in relation to the sale of edible oil products under our brands that are negotiated between Corn Industry and the Retailers;

- to receive the sales monies paid by the Retailers for Corn Industry's edible oil products and pay the same to Corn Industry;

- to issue sales invoices to the Retailers in the name of Sanxing Grease; and

- to pay expenses in relation to its performance of sales service under the Sales Agreement which would be reimbursed by Corn Industry on an actual incurred basis.

The term of the Sales Agreement commenced on the date of signing of the agreement and shall expire on 30 June 2010.

Pricing

The price payable by Sanxing Grease for the sales of edible oil products under our brands under the Sales Agreement shall be the same as the price payable by the Retailers to Sanxing Grease. The price at which the edible oil products to be sold by Sanxing Grease to the Retailers shall be determined by Corn Industry.

Historical Figures

During the three years ended 31 December 2008 and the six months ended 30 June 2009, the total sales of edible oil products by Corn Industry to Sanxing Grease in relation to the above sales arrangement were approximately nil, RMB58.6 million, RMB131.7 million and RMB49.0 million respectively.

Annual Caps

Our Directors estimate that the annual transaction amount for the sales of edible oil products under the Sales Agreement for the year ending 31 December 2009 and the six months ending 30 June 2010 will not exceed the caps of RMB120 million and RMB10 million, respectively. In determining the caps, our Directors have considered, among others, (i) the historical transaction amounts for the sales of edible oil products by Corn Industry to Sanxing Grease during the three years ended 31 December 2008 and the six months ended 30 June 2009; and (ii) most of the existing accounts will be renewed by our Group under the name of Corn Industry by the end of December 2009, while only a few of the existing accounts will be renewed by our Group under the name of Corn Industry in the first half of 2010 after the remaining Unexpired Contracts have become expired.

Listing Rules implications

The transactions contemplated under the Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing. Given that the highest of the applicable percentage ratios (other than profits ratio) of the transactions contemplated under the Sales Agreement is more than 2.5%, the transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Master Purchase Agreement

Background of the transaction

During the three years ended 31 December 2008 and the six months ended 30 June 2009, Sanxing Mongolia had been supplying (i) sunflower crude oil to Sanxing Grease, the predecessor of Corn Industry, and (ii) both sunflower crude oil and corn embryo to Corn Industry. Corn embryo and sunflower crude oil are raw materials used in the production process of our edible corn oil products and refined sunflower seed oil products, respectively.

Major terms

To regulate the transactions, Corn Industry and Sanxing Mongolia entered into the master purchase agreement dated 16 November 2009 (the "**Master Purchase Agreement**"), pursuant to which Sanxing Mongolia agreed to supply corn embryo and sunflower crude oil to Corn Industry. Corn Industry shall provide Sanxing Mongolia with a monthly production proposal at least 10 working days before the end of each calendar month setting out the estimated purchase quantities and the relevant product requirements. Sanxing Mongolia shall then, according to the monthly production proposal, arrange for delivery of the relevant raw materials to Corn Industry or other parties designated by Corn Industry.

The term of the Master Purchase Agreement is three years commencing from the date of signing of the agreement, and at any time Corn Industry may give at least three months' prior written notice of termination to Sanxing Mongolia. Corn Industry has the right to extend the term of the Master Purchase Agreement by giving written notice to Sanxing Grease at least six months before the expiry of the agreement.

Pricing

The price at which the relevant raw materials are to be purchased shall be agreed between the parties. The price must be fair and reasonable, on normal commercial terms and shall be no less favourable than those offered by Independent Third Parties to Corn Industry. The purchase price shall be paid by Corn Industry through wire transfer within five working days upon delivery of the relevant raw materials to Corn Industry by Sanxing Mongolia.

Historical Figures

During the three years ended 31 December 2008 and the six months ended 30 June 2009, the total purchase of corn embryo and/or sunflower crude oil by our Group from Sanxing Mongolia were approximately RMB13.2 million, RMB7.7 million, RMB3.8 million and RMB4.1 million, respectively.

Annual Caps

Our Directors estimate that the annual transaction amount for the purchases of corn embryo and/or sunflower crude oil under the Master Purchase Agreement for the three years ending 31 December 2011 will not exceed the annual caps of RMB9.0 million, RMB10.0 million and RMB10.0 million, respectively. In determining the annual caps, our Directors have considered, among others, (i) the historical transaction amounts for the purchases of corn embryo and/or sunflower crude oil by Corn Industry from Sanxing Mongolia during the three years ended 31 December 2008 and the six months ended 30 June 2009; (ii) the estimated production volume of our edible corn oil products and refined sunflower seed oil products for the three years ending 31 December 2011; (iii) the expected growth in our sales of edible corn oil products; and (iv) our policy to diversify our purchases and not to have significant reliance on Sanxing Mongolia. Our Directors expect that the purchases of corn embryo and/or sunflower crude oil by Corn Industry from Sanxing Mongolia will slightly increase in 2010 and maintain at a stable level thereafter and the above proposed annual caps have reflected this expectation.

Sanxing Mongolia will not be the only supplier of Corn Industry for corn embryo and/or sunflower crude oil. Our Directors therefore consider that we do not place a significant reliance on Sanxing Mongolia in supplying such raw materials to us.

Listing Rules implications

The transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing. Given that the highest of the applicable percentage ratios (other than profits ratio) of the transactions contemplated under the Master Purchase Agreement is more than 0.1% and less than 2.5%, the transactions are subject to the reporting and announcement requirements and exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Steam and Electricity Supply Agreement

Background of the transaction

Shandong Mingda has been supplying steam and electricity to Corn Industry which is required for its production process. Corn Industry will continue to use the steady and stable supply of quality utilities by Shandong Mingda for its production base. Corn Industry and Shandong Mingda entered into a steam and electricity supply agreement dated 16 November 2009 (the "**Steam and Electricity Supply Agreement**") to formalise this utilities supply arrangement.

Major terms

Pursuant to the Steam and Electricity Supply Agreement, Shandong Mingda agreed to supply steam and/or electricity to Corn Industry. The term of the Steam and Electricity Supply Agreement is three years commencing from the date of signing of the agreement, and at any time Corn Industry may give at least three months' prior written notice of termination to Shandong Mingda. Corn Industry has the right to extend the term of the Steam and Electricity Supply Agreement by giving written notice to Shandong Mingda at least six months before the expiry of the Steam and Electricity Supply Agreement.

Pricing

Pursuant to the Steam and Electricity Supply Agreement, the price payable for provision of electricity by Shandong Mingda shall be determined in accordance with the relevant rules and regulations under the "Notice in relation to Adjustment of the Price of Electricity of our Province" (《關於調整我省電價的通知》) issued by the Price Bureau of Shandong Province; and the price payable for provision of steam by Shandong Mingda shall be determined in accordance with the relevant rules and regulations under "Approval for Adjustment of the Sales Price of Industrial Steam" (《關於調整工業蒸汽銷售價格的批覆》) issued by the Price Bureau of Binzhou City, Shandong Province. In the event that the abovementioned rules and regulations are amended by the relevant government authorities, or replaced by other government notices, approvals or other documents ("**New Rules**"), the price payable by Corn Industry to Shandong Mingda for the provision of electricity and/or steam under the Steam and Electricity Supply Agreement shall be determined in accordance with the New Rules.

The relevant payment for the supply of steam and/or electricity shall be made by Corn Industry on a monthly basis in arrears. Corn Industry shall make payment for each calendar month to Shandong Mingda by wire transfer within seven working days in the immediately following calendar month.

Historical Figures

During the three years ended 31 December 2008 and the six months ended 30 June 2009, the total amounts paid for the supply of steam and/or electricity by Shandong Mingda to our Group were approximately RMB10.7 million, RMB13.3 million, RMB17.8 million and RMB10.6 million, respectively.

Annual Caps

Our Directors estimate that the annual transaction amount for the supply of steam and/or electricity under the Steam and Electricity Supply Agreement for the three years ending 31 December 2011 will not exceed the annual caps of RMB25.0 million, RMB35.0 million and RMB45.0 million, respectively. In determining the annual caps, our Directors have considered, among others (i) the historical transaction amounts for the supply of steam and/or electricity by Shandong Mingda during the three years ended 31 December 2008 and the six months ended 30 June 2009; (ii) the future expansion of our production; and (iii) the estimated future growth in the prices of electricity and steam. Our Directors expect that the supply of steam and/or electricity by Shandong Mingda to Corn Industry would increase in the coming years and the increase in the above annual caps has reflected this expectation.

Listing Rules implications

The transactions contemplated under the Steam and Electricity Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing. Given that the highest of the applicable percentage ratios (other than profits ratio) of the transactions contemplated under the Steam and Electricity Supply Agreement is more than 2.5%, the transactions are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Confirmation from our Directors

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above are fair and reasonable and in the best interests so far as the Shareholders as a whole are concerned, and all such non-exempt continuing connected transactions have been entered into and will be carried out in the ordinary and usual course of business of our Company on normal or better than normal commercial terms. In addition, our Directors (including our independent non-executive Directors) consider the respective annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor is of the view that (i) the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable or on terms which are more favourable to the Company and in the interests of the Shareholders as a whole, and (ii) the respective proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Application for Waiver from Strict Compliance of the Listing Rules

As the above non-exempt continuing connected transactions are expected to continue on a recurring basis and are expected to extend over a period of time, our Directors (including our independent non-executive Directors) consider that strict compliance with the announcement requirement and the independent shareholders' approval requirement (where applicable) would be impractical and in particular, would add unnecessary administrative costs to our Company. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to the Company under Rule 14A.42(3) of the Listing Rules from compliance with the announcement and/or (where applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules, subject to the confirmations from our Directors and the Sponsor stated above. We will comply with the relevant requirements under Chapter 14A of the Listing Rules, including, but not limited to, the proposed annual caps set out above, and will comply with the relevant rules of Chapter 14A of the Listing Rules (including shareholders' approval requirements as appropriate) if the waiver from the Stock Exchange expires or any of the respective annual caps set out above are exceeded, or when the relevant agreement expires or is renewed or when any terms of the non-exempt continuing connected transactions are materially altered or the Company enters into new agreements with any connected persons (within the meaning of the Listing Rules).

The Company confirmed that it will comply with the applicable requirements under Chapter 14A of the Listing Rules as amended from time to time, and will immediately inform the Stock Exchange if there are any material changes to the aforesaid transactions.

DIRECTORS

The Board consists of 10 Directors, including six executive Directors, one non-executive Director, and three independent non-executive Directors. The functions and powers of the Board include, among others:

- all such powers which are not required to be exercised in our general meetings;
- appointing any person to hold such office as our Directors may think necessary for our administration at such remuneration as our Directors may think fit;
- exercising all our powers to borrow money and to mortgage or charge or otherwise grant a security in its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whether outright or as security for any of our or any third party's debt, liability or obligation ; and
- causing minutes to be entered in books provided for the purpose of recording all appointment of officers made by our Directors, the names of our Directors present at each meeting of the Board and of any committee appointed by the Board and all resolutions and proceedings at all our general meetings, and meetings of the Board and of committees appointed by the Board.

Information of our Directors are set out as follow:

Name	Age	Position/Title
Mr. Wang Mingxing (王明星先生)	46	Executive Director, chairman and chief executive officer
Mr. Wang Mingfeng (王明峰先生)	51	Executive Director
Mr. Wang Mingliang (王明亮先生)	38	Executive Director
Mr. Wang Fuchang (王福昌先生)	50	Executive Director
Mr. Sun Guohui (孫國輝先生).....	32	Executive Director
Mr. Huang Da (黃達先生).....	27	Executive Director
Mr. Ke Shifeng (柯世鋒先生).....	44	Non-executive Director
Mr. Liu Shusong (劉樹松先生)	44	Independent non-executive Director
Mr. Wang Ruiyuan (王瑞元先生)	71	Independent non-executive Director
Mr. Wang Aiguo (王愛國先生)	44	Independent non-executive Director

Executive Directors

Mr. Wang Mingxing (王明星), aged 46, the co-founder of our Group, is the chairman, chief executive officer and our executive Director. Mr. Wang MX was appointed as our executive Director on 9 September 2009 and is also an executive director of Sanxing Grease, a director of Corn Industry and a director of Corn BVI. He is responsible for the overall strategic planning and management of our Group. Mr. Wang MX has extensive experience in the corn products industry, and has been engaged in the edible corn oil product business for over seven years. Mr. Wang MX, together with Mr. Wang MF and Mr. Wang ML, entered into the edible corn oil production business by establishing Sanxing Grease in 2001 after recognising the opportunity in edible corn oil market and considering the growth potential of edible corn oil business in the PRC.

Mr. Wang MX is the younger brother of Mr. Wang MF and the elder brother of Mr. Wang ML. Mr. Wang MX obtained a bachelor degree in Mechanical Engineering from 山東工業大學 (Shandong University of Technology) in 1985 and was qualified as a Chinese Career Manager in 2005 by Chinese Career Manager Coalition. Mr. Wang MX had received a number of awards during the recent years. Among others, he was awarded as 第五屆全國鄉鎮企業家 (The Fifth National Rural Entrepreneur) by the Ministry of Agriculture of the PRC in 2004. In 2006, Mr. Wang MX was awarded as 第四屆"山東省糧油企業家" (The Fourth Entrepreneur of Edible Oil in Shandong) by 山東省糧食行業協會 (The Grain and Food Association of Shandong Province). Mr. Wang MX was also elected by 中國食品安全年會組委會 (The China Food Safety Annual Conference) as the 2007 年度中國食品安全年會優秀管理企業家 (Outstanding Managing Entrepreneur of the China Food Safety Annual Conference in 2007). He was also admitted as a member of China Association for Quality Inspection in 2007.

Mr. Wang Mingfeng (王明峰), aged 51, the co-founder of our Group, was appointed as our executive Director on 23 November 2009. He is also a director of Corn Industry. Mr. Wang MF is responsible for the internal control system of our Group and leads an internal audit team of our Group. Mr. Wang MF has been engaged in the edible corn oil product business for over six years. Mr. Wang MF, together with Mr. Wang MX and Mr. Wang ML, entered into the edible corn oil production business by establishing Sanxing Grease in 2001 after recognising the opportunity in edible corn oil market and considering the growth potential of edible corn oil business in the PRC.

Mr. Wang MF is the elder brother of Mr. Wang MX and Mr. Wang ML. Mr. Wang MF obtained a bachelor degree in Business Administration from 河北廣播電視大學 (Hebei Radio & TV University) in 1983. Mr. Wang MF was awarded as 鄒平縣第八屆工商業聯合會副會長 (Vice President of The Eighth Industrial and Commercial Joint Association in Zhouping) by 中共鄒平縣委員會 Chinese Communist Zhouping Committee) in 2006. Mr. Wang MF was awarded as 濱州市"優秀企業經營管理人才" (The Outstanding Business Management Expert of Binzhou City) by 中共濱州市委 (Chinese Communist Binzhou City Committee) and the People's Government of Binzhou City (濱州市人民政府) in 2007. Mr. Wang MF also became 濱州市糧食行業協會第一屆理事會副會長 (The First Vice President of Binzhou Municipal Association of Grain Sector) in June 2007.

Mr. Wang Mingliang (王明亮), aged 38, the co-founder of our Group, was appointed as our executive Director on 23 November 2009. He is a director of Corn Industry. Mr. Wang ML is responsible for handling customer relationships. Mr. Wang ML has been engaged in the edible corn oil product business for over six years. Mr. Wang ML, together with Mr. Wang MX and Mr. Wang MF, entered into the edible corn oil production business by establishing Sanxing Grease in 2001 after recognising the opportunity in edible corn oil market and considering the growth potential of edible corn oil business in the PRC.

Mr. Wang ML is the younger brother of Mr. Wang MF and Mr. Wang MX. Ms. Huo is the spouse of Mr. Wang ML. Mr. Wang ML obtained a bachelor degree in Mechanical Engineering from 哈爾濱科學技術大學 (Harbin University of Science and Technology) in 1994 and was qualified as an Internal Inspector of Quality System in 2001 by 北京牛津-劍橋高級培訓中心 (Beijing Oxford and Cambridge Senior Training Center). Mr. Wang ML further completed the 清華大學領導商略總裁高級研修班(Tsinghua University Chief Executives' Leadership and Commercial Strategy Class) in 2006. Mr. Wang ML was awarded as 鄒平縣"十佳廠長" (The Top 10 Factory Manager of Zouping) by 中共鄒平縣委員會(Chinese Communist Zhouping County) and the People's Government of Zouping County (鄒平縣人民政府) in 2004.

Mr. Wang Fuchang (王福昌), aged 50, the chief financial officer of our Group, was appointed as our executive Director on 9 September 2009. He is also a director of Corn Industry. Mr. Wang FC joined us in 2005 as deputy general manager and is responsible for the finance management of our Group. He is experienced in banking system and finance management, and has 12 years of management experience in the food industry before joining Bank of China in 1993. Mr. Wang FC obtained a bachelor degree in Management Science from 山東大學 (Shandong University) in 1988. In 1997, Mr. Wang FC completed an accounting course at 山東經濟學院 (Shandong Economic University) and in 2003, he completed a law course at Shandong University. In 2006, he completed a course in relation to financial management at Peking University.

Mr. Sun Guohui (孫國輝), aged 32, the executive sales manager, was appointed as our executive Director on 23 November 2009. Mr. Sun worked at 鄒平汽車標準件廠 (Zhouping Vehcile Standard Parts Factory) from 1996 to 2000 and joined the Hainan office of such factory in 1999. Mr. Sun joined our Group in 2000. He is responsible for the sales and marketing of our products. Mr. Sun is familiar with the edible oil industry and is experienced in the sales and marketing affairs. Mr. Sun graduated from 山東省濱州農業學校 (Shandong Province Binzhou Agriculture Secondary School) in 1994. He further completed the 清華大學領導商略總裁高級研修班 (Tsinghua University Chief Executives' Leadership and Commercial Strategy Class) in 2006. In 2005 and 2006, Mr. Sun was awarded as an Outstanding Manager by Sanxing Group. He was awarded as 安全生產先進個人 (Safe Manufacturing Advanced Individual) by 中共鄒平縣委 (Chinese Communist Zhouping County) and the People's Government of Zouping County (鄒平縣人民政府) in 2006. He was awarded as 十佳青年 (The Top 10 Outstanding Youth) by 韓店鎮人民政府中共韓店鎮委員會 (Chinese Communist Handian City Committee of the People's Government of Handian City) in 2008.

Mr. Huang Da (黃達), aged 27, the secretary of our Board, was appointed as our executive Director on 23 November 2009. Mr. Huang joined our Group in 2008. Mr. Huang is responsible for corporate affairs and investor relations. Mr. Huang obtained a master degree in Western Economics from 復旦大學 (Fudan University) in 2008.

Non-executive Director

Mr. Ke Shifeng (柯世鋒), aged 44, was appointed as our non-executive Director on 23 November 2009. Mr. Ke has 12 years' experience in investment. He was employed by Martin Currie Investment Management Limited from 1997 to 2006 to provide research and investment management services to certain of its clients investing in the Greater China and Taiwan Markets. He also served as a director of Martin Currie Investment Management Limited from February 2004 to June 2006. Since 2006, Heartland Capital Management Ltd has seconded Mr. Ke to Martin Currie Investment Management Ltd and its affiliates, including Martin Currie Inc (collectively "**Martin Currie**"). Through this arrangement, Mr. Ke continues to provide research and investment management services to certain clients of Martin Currie, including the China Fund Inc., on a full time basis with the same roles and responsibilities as a full time employee. He obtained a Master of Business Administration degree from the University of Edinburgh in 1997. The appointment of Mr. Ke was not pursuant to any special rights granted to any of CDCP and/or GMIM. Mr. Ke was appointed to the Board based on his substantial experience set out above and his management skills, which we consider can enhance the overall management and strategic development of our Company.

Independent non-executive Directors

Mr. Liu Shusong (劉樹松) aged 44, was appointed as our independent non-executive Director on 23 November 2009. Mr. Liu obtained a master degree in Laws from 中國政法大學 (China University of Political Science and Law) in 2001. He was jointly accredited as "全市十佳律師" (The Top 10 Lawyer in the City) by 濱州市司法局 (Binzhou Judiciary) and 濱州市律師協會 (Binzhou Law Society) in 2004. In the same year, Mr. Liu was recognised as 中國民主同盟山東省優秀盟員 (Shandong Province Outstanding Member of China Democratic League). Mr. Liu was also awarded as 第七屆 "濱州十大傑出青年" (The Seventh "Top 10 Outstanding Youngsters in Binzhou") in August 2005. Mr. Liu was a committee member of 中國人民政治協商會議第九屆濱州市委員會 (The Nineth Binzhou City Chinese People's Political Consultative Conference Committee) in 2008.

Mr. Wang Ruiyuan (王瑞元), aged 71, was appointed as our independent non-executive Director on 23 November 2009. Mr. Wang is currently the vice president of Chinese Cereals and Oils Association. He obtained a bachelor degree in Food Engineering from 江南大學 Jiangnan University (former 無錫輕工業學院 (Wuxi Light Industry Institute)) in 1964. He is the chief editor of various publications in the area of oil and grease including 植物油料加工產業學 (Vegetable Oil Processing Industry) and 中國油脂工業發展史 (The History of Development in the Oil and Grease Industry in China) both published by 化學工業出版社 (Chemical Industry Press), and 食品藥品放心工程科普叢書－糧油食品 (Food and Medicine Confidence Project Science Popularisation Series – Food and

Oil) published by 國家食品藥品監督管理局 (State Food and Drug Administration) and 中國糧食行業協會 (China National Association of Grain Sector). Mr. Wang was awarded the 政府特殊津貼 (Government special subsidy) by 中華人民共和國國務院 (the State Council of the PRC) in 1996 in respect of his contribution in the engineering technology for the PRC.

Mr. Wang Aiguo (王愛國), aged 44, was appointed as our independent non-executive Director on 23 November 2009. Mr. Wang is currently the Dean of the School of Accounting of Shandong Economic University and a member of the council of the 中國會計學會 (Accounting Society of China). He obtained a doctorial degree in Management Science and Engineering from 天津大學 (Tianjin University) in 2006. Mr. Wang engages in researches in the area of accounting and auditing. His publications include 會計理論研究－構建中國特色的會計理論體系 (Accounting Theory Research – building up an accounting theory model with Chinese feature) published by 南海出版公司 (Nanhai Publishing Company) in 1995, 成本會計理論 (Cost Accounting Theory) published by 內蒙古大學出版社 (Inner Mongolia University Press) in 1999, and 高技術企業戰略管理模式的創新研究 (Innovative Research on the Strategic Management Mode of High-Technique Enterprise) published by 山東人民出版社 (Shandong People's Publishing House) in 2009. His research papers were also published in various finance and accounting journals. He is currently an independent director of Laiwu Steel Corporation, an A-share company listed on the Shanghai Stock Exchange, engaging in the manufacture and sale of cast iron, steel, steel materials, and steel bands.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as the Wang Brothers' interests in the Shares which are disclosed in the section headed "Persons having notifiable interests under the SFO" in this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Ms. An Xiuping (安秀萍), aged 35, is a director of Corn Industry and Corn Oil Luxembourg. Ms. An joined our Group in 1999 as the finance manager of Sanxing Grease. She is now a senior finance manager of our Group. Ms. An graduated from 山東濱州職業專修學院 (Shandong Binzhou Vocational Technical School) majoring in Computer Information Management in 2006.

Mr. Yang Chunfa (楊春發), aged 32, joined us in 2006 as the marketing manager. Mr. Yang was appointed the sales director of our Group since 2009. Mr. Yang obtained a bachelor degree in International Trade from 山東大學 (Shandong University) in 1999.

COMPANY SECRETARY

Ms. Chan Yuen Ying, Stella *ACIS, ACS, HKIoD*, aged 38, was appointed as the company secretary of the Company on 23 November 2009. Ms. Chan is an associate member of the Institute of Chartered Secretaries and Administrators and an associate member of the Hong Kong Institute of Chartered Secretaries. She is also a member of the Hong Kong Institute of Directors. Ms. Chan has over 15 years experience in handling listed company secretarial matters.

STAFF

We maintain good working relations with our staff. We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes.

Benefits

As required by the PRC regulations on social insurance, we participate in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

Compensation

The aggregate amounts of remuneration of our Directors for the three years ended 31 December 2008 and the six months ended 30 June 2009 were approximately RMB1,102,000, RMB2,453,000, RMB2,498,000 and RMB196,000 respectively. Details of the arrangement for remuneration are set out in Note 12 to the Accountants' Report in Appendix I to this prospectus. Under such arrangement and pursuant to the Directors' service agreements and letters of appointment referred to in the paragraph headed "Particulars of Directors' service agreements and letters of appointment" under the section headed "Statutory and General Information" as set out in Appendix VI to this prospectus, the aggregate amount of directors' fee and other emoluments payable to our Directors for the year ending 31 December 2009 is estimated to be approximately RMB2,501,000, excluding any discretionary bonuses.

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. Upon and after Listing, the remuneration package will be extended to include Directors' remuneration. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

After Listing, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules pursuant to a resolution of our Directors passed on 23 November 2009. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company. At present, our audit committee comprises Mr. Wang Aiguo, Mr. Liu Shusong and Mr. Wang Ruiyuan, all being independent non-executive Directors. Mr. Wang Aiguo is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 23 November 2009 with written terms of reference. The primary functions of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The remuneration committee comprises Mr. Wang MX, the chairman, chief executive officer and executive Director, and Mr. Wang Aiguo, Mr. Liu Shusong and Mr. Wang Ruiyuan all being independent non-executive Directors. Mr. Wang MX is the chairman of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 23 November 2009 with written terms of reference. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee comprises Mr. Wang MX, the chairman, chief executive officer and executive Director, and Mr. Wang Aiguo, Mr. Liu Shusong and Mr. Wang Ruiyuan, all being independent non-executive Directors. Mr. Wang MX is the chairman of the nomination committee.

COMPLIANCE ADVISER

We have appointed Taifook Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Public Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment shall commence on the Listing Date and end on the date of despatch of our annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operation and manufacturing facilities of our Group are located in Shandong Province, the PRC, the senior management team of our Group is and will continue to be based in the PRC. At present, none of the executive Directors are ordinarily residing in Hong Kong. Our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint two Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules.

Accordingly, we have applied to and obtained from the Stock Exchange a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain regular communication with the Stock Exchange, we have put in place measures which are set out in the section headed "Waivers from Strict Compliance with the Listing Rules" in this prospectus.

DISCLOSURE OF INTEREST UNDER THE SFO

(i) Interests and/or short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations following the Share Offer

Immediately following completion of the Share Offer (but taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme and exercise of the Over-allotment Option), the interests and/or short positions of our Directors and chief executive in our Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Our Company

(a) Interests in Shares

Long positions in the Shares of our Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Wang MX . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Mr. Wang MF . . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Mr. Wang ML . . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%

Note:

(1) The Wang Brothers are taken to be interested in the 325,000,000 Shares held by Corn Oil Luxembourg, which is owned as to approximately 82.733% by Sanxing Trade, which in turn is owned as to 100% by Sanxing Grease, which in turn is owned as to 33.4% by Mr. Wang MX, 16.5% by Mr. Wang MF, 16.5% by Ms. Huo and 33.6% by Shandong Sanxing, which in turn is owned as to 20.4% by Mr. Wang MF, 20% by Mr. Wang MX, 20% by Mr. Wang ML, 4.4% by Mr. Sun Guohui and 35.2% by eight individuals who are past or present employees of Sanxing Group.

Associated Corporations

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of shareholding in the company
Mr. Wang MX . .	Sanxing Grease	Beneficial owner	33.4%
	Sanxing Trade	Interest of a controlled corporation	33.4%
	Corn Oil Luxembourg *(Note 1)*	Interest of a controlled corporation	33.4%
Mr. Wang MF . .	Sanxing Grease	Beneficial owner	16.5%
	Sanxing Trade	Interest of a controlled corporation	16.5%
	Corn Oil Luxembourg *(Note 1)*	Interest of a controlled corporation	16.5%
Mr. Wang ML . .	Sanxing Grease	Interest of a spouse *(Note 2)*	16.5%
	Sanxing Trade	Interest of a spouse *(Note 2)*	16.5%
	Corn Oil Luxembourg *(Note 1)*	Interest of a spouse *(Note 2)*	16.5%

Notes:

(1) As at the Latest Practicable Date, it is the intention of the majority shareholders of Corn Oil Luxembourg to voluntarily liquidate Corn Oil Luxembourg. Please refer to the section headed "History and Corporate Development" in this prospectus for details.

(2) Ms. Huo owns 16.5% equity interest in Sanxing Grease, which holds 100% equity interest in Sanxing Trade, which in turn holds approximately 82.733% interest in Corn Oil Luxembourg. Ms. Huo is the spouse of Mr. Wang ML, Mr. Wang ML is therefore taken to be interested in 16.5% equity interest in Sanxing Grease.

(ii) Interests and/or short positions of the Substantial Shareholders in the Shares and underlying Shares which are discloseable under Division 2 and 3 of Part XV of the SFO

Immediately following completion of the Share Offer (but taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme and exercise of the Over-allotment Option), so far as the Directors are aware, the following persons (not being a Director or a chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Interests and short positions in the Shares and underlying Shares of the Company

Name of Substantial Shareholders	Nature of interest	Total number of Shares or underlying Shares	Approximate percentage or attributable percentage of shareholding
Corn Oil Luxembourg . .	Beneficial owner *(Note 1)*	325,000,000 Shares (L)	65%
Sanxing Trade	Interest of a controlled corporation *(Note 1)*	325,000,000 Shares (L)	65%
Sanxing Grease	Interest of a controlled corporation *(Note 1)*	325,000,000 Shares (L)	65%
Shandong Sanxing	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Ms. Huo	Interest of a spouse *(Note 2)*	325,000,000 Shares (L)	65%

Note:

(1) Corn Oil Luxembourg is the registered owner of 325,000,000 Shares upon completion of the Share Offer. Corn Oil Luxembourg is owned as to approximately 82.733% by Sanxing Trade, which in turn is owned as to 100% by Sanxing Grease, which in turn is owned as to 33.6% by Shandong Sanxing. Upon the winding up of Corn Oil Luxembourg, it is intended that all the issued shares in the Company held by Corn Oil Luxembourg will be distributed by way of transfer to the then existing shareholders of Corn Oil Luxembourg on a pro-rata basis. Please refer to the section headed "History and Corporate Development" in this prospectus for details.

(2) Ms. Huo owns 16.5% equity interest in Sanxing Grease, which holds 100% equity interest in Sanxing Trade, which in turn holds approximately 82.733% interest in Corn Oil Luxembourg. Ms. Huo is the spouse of Mr. Wang ML, our executive Director and is taken to be interested in 65% interest in the Company.

UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE LISTING RULES

(i) Restrictions on Disposal of Shares

1. Sanxing Grease, Shandong Sanxing, Wang MX, Wang MF, Wang ML and Ms. Huo, being the controlling shareholders (as defined in the Listing Rules) of the Company have jointly and severally, and Sanxing Trade has individually undertaken to the Stock Exchange, the Company, Taifook Capital and Taifook Securities (for itself and on behalf of the Underwriters) that:

   (a) they shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, or the Stock Borrowing Agreement, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of those securities of the Company in respect of which they are shown by this prospectus to be the beneficial owners (the "**Relevant Securities**"), in the period commencing on the date by reference to which disclosure of their shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the securities of the Company commence on the Stock Exchange (the "**First Six-Month Period**");

   (b) they shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be controlling shareholders (as defined in the Listing Rules) of the Company; and

   (c) within the period commencing on the date by reference to which disclosure of their shareholding is made in this prospectus and ending on the date which is twelve months from the date on which dealings in the securities of the Company commence on the Stock Exchange, they shall:

      i. when they pledge or charge any securities beneficially owned by them in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of the securities so pledged or charged; and

      ii. when they receive any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by Sanxing Grease, Shandong Sanxing, Wang MX, Wang MF, Wang ML, Ms. Huo or Sanxing Trade, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

2. Corn Oil Luxembourg, being a controlling shareholder (as defined in the Listing Rules) of the Company has undertaken to the Stock Exchange, the Company, Taifook Capital and Taifook Securities (for itself and on behalf of the Underwriters) that subject to paragraph 3 below:

   (a) it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, or the Stock Borrowing Agreement, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities, in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the First Six-Month Period;

   (b) it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, in the Second Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and

   (c) within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is twelve months from the date on which dealings in the securities of the Company commence on the Stock Exchange, it shall:

      i. when it pledges or charges any securities beneficially owned by it in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of the securities so pledged or charged; and

      ii. when it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

   We will also, as soon as we have been informed of the above matters (if any) by Corn Oil Luxembourg, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

3. As at the Latest Practicable Date, it is the intention of the majority shareholders of Corn Oil Luxembourg to apply for the voluntary winding up of Corn Oil Luxembourg. It is expected that the relevant procedures may be completed before the expiry of the Second Six-Month Period. Pursuant to and following such liquidation, all the issued shares in the Company (the "**Relevant Shares**") held by Corn Oil Luxembourg will be distributed by way of transfer to its then existing shareholders, namely, Sanxing Trade, CDCP, GMIM, NGPL and Other Investors of Corn Oil Luxembourg or their representative(s), trustee(s), nominee(s) or agent(s), as may be appropriate, on a pro-rata basis, such that Sanxing Trade, CDCP, GMIM, NGPL and Other Investors of Corn Oil Luxembourg or their representative(s), trustee(s), nominee(s) or agent(s), as may be appropriate, will directly hold the Relevant Shares (the "**Distribution**"). The Distribution shall not, for the purpose of the non-disposal undertakings given by Corn Oil Luxembourg, constitute a breach of the undertakings set forth in paragraph 2 above. Further, the Shares to be received by Sanxing Trade pursuant to the Distribution are also subject to the undertakings set out in paragraph 1 above.

4. CDCP, GMIM and NGPL, being Independent Third Parties as at the Latest Practicable Date, are not subject to any of the non-disposal undertaking in respect of securities of the Company.

(ii) Non-issue of Shares

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue within 6 months from the date on which the Shares first commence dealing on the Stock Exchange (whether or not such issue of Shares will be completed within 6 months from the commencement of dealing), except (1) in certain circumstances prescribed by Rule 10.08 of the Listing Rules, such as the issue of Shares pursuant to options that may be granted under the Share Option Scheme; and (2) pursuant to the Over-allotment Option.

The authorised and issued share capital of the Company is as follows:

		HK$
Authorised:		
9,000,000,000	Shares	900,000,000
Issued and to be issued, fully paid or credited as fully paid:		
325,000,000	Shares in issue	32,500,000
175,000,000	Shares to be issued under the Share Offer	17,500,000
Total issued share capital		
500,000,000	Shares	50,000,000

Assumptions

This table assumes the Share Offer has become unconditional and the issue of Shares pursuant thereto is made as described herein.

It takes no account of any Shares which may be allotted and issued under the Over-allotment Option or upon the exercise of options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares which may be issued under the Over-allotment Option or upon the exercise of any options which may be granted under the Share Option Scheme will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus.

Share Option Scheme

The Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix VI to this prospectus.

General mandate to issue Shares

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

i. 20% of the aggregate nominal value of our share capital in issue immediately following completion of the Share Offer including any Shares that may fall to be issued under the Over-allotment Option; and

ii. the aggregate nominal value of our share capital repurchased by the Company (if any) pursuant to the repurchase mandate (as referred to below).

The allotment and issue of Shares under a rights issue or pursuant to the exercise of any subscription rights, warrants which may be issued by the Company from time to time, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, or on the exercise of the Over-allotment Option or options granted under the Share Option Scheme do not generally require the approval of shareholders of the Company in general meeting and the aggregate nominal amount of Shares which our Directors are authorised to allot and issue pursuant to this mandate will not be reduced by the allotment and issue of such Shares.

This mandate will expire:

– the conclusion of our next annual general meeting;

– the expiration of the period within which our next general meeting is required by the Articles or any applicable laws to be hold; or

– the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraph headed "Written resolutions of our sole Shareholder passed on 23 November 2009" in the section headed "Further information about our Company" in Appendix VI to this prospectus.

General mandate to repurchase Shares

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of the our share capital in issue immediately following completion of the Share Offer, including Shares that may fall to be issued under the Over-allotment Option.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Repurchase by the Company of its own securities" in the section headed "Further information about the Company and its subsidiaries" in Appendix VI to this prospectus.

This mandate will expire:

– the conclusion of our next annual general meeting;

– the expiration of the period within which our next annual meeting is required by the Articles or any applicable laws to be held; or

– the date on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraph headed "Written resolutions of our sole Shareholder passed on 23 November 2009" in the section headed "Further information about our Company" in Appendix VI to this prospectus.

OVERVIEW

We are principally engaged in the manufacture of edible corn oil products for: (1) domestic or export bulk sales mainly to other companies engaging in the sale of edible corn oil under their own brands; and (2) domestic sales under our brand of 長壽花 (Longevity Flower) in the PRC consumer market. Edible corn oil under our brands are sold in the PRC through our wholesale distributors and retailers. As at 30 June 2009, we had a distribution network of approximately 55 wholesale distributors and approximately 33 retailers covering 20 provinces and/or administrative municipalities in the PRC.

CRITICAL ACCOUNTING POLICIES

Our Group's financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"). The preparation of the financial information in conformity with IFRSs requires our Group's management to adopt accounting policies and make estimates and assumptions that affect amounts reported to our Group's financial information. In applying these accounting policies, our Group's management makes subjective judgements that frequently require estimates about matters that are inherently uncertain. Accordingly, actual results could differ from those estimates. Basically the estimates and assumptions involve judgements based on the latest available information, reliable information and experience. The estimates and assumptions adopted by our Group are reliable and there have been no change in the estimates and assumptions over the Track Record Period. There is no evidence that the estimates and assumptions will be changed in the foreseeable future.

The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Merger accounting

The assets and liabilities of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The combined income statement includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Revenue recognition

Revenue is recognised to the extent when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, net of allowances for returns, trade discounts and value-added tax. The following specific recognition criteria must also be met before revenue is recognised:–

(i) Sale of goods – revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers, provided that our Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon dispatch of goods.

(ii) Interest income is recognised as interest accrues (using the effective interest method).

(iii) Dividend is recognised when the right to receive payment is established.

Cost of sales

Direct cost of production, which includes primarily raw materials costs, labour costs, electricity costs, depreciation expenses, tax and repair and maintenance expenses are recognised in inventories and then as cost of sales when the revenue from sale of goods is recognised.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold buildings	The shorter of the lease terms and 20 years
Plant and machinery	10 years
Office equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits from its use. Any gain or loss arising on derecognising of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement.

Construction in progress represents buildings under construction, and plant and machinery pending installation, is stated at cost less accumulated impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Track Record Period.

Impairment of non-financial assets

Property, plant and equipment is subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial assets

Our Group's accounting policies for financial assets other than investments in subsidiaries and cash and bank balances are set out below. Financial assets are classified into loans and receivables and financial assets at fair value through profit or loss.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, our Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each of the Track Record Period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement. Fair value is determined by reference to active market transactions or using a valuation

technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets.

Impairment of financial assets

At the end of each of the Track Record Period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of our Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs. In relation to trade and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that our Group will not be able to collect all of the

amounts due under the original terms of the invoice. Except for trade and notes receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. Impaired debts are derecognised when they are assessed as uncollectible. Impairment losses in respect of trade and notes receivables are recorded using an allowance account unless our Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, comprise direct materials, direct labour and an appropriate portion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the end of each of the Track Record Period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the end of each of the Track Record Period between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where our Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each of the Track Record Period.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

Financial liabilities

Our Group's financial liabilities include trade payables, accrued liabilities, other payables, interest-bearing bank and other borrowings and amounts due to related parties.

Financial liabilities are recognised when our Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless our Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade payables, accrued liabilities, other payables and amounts due to related parties are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the combined financial information of our Group included in the Accountants' Report and notes thereto set out in Appendix I to this prospectus. The combined financial information had been prepared in accordance with International Financial Reporting Standards.

Combined Income Statements

Set out below is a summary of the audited combined results of our Group for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 and the unaudited combined results of our Group for the six months ended 30 June 2008.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Revenue	481,142	694,337	934,004	513,106	512,901
Cost of sales	(419,374)	(624,948)	(834,167)	(443,854)	(448,313)
Gross profit	**61,768**	**69,389**	**99,837**	**69,252**	**64,588**
Other income	13,632	13,818	15,642	8,391	6,076
Selling and distribution expenses	(15,266)	(11,792)	(12,448)	(6,228)	(4,751)
Administrative expenses	(6,918)	(6,621)	(9,918)	(4,414)	(3,583)
Other operating expenses	(409)	(327)	(193)	(157)	(100)
Profit from operations	**52,807**	**64,467**	**92,920**	**66,844**	**62,230**
Finance costs	(5,390)	(2,596)	(1,550)	(163)	(928)
Profit before income tax	**47,417**	**61,871**	**91,370**	**66,681**	**61,302**
Income tax expense	(16,393)	(876)	–	–	(7,663)
Profit for the year/period	**31,024**	**60,995**	**91,370**	**66,681**	**53,639**

Revenue and gross profit/(loss)

The following table sets forth the breakdown of our revenue and gross profit/(loss) margin by product categories for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 *(unaudited)*	%	RMB'000	%
Revenue										
Corn oil										
– Non-branded corn oil	369,260	76.7%	426,753	61.5%	644,837	69.0%	359,691	70.1%	373,568	72.8%
– Corn oil under our brands	22,618	4.7%	62,971	9.0%	114,757	12.3%	57,486	11.2%	63,889	12.5%
Corn meal	63,788	13.3%	90,162	13.0%	138,493	14.8%	71,616	14.0%	59,360	11.6%
Other oil	25,476	5.3%	114,451	16.5%	35,917	3.9%	24,313	4.7%	16,084	3.1%
	481,142	100.0%	694,337	100.0%	934,004	100.0%	513,106	100.0%	512,901	100.0%
Gross profit/(loss)										
Corn oil										
– Non-branded corn oil	59,357	96.10%	59,545	85.8%	79,859	80.0%	59,811	86.4%	52,585	81.4%
– Corn oil under our brands	6,200	10.0%	10,315	14.9%	19,468	19.5%	9,351	13.5%	10,188	15.8%
Corn meal	(7,546)	(12.2%)	(14,594)	(21.0%)	(511)	(0.5%)	(2,486)	(3.6%)	62	0.1%
Other oil	3,757	6.1%	14,123	20.3%	1,021	1.0%	2,576	3.7%	1,753	2.7%
	61,768	100.0%	69,389	100.0%	99,837	100.0%	69,252	100.0%	64,588	100.0%
Gross profit/(loss) ratio										
Corn oil										
– Non-branded corn oil	16.1%		14.0%		12.4%		16.6%		14.1%	
– Corn oil under our brands *(Note)*	27.4%		16.4%		17.0%		16.3%		15.9%	
Corn meal	(11.8%)		(16.2%)		(0.4%)		(3.5%)		0.1%	
Other oil *(Note)*	14.7%		12.3%		2.8%		10.6%		10.9%	
Overall	12.8%		10.0%		10.7%		13.5%		12.6%	

Note: As mentioned in the paragraph headed "Sales arrangement with Sanxing Grease" under the "Business" section in this prospectus, some of our Group's sales of edible oil products under our brands for the two years ended 31 December 2008 and the six months ended 30 June 2009 were made via the sales arrangement (the "**Previous Sales Arrangement**") with Sanxing Grease, the predecessor of Corn Industry with amount of approximately RMB58.6 million, RMB131.7 million and RMB49.0 million respectively. Details of the Previous Sales Arrangement are set out in the paragraph headed "Sales arrangement with Sanxing Grease" under the "Business" section of this prospectus. Under the Previous Sales Arrangement, the prices charged by Corn Industry to Sanxing Grease were based on the on-sale prices charged by Sanxing Grease, as adjusted downward for the expenses ("**Sales Expenses**") paid by Sanxing Grease in relation to its performance of the Previous Sales Arrangement. As such, the gross profit margin of the Group as recorded during the Track Record Period was lower than the actual figures if the Sales Expenses were directly borne by Corn Industry and were not deducted in the prices charged by Corn Industry.

As mentioned in the paragraph headed "Non-exempt Continuing Connected Transactions" under the "Connected Transactions" section in this prospectus, Corn Industry and Sanxing Grease has enter into the sales agreement (the "**Sales Agreement**") dated 16 November 2009 to formalise the sales arrangement after Listing, pursuant to which the price payable by Sanxing Grease for the sales of edible oil products under our brands shall be the same as the on-sale price charged by Sanxing Grease, whereas the Sales Expenses would be reimbursed by Corn Industry on an actual incurred basis instead of being adjusted in the selling price charged by Corn Industry to Sanxing Grease. As such, the Directors consider that the aforesaid new arrangement after Listing is expected to result in a higher gross profit margin of edible oil products under our brands but a higher selling and marketing expenses of our Group after Listing as compared with the gross profit margin of edible oil products under our brands and the selling and marketing expenses of our Group under the Previous Sales Arrangement. After the expiration of the Sales Agreement on 30 June 2010, all of the Group's sales of edible oil products under our brands will be carried out directly by Corn Industry without the involvement of Sanxing Grease.

The following table sets forth the breakdown of our revenue by geographical location for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Local:										
– PRC	245,338	51.0	578,398	83.3	652,294	69.8	314,579	61.3	506,632	98.8
Export:										
– Middle East	205,790	42.8	79,307	11.4	221,083	23.7	143,244	27.9	1,325	0.2
– Korea	13,888	2.9	10,772	1.6	11,782	1.3	11,782	2.3	–	0.0
– Singapore, Malaysia and the Philippines	16,126	3.3	25,860	3.7	48,845	5.2	43,501	8.5	4,944	1.0
	235,804	49.0	115,939	16.7	281,710	30.2	198,527	38.7	6,269	1.2
	481,142	100.0	694,337	100.0	934,004	100.0	513,106	100.0	512,901	100.0

Cost of Sales

Our cost of sales includes costs of raw materials, labour and manufacturing overhead. Labour costs include wages and other compensation paid to production workers. Manufacturing overhead includes freight costs, depreciation and utilities expenses.

The following table sets forth the components of our cost of sales for the periods indicated:

	Year ended 31 December			Six months ended
	2006	2007	2008	30 June 2009
Cost of Sales	RMB'000	RMB'000	RMB'000	RMB'000
Corn embryo	162,286	264,752	343,497	172,327
Crude oil	198,911	297,058	391,096	240,685
Others	2,693	8,049	11,378	4,027
	363,890	569,859	745,971	417,039
Direct labour cost	3,857	4,288	5,407	2,780
Manufacturing overhead	51,627	50,801	82,789	28,494
Total	419,374	624,948	834,167	448,313

We experienced significant increase in cost of sales primarily as a result of increased sales and production volume during the Track Record Period. The costs of raw materials constituted the largest component of total cost of sales and accounted for approximately 86.8%, 91.2%, 89.4% and 93.0% of the total costs of sales for the three years ended 31 December 2008 and the six months ended 30 June 2009, respectively.

Fluctuation of the average purchase prices of our raw materials

The following table shows the fluctuations of the average purchase prices of our main raw materials during the Track Record Period:

	Percentage increase/(decrease)			
	Year ended 31 December			Six months ended 30 June 2009
	2006	2007	2008	*(Note)*
Corn embryo	4.3%	41.9%	16.9%	(27.5)%
Crude corn oil	(1.9)%	67.3%	30.8%	(42.4)%

Note: The percentage decrease for the six months ended 30 June 2009 is calculated using the average purchase prices of raw materials for the year ended 31 December 2008 and the six months ended 30 June 2009 respectively.

The fluctuation in our average purchase prices of corn embryo and crude corn oil mainly depends on the fluctuation in the market prices of edible corn oil products which are produced from corn embryo or crude corn oil. Save for the year ended 31 December 2006 for corn embryo, our Directors consider that the fluctuation of our average purchase prices of corn embryo and crude corn oil as shown above during the Track Record Period is generally in line with the price fluctuation of our average selling prices of our non-branded corn oil products and branded corn oil products. Our average purchase prices of corn embryo for the year ended 31 December 2006 increased by approximately 4.3% when compared to 2005, whereas our average selling prices of non-branded corn oil products decreased by approximately 4.7% for the same period. As advised by our Directors, this is mainly due to the fact that there was limited supply of edible corn oil products in PRC in 2005 which led to the higher market selling prices of edible corn oil products in 2005 when compared to 2006. In 2006, more market participants entered the corn oil production industry which resulted in increased industry competition. This increased industry competition in 2006 in turn resulted in (i) the lower average market selling prices of edible corn oil products when compared to 2005 due to more abundant supply of edible corn oil products in the market; and (ii) the increase in the average purchase prices of corn embryo due to the increase in demand for corn embryo, being the major raw materials for corn oil production.

Apart from the market prices of edible corn oil products, being the major factor affecting our average purchase prices of corn embryo and crude corn oil, other less significant factors include:

- the fluctuation in the price of corn;
- government policies regarding the usage of corn which have an impact on the supply of corn embryo; and
- the general economy in the PRC and in the world.

We do not engage in any hedging transactions to protect us against price fluctuations as our Directors consider that the fluctuations in the costs of our raw materials are generally in line with fluctuations in the selling prices of our corn oil products.

In recent years, we experienced price fluctuations for our raw materials of corn embryo and crude corn oil due to the above factors. Nevertheless, we were able to partially offset the impact of price increases of raw materials by correspondingly increasing the selling price of our corn oil products. The major raw materials we use are readily available in the market and as we were the largest edible corn oil manufacturer in the PRC during 2006 to 2008 in terms of production volume according to CCOA (Oil & Fats Division), and accordingly, we have bargaining power over our suppliers to obtain better purchase prices for our raw materials.

Fluctuations of the average selling prices of our corn oil products

The following table shows the fluctuations of the average selling prices of our corn oil products during the Track Record Period:

	Year ended 31 December			Six months ended 30
	2006	2007	2008	June 2009
Quantities sold (tonnes)				
Non-branded corn oil	68,616	55,707	64,965	57,227
Branded corn oil	2,625	6,101	9,803	8,565
Average selling price (RMB/tonne)				
Non-branded corn oil	5,382	7,661	9,926	6,528
Branded corn oil	8,616	10,322	11,707	7,460
Percentage (decrease)/increase of average selling price				
Non-branded corn oil	(4.7)%	42.3%	29.6%	(34.2)% *(Note 2)*
Branded corn oil	N/A *(Note 1)*	19.8%	13.4%	(36.3)% *(Note 2)*

Notes:

1. Our sales of branded corn oil products commenced during 2006.

2. The percentage decrease for the six months ended 30 June 2009 is calculated using the average selling prices of our corn oil products for the year ended 31 December 2008 and for the six months ended 30 June 2009 respectively.

The fluctuation in our corn oil products mainly depends on the fluctuation in the future price of soybean oil which as a general market practice, is used as reference for determining the selling prices of our non-branded corn oil products. The following tables show the fluctuations of the monthly average future price of soybean oil as quoted by Dalian Commodity Exchange and Chicago Board of Trade extracted from Bloomberg during the Track Record Period:

Monthly average future price of soybean oil as quoted by Dalian Commodity Exchange

	2006	2007	2008	Six months ended 30 June 2009
Monthly average future price of soybean oil (RMB/tonne)	5,539	8,366	9,848	6,653
Percentage increase/(decrease) in monthly average future price of soybean oil	N/A *(Note)*	51.0%	17.7%	(32.5)%

Source: Dalian Commodity Exchange

Note: Data for the future prices of soybean oil from Dalian Commodity Exchange is only available since 1 January 2006. As such, quotes from Chicago Board of Trade is also provided below for more information.

Monthly average future price of soybean oil as quoted by Chicago Board of Trade

	2006	2007	2008	Six months ended 30 June 2009
Monthly average future price of soybean oil (USD/tonne)	564.4	824.5	1,126.6	762.8
Percentage increase/(decrease) in monthly average future price of soybean oil	13.4%	46.1%	36.6%	(32.3)%

Source: Bloomberg

Save for the year ended 31 December 2006 for non-branded corn oil products, our Directors consider that the fluctuation of our average selling price of non-branded corn oil products as shown above during the Track Record Period is generally in line with the price fluctuation of the future price of soybean oil.

Our average selling price of non-branded corn oil products for the year ended 31 December 2006 decreased by approximately 4.7% when compared to 2005, whereas the future price of soybean oil as quoted by Chicago Board of Trade increased by approximately 13.4% for the same period mainly because of the lower average market selling prices of edible corn oil products in 2006 for the reason as set out in the paragraph headed "Fluctuation of the average purchase prices of our raw materials" above.

The price fluctuation of our branded corn oil products as compared to the price fluctuation of our non-branded corn oil products was less volatile during the Track Record Period. This is because the selling price of our branded corn oil products could not be adjusted as frequent as the selling price of our non-branded corn oil products that were determined for each sales order by referencing to the market price of soybean oil during the Track Record Period. Accordingly, the selling prices of our branded corn oil products were more stable. In 2009, we have adjusted the selling prices of our branded corn oil products significantly downwards mainly due to the weak economy and consumer demand as a result of the financial crisis in late 2008.

For the year ended 31 December 2006

For the year ended 31 December 2006, our Group recorded revenue of approximately RMB481.1 million, of which the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil amounted to approximately RMB369.3 million, RMB22.6 million, RMB63.8 million and RMB25.4 million respectively and accounted for approximately 76.7%, 4.7%, 13.3% and 5.3% respectively of our Group's total revenue for that year. Sales of corn oil under our brand were all made in the PRC whilst the sales of our other products were made both in the PRC and overseas. Revenue generated from the PRC, Middle East and other overseas countries accounted for approximately 51.0%, 42.8% and 6.2% of our Group's total revenue for the year ended 31 December 2006.

The gross profit for the year was approximately RMB61.8 million with gross profit margin of approximately 12.8%, of which the gross profit/(loss) margin for the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil were approximately 16.1%, 27.4%, (11.8%) and 14.7% respectively. Corn meal was a by-product of our production process and was generally sold to animal feed producers at cost. For the year ended 31 December 2006, some corn meals were sold by our Group at below cost to save storage space due to insufficient warehouse capacity which resulted in gross loss for the sale of corn meals. Our Group achieved profit before income tax of approximately RMB47.4 million and net profit of approximately RMB31.0 million for the year ended 31 December 2006, representing margins of approximately 9.9% and approximately 6.4% respectively.

Other income of approximately RMB13.6 million comprised mainly sales of scrap materials of approximately RMB9.5 million, interest income of approximately RMB0.9 million, gain on disposal of investments of approximately RMB1.4 million and compensation income from creditors of approximately RMB0.4 million which represented our Group's claims to suppliers as a result of late delivery of goods.

Selling and distribution expenses of approximately RMB15.3 million comprised mainly carriage and transportation charges of approximately RMB9.0 million, commissions and agency fees paid to overseas agents of approximately RMB2.7 million, marketing and promotion expenses of approximately RMB1.3 million and staff cost for sales staff of approximately RMB1.2 million.

Administrative expenses of approximately RMB6.9 million comprised mainly staff costs for administrative staff of approximately RMB1.2 million, exchange loss for export sales denominated in US dollars of approximately RMB1.7 million, other office expenses of approximately RMB2.1 million, travelling and entertainment expenses of approximately RMB1.1 million and utilities expenses of approximately RMB0.2 million. Finance costs of approximately RMB5.4 million arose from interest charged on bank and other borrowings repayable within five years.

As at 31 December 2006, our Group's gearing ratio (being total interest-bearing bank loans divided by total assets) was approximately 0.45.

For the year ended 31 December 2007

For the year ended 31 December 2007, our Group recorded revenue of approximately RMB694.3 million, representing a growth of approximately 44.3% over the revenue of approximately RMB481.1 million in 2006. For the year ended 31 December 2007, the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil amounted to approximately RMB426.8 million, RMB63.0 million, RMB90.1 million and RMB114.4 million respectively and accounted for approximately 61.5%, 9.0%, 13.0% and 16.5% respectively of our Group's total revenue for that year. Sales of corn oil under our brand were all made in the PRC whilst the sales of our other products were made both in the PRC and overseas. Revenue generated from the PRC, Middle East and other overseas countries accounted for approximately 83.3%, 11.4% and 5.3% of our Group's total revenue for the year ended 31 December 2007. As mentioned under the paragraph headed "Export sales via Sanxing International" in the section headed "Business" in this prospectus, certain of our Group's export sales in 2007 was made via Sanxing International by selling goods to Sanxing International for it to on-sell to overseas customers at prices that were the same as its purchase prices from Corn Industry. Taking into account our Group's sales to Sanxing International of approximately RMB93.5 million in 2007 which was classified as local sales in our Group's financial statements, our Group's export sales to overseas customers amounted to approximately RMB209.5 million in 2007, representing a drop of approximately 11.2% over the export sales amount of approximately RMB235.8 million in 2006. The drop was mainly because certain overseas customers decreased their purchases from Corn Industry as they were still unfamiliar

with Corn Industry by that time after Sanxing Grease transferred the business in relation to edible oil manufacturing and sales operation to Corn Industry. The overall increase in revenue in 2007 was contributed by:

- the increase in the bulk sales amount of non-branded corn oil by approximately RMB57.5 million that was mainly due to the increase in the average selling price for bulk sales of non-branded corn oil by approximately 42.3% from 2006 to 2007, which was partly offset by the drop in sales volume by approximately 18.8% in 2007 as compared to 2006;

- the increase in the sales amount of corn oil under our brand by approximately RMB40.4 million that was mainly due to the continuous growth of our Group's branded corn oil segment since our Group launched the brand 長壽花 (Longevity Flower) to the market in July 2006 with the average selling price and the sales volume in 2007 increased by approximately 19.8% and 132.4% respectively as compared to 2006;

- the increase in the sales of corn meal by approximately RMB26.3 million that was mainly due to the increase in the average selling price and sales volume by approximately 16.3% and 21.5% respectively in 2007 as compared to 2006; and

- the increase in the sales amount of other oil by approximately RMB89.0 million, mainly contributed by the sales of significant amounts of sunflower seed oil, soybean oil and cottonseed oil of approximately RMB100.8 million in 2007 (2006: RMB25.5 million) which were actively launched by our Group to the market during the year. The launch of these other oils by our Group in 2007 was mainly due to our Group's intention to explore new product markets other than corn oil and the surplus capacity for the processing of oil products other than corn oil in 2007.

The gross profit for the year was approximately RMB69.4 million with gross profit margin of approximately 10.0%, of which the gross profit/(loss) margin for the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil were approximately 14.0%, 16.4%, (16.2%) and 12.3% respectively. The decrease in gross profit margin from approximately 12.8% in 2006 to approximately 10.0% in 2007 was mainly due to:

- the drop in gross profit margin for the bulk sales of non-branded corn oil from approximately 16.1% in 2006 to approximately 14.0% in 2007 mainly because (i) the increase in the average unit cost of sales of non-branded corn oil by approximately 46.0% from 2006 to 2007, compared to the increase in the average selling price for bulk sales of non-branded corn oil by approximately 42.3% from 2006 to 2007; and (ii) the drop in export sales (taking into account our Group's sales via Sanxing International) as export sales in general had a higher gross profit margin than sales to domestic customers before the cancellation of the export sales value-added-tax refund policy in June 2008;

- the drop in gross profit margin for the sale of corn oil under our brand from approximately 27.4% in 2006 to approximately 16.4% in 2007 mainly because the rise in raw materials cost in 2007 was not fully passed through to our customers by a corresponding increment in the selling price of corn oil under our brand. The raw materials cost had been rising in 2007 and the average unit cost of sales of corn oil under our brand increased by approximately 38.0% from 2006 to 2007 whereas the average selling price of corn oil under our brand only increased by approximately 19.8% for the same period. This was mainly because the market selling price of corn oil under our brand could not be adjusted to closely follow the rise in raw materials cost due to the market competition with other brands. In addition, the sales arrangement as mentioned in the paragraph headed "Sales arrangement with Sanxing Grease" under the "Business" section in this prospectus which started in 2007 had affected the gross profit margin of corn oil under our brand, details of which are set out in the note under the paragraph headed "Revenue and gross profit/(loss)" under the "Financial Information" section in this prospectus; and

- the increase in gross loss margin for the sale of corn meal from approximately 11.8% in 2006 to approximately 16.2% in 2007 mainly due to the fact that many corn meals were sold at deeper gross loss margin to animal feed producers during 2007 compared to 2006 by our Group to save storage space due to insufficient warehouse capacity. The average unit costs of sales of corn meal increased by approximately 20.8% from 2006 to 2007, whilst the average selling price of corn meal increased by approximately 16.3% for the same period.

Our Group achieved profit before tax of approximately RMB61.9 million for the year ended 31 December 2007, representing a growth of approximately 30.5% over the profit before tax of approximately RMB47.4 million for the year ended 31 December 2006 mainly due to the increase in revenue as well as the decrease in selling and distribution expenses and the decrease in finance costs. The profit before tax margin of our Group in 2007 was approximately 8.9% compared to approximately 9.9% in 2006. Our Group achieved net profit of approximately RMB61.0 million for the year ended 31 December 2007, representing a growth of approximately 96.6% over the net profit of approximately RMB31.0 million for the year ended 31 December 2006 due to the aforesaid increase in profit before tax and the reduction of income tax expense as Corn Industry was entitled to exemption of enterprise income tax for two years starting from the year ended 31 December 2007 after being approved as a foreign invested enterprise. The net profit margin of our Group in 2007 was increased to approximately 8.8% as compared to approximately 6.4% in 2006 mainly due to the tax reduction.

Other income of approximately RMB13.8 million comprised mainly sales of scrap materials of approximately RMB13.2 million, interest income of approximately RMB0.3 million and compensation income from creditors of approximately RMB0.1 million which represented our Group's claims to suppliers as a result of late delivery of goods.

Selling and distribution expenses of approximately RMB11.8 million comprised mainly carriage and transportation charges of approximately RMB8.9 million (2006: RMB9.0 million), commission and agency fees paid to overseas agents of approximately RMB1.0 million (2006: RMB2.7 million), marketing and promotion expenses of approximately RMB0.5 million (2006: RMB1.3 million) and staff cost to sales staff of approximately RMB1.0 million (2006: RMB1.2 million). The decrease in selling and distribution expenses from approximately RMB15.3 million in 2006 to approximately RMB11.8 million in 2007 was mainly due to the decrease of approximately RMB1.7 million for commission and agency fees paid to overseas agents. The decrease in marketing and promotion expenses of approximately RMB0.8 million was mainly because Sanxing Grease was responsible for paying certain marketing and promotion expenses ("**Sales Arrangement Expenses**") in relation to its performance of the sales arrangement between Corn Industry and Sanxing Grease and such expenses were reimbursed by Corn Industry by means of deducting the sales amount payable by Sanxing Grease to Corn Industry, details of which are set out in the paragraph headed "Sales arrangement with Sanxing Grease" under the section headed "Business" in this prospectus.

Administrative expenses of approximately RMB6.6 million comprised mainly staff costs for administrative staff of approximately RMB1.4 million and exchange loss for export sales denominated in US dollars of approximately RMB1.5 million, other office expenses of approximately RMB1.8 million, travelling and entertainment expenses of approximately RMB0.8 million and utilities expenses of approximately RMB0.3 million. Finance costs of approximately RMB2.6 million arose mainly from interest charged on bank and other borrowings repayable within five years.

As at 31 December 2007, our Group's gearing ratio (being total interest-bearing bank loans divided by total assets) was nil.

For the year ended 31 December 2008

For the year ended 31 December 2008, our Group recorded revenue of approximately RMB934.0 million, representing a growth of approximately 34.5% over the revenue of approximately RMB694.3 million in 2007. For the year ended 31 December 2008, the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil amounted to approximately RMB644.8 million, RMB114.8 million, RMB138.5 million and RMB35.9 million respectively and accounted for approximately 69.0%, 12.3%, 14.8% and 3.9% respectively of our Group's total revenue for that year. Sales of corn oil under our brand were all made in the PRC whilst the sales of our other products were made both in the PRC and overseas. Revenue generated from the PRC, Middle East and other overseas countries accounted for approximately 69.8%, 23.7% and 6.5% of our Group's total revenue for the year ended 31 December 2008. Taking into account our Group's sales to Sanxing International of approximately RMB80.0 million in 2008, our Group's export sales to overseas customers amounted to approximately RMB361.7 million for the year ended 31 December 2008 (2007: RMB209.5 million). The increase was due to substantial amount of export sales made by our Group in the first half of 2008 to enjoy the

export sales value-added-tax refund policy before its cancellation in June 2008. The overall increase in revenue in 2008 was the net result of:

- the increase in the bulk sales amount of non-branded corn oil by approximately RMB218.1 million mainly due to the increase in the average selling price and the sales volume for bulk sales of non-branded corn oil in 2008 by approximately 29.6% and 16.6% respectively due to the overall growth of the corn oil market as compared to 2007;

- the increase in the sales amount of corn oil under our brand by approximately RMB51.8 million mainly due to the continuous growth of our Group's branded corn oil segment as a result of our Group's marketing effort and the expansion of distribution and retailing network. The average selling price and the sales volume in 2008 increased by approximately 13.4% and 60.7% respectively as compared to 2007;

- the increase in the sales of corn meal by approximately RMB48.3 million which was mainly due to the increase in average selling price and sales volume of corn meal by approximately 29.6% and 18.6% respectively in 2008 as compared to 2007; and

- the decrease in the sales amount of other oil by approximately RMB78.5 million that was mainly due to the sales of soybean oil, refined sunflower seed oil and refined cottonseed oil decreased significantly from approximately RMB100.8 million in 2007 to approximately RMB28.7 million during 2008. In 2007, our Group actively launched these other oil products to the market with a view to exploring new product markets other than corn oil. However, as market response for these other oil products of our Group was not as good as expected and after considering the lower gross profit margin of these other oil products compared to corn oil in 2007, our Group decided to focus on the production and sales of corn oil in 2008.

The gross profit for the year was approximately RMB99.8 million with gross profit margin of approximately 10.7%, of which the gross profit/(loss) margin for the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil were approximately 12.4%, 17.0%, (0.4%) and 2.8% respectively. The fluctuations in gross profit/(loss) margin of different product segments of our Group were due to:

- the drop in gross profit margin for the bulk sales of non-branded corn oil from approximately 14.0% in 2007 to approximately 12.4% in 2008 was mainly due to the significant drop in export sales in the second half of 2008 (taking into account our Group's sales via Sanxing International) after the cancellation of the export sales value-added-tax refund policy in June 2008. The increased proportion of domestic sales with generally lower profit margin and the lower selling price chargeable by our Group to overseas customers together caused the gross profit margin for bulk sales of non-branded corn oil to drop significantly in the second half of 2008 and drop slightly for the whole 2008 after netting off the effect of the higher profit margin in the first half of 2008;

- the slight increase in gross profit margin for the sale of corn oil under our brand from approximately 16.4% in 2007 to approximately 17.0% in 2008. The raw materials cost had been rising in line with the selling price of corn oil during 2008 and the average unit cost of sales of corn oil under our brand increased by approximately 12.6% from 2007 to 2008 whereas the average selling price of corn oil under our brand increased by approximately 13.4% for the same period;

- the decrease in gross loss margin for the sale of corn meal from approximately 16.2% in 2007 to approximately 0.4% in 2008 mainly due to the fact that only a small amount of corn meal were sold by our Group below cost due to the expansion of storage capacity of our Group in mid-2008 and the majority of corn meal were sold at cost in 2008; and

- the decrease in gross profit margin for the sale of other oil from approximately 12.3% in 2007 to approximately 2.8% in 2008 mainly due to the inclusion in the cost of sales of other oil a write-down of inventories of other oil of approximately RMB3.4 million due to the significant decrease in the market price of other oils.

Our Group achieved profit before tax of approximately RMB91.4 million for the year ended 31 December 2008, representing a growth of approximately 47.7% over the profit before tax of approximately RMB61.9 million for the year ended 31 December 2007 mainly due to the increase in gross profit which was in line with the sales growth. The profit before tax margin of our Group in 2008 was approximately 9.8% compared to approximately 8.9% in 2007. Our Group achieved net profit of approximately RMB91.4 million for the year ended 31 December 2008, representing growth of approximately 49.8% over the net profit of approximately RMB61.0 million for the year ended 31 December 2007 mainly due to the increase in revenue. The net profit margin of our Group in 2008 was approximately 9.8% compared to approximately 8.8% in 2007 which was also due to the increase in revenue.

Other income of approximately RMB15.6 million comprised mainly sales of scrap materials of approximately RMB15.0 million.

Selling and distribution expenses of approximately RMB12.4 million comprised mainly carriage and transportation charges of approximately RMB8.1 million (2007: RMB8.9 million), and commission and agency fees paid to overseas agents of approximately RMB2.8 million (2007: RMB1.0 million). The increase in commission and agency fees paid to overseas agents was due to more new customers introduced during the year. No marketing and promotion expense was recorded in 2008 as Sanxing Grease was responsible for paying the Sales Arrangement Expenses as mentioned above.

Administrative expenses of approximately RMB9.9 million comprised mainly staff costs for administrative staff of approximately RMB2.9 million, exchange loss for export sales denominated in US dollars of approximately RMB3.5 million, other office expenses of approximately RMB1.8 million, travelling and entertainment expenses of

approximately RMB0.6 million and utilities expenses of approximately RMB0.6 million. The increase in administrative expenses from approximately RMB6.6 million in 2007 to approximately RMB9.9 million in 2008 was mainly due to the increase in exchange loss by approximately RMB2 million as a result of the appreciation of RMB against US dollars in 2008. Finance costs of approximately RMB1.6 million arose from interest charged on bank and other borrowing repayable within five years.

As at 31 December 2008, our Group's gearing ratio (being total interest-bearing bank loans divided by total assets) was nil.

For the six months ended 30 June 2009

For the six months ended 30 June 2009, our Group recorded revenue of approximately RMB512.9 million, representing a slight drop of approximately 0.04% over the revenue of approximately RMB513.1 million for the six months ended 30 June 2008. For the six months ended 30 June 2009, the sales of (1) non-brand corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil amounted to approximately RMB373.5 million, RMB63.9 million, RMB59.4 million and RMB16.1 million respectively and accounted for approximately 72.8%, 12.5%, 11.6% and 3.1% (30 June 2008: 70.1%, 11.2%, 14.0% and 4.7%) respectively of our Group's total turnover. Sales of corn oil under our brand were all made in the PRC whilst the sales of our other products were made both in the PRC and overseas. Revenue from the PRC, Middle East and other overseas countries accounted for approximately 98.8%, 0.2% and 1.0% (30 June 2008: 61.3%, 27.9% and 10.8%) of our Group's total sales for the six months ended 30 June 2009. The significant drop in export sales for the six months ended 30 June 2009 against the corresponding period in 2008 was mainly due to the PRC government cancelled the export sales value-added tax refund policy in June 2008. As the profitability of our Group's sales in the domestic PRC market was higher than that in the overseas export market after the cancellation of the export sales value-added tax refund, our Group shifted the majority of its sales to the domestic market in PRC. Our Group's sales strategy for the export or the domestic market of our bulk sales of non-branded oil products mainly depends on the profitability of each market. As the selling price of our Group's products in the export market becomes less appealing than that in the domestic market after cancellation of the export sales value-added tax refund policy in June 2008, our Group currently plans to focus on the domestic market in the PRC for our bulk sales, yet is still open to any profitable opportunity in the overseas export market should opportunities arise. The overall slight drop in revenue for the six months ended 30 June 2009 against the corresponding period in 2008 was the net result of:

- the significant increase in the sales volume of corn oil under our brand and non-branded corn oil in bulk for the six months ended 30 June 2009 by approximately 87.8% and 94.5% respectively compared to the corresponding period in 2008 as a result of the expansion of our Group's newly installed refining production line commenced production by end of 2008. The increased sales volume was off-set by the drop in the average selling price of corn oil under our brand and non-branded corn oil in bulk for the six months ended 30 June 2009 by approximately 40.8% and 46.6% respectively compared to the corresponding period in 2008. Such drop was mainly due to the drop in corn

oil price in 2009 as a result of, among other factors, (i) the adverse impact on the economy in the PRC in 2009 due to the financial crisis in late 2008; (ii) the general drop in consumer demand as affected by the economic situation; (iii) the drop in the prices of the Group's raw materials, namely corn embryo and crude corn oil; and (iv) the general drop in the selling prices of other edible oil products. The net effect resulted in increase in total sales of corn oil for the six months ended 30 June 2009 of approximately RMB20.3 million or approximately 4.9%;

- the sales of other oil for the six months ended 30 June 2009 mainly comprised sunflower seed oil. The decrease in sales of other oils of approximately RMB8.2 million or 33.8% was mainly due to the decreased demand of soybean oil which resulted in the sales of soybean oil to drop from approximately RMB15.9 million for the six months ended 30 June 2008 to approximately RMB48,000 for the six months ended 30 June 2009; and

- the sales of corn meal decreased by approximately RMB12.3 million was mainly due to the decrease in the average selling price of corn meals which decreased in line with the drop in the selling price of corn oils during the year.

The gross profit for the six months ended 30 June 2009 was approximately RMB64.6 million with gross profit margin of approximately 12.6% (30 June 2008: 13.5%), of which the gross profit/(loss) margin for the sales of (1) non-branded corn oil in bulk, (2) corn oil under our brand, (3) corn meal and (4) other oil was approximately 14.1%, 15.9%, 0.1% and 10.9% (30 June 2008: 16.6%, 16.3%, (3.5%) and 10.6%) respectively. The drop in gross profit margin for the six months ended 30 June 2008 from approximately 13.5% to approximately 12.6% for the six months ended 30 June 2009 was mainly due to:

- the drop in gross profit margin for the bulk sales of non-branded corn oil from approximately 16.6% in for the six months ended 30 June 2008 to approximately 14.1% for the six months ended 30 June 2009 was mainly due to the significant amount of export sales with high gross profit margin made by our Group in the first half of 2008 before the cancellation of the export sales value-added-tax refund policy in June 2008 compared to the minimal export sales by our Group for the six months ended 30 June 2009; and

- the increase in gross profit margin for the sale of corn meal from gross loss margin of approximately 3.5% for six months ended 30 June 2008 to gross profit margin of approximately 0.1% for the six months ended 30 June 2009 mainly due to the fact that a small amount of corn meal were sold by our Group below cost due to the expansion of storage capacity of our Group during 2008 and the majority of corn meal sold in 2008 were at cost.

Our Group achieved profit before tax of approximately RMB61.3 million for the six months ended 30 June 2009, representing a decrease of approximately 8.1% over the profit before tax of approximately RMB66.7 million for the six months ended 30 June 2008 mainly due to the decrease in gross profit. The profit before tax margin of our Group for the six months ended 30 June 2009 was approximately 12.0% compared to approximately

13.0% for the six months ended 30 June 2008. Our Group achieved net profit of approximately RMB53.6 million for the six months ended 30 June 2009, representing a decrease of approximately 19.6% against the net profit of approximately RMB66.7 million for the six months ended 30 June 2008 as Corn Industry was subject to 50% enterprise income tax deduction in 2009 but was entitled for full exemption of enterprise income tax in 2008. The net profit margin of our Group for the six months ended 30 June 2009 was approximately 10.5% compared to approximately 13.0% for the corresponding period in 2008.

Other income of approximately RMB6.1 million (30 June 2008: RMB8.4 million) comprised mainly sales of scrap materials of approximately RMB4.8 million (30 June 2008: RMB8.1 million).

Selling and distribution expenses of approximately HK$4.8 million (30 June 2008: RMB6.2 million) comprised mainly carriage and transportation charges of approximately RMB3.2 million (30 June 2008: RMB3.7 million), commissions and agency fees paid to overseas agents of approximately RMB29,000 (30 June 2008: RMB1.8 million), advertising expenses of approximately RMB1.2 million (30 June 2008: Nil). The decrease in commission and agency fees paid to overseas agents was because our Group has shifted the majority of its sales from the overseas market to the PRC market and a limited number of overseas customers were introduced by our agents and accepted by our Group for the six months ended 30 June 2009. The increase in advertising expenses arose from our Group's expenditure for media advertising in 2009 to boost domestic sales after our Group's shift of focus from overseas market to the PRC market in 2009. No marketing and promotion expense was recorded in 2009 as Sanxing Grease was responsible for paying the Sales Arrangement Expenses as mentioned above.

Administrative expenses of approximately RMB3.6 million (30 June 2008: RMB4.4 million) comprised mainly staff costs for administrative staff of approximately RMB1.0 million (30 June 2008: RMB0.9 million) and office expenses of approximately RMB0.8 million (30 June 2008: RMB0.7 million). The decrease in administrative expenses was mainly due to the decrease in exchange loss by approximately RMB1.5 million as a result of the significant decrease in export sales. Finance costs of approximately RMB0.9 million arose mainly from interest charged on bank and other borrowings repayable within five years.

As at 30 June 2009, our Group's gearing ratio (being total interest-bearing bank loans divided by total assets) was 0.11.

MAJOR BALANCE SHEET ITEMS

Inventories

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	19,978	27,902	14,601	18,947
Work-in-progress	9,664	27,498	8,893	13,200
Finished goods	17,093	24,882	30,160	23,038
	46,735	80,282	53,654	55,185

As at 31 December 2006, 2007, 2008 and 30 June 2009, our Group recorded gross inventories before provision of approximately RMB46.7 million, RMB80.3 million, RMB58.2 million and RMB56.6 million respectively. The balances of provision were approximately nil, nil, RMB4.5 million and RMB1.4 million as at 31 December 2006, 2007, 2008 and 30 June 2009 respectively. The provision as at 31 December 2008 mainly represented write-down of other oils of approximately RMB3.4 million mainly because of the decrease in market value. Approximately RMB3.1 million provision was reversed in 2009 because those inventories were subsequently sold at above net realisable value in 2009.

Save for the higher level of stock balance as at 31 December 2007, the stock balance has remained stable during the Track Record Period despite the increasing sales and production level mainly due to our Group's inventory management policy of reducing the stock level. The higher level of stock balance as at 31 December 2007 was mainly because our Group had foreseen the potential upward trend in the market selling price of corn oil in the 4th quarter of 2007. Accordingly, our Group increased the purchase volume of raw materials and the production volume and storage level of finished goods at 2007 year end targeting for higher profitability in 2008.

Inventories turnover days

The following table sets forth the inventories turnover days of our Group during the Track Record Period:

	31 December			30 June
	2006	2007	2008	2009
Inventories turnover days *(Note)*	29.2	37.1	29.3	22.1

Note: The inventories turnover days for each of the three years ended 31 December 2008 were calculated as the average of the beginning and ending inventories balances for the year divided by cost of sales for the year and times 365 days. The inventories turnover days for the six months ended 30 June 2009 was calculated as the average of the beginning and ending inventories balances for the six months ended 30 June 2009 divided by cost of sales for the period and times 182 days.

The increase in inventories turnover days from 29.2 days in 2006 to 37.1 days in 2007 was mainly due to the higher level of stock balance as at 31 December 2007 arising from the increase in purchase volume of raw materials and the production volume and storage level of finished goods at 2007 year end for the reason as set out in the explanation of fluctuation of inventories balances above.

In addition to the above factor, the decrease in inventories turnover days from 37.1 days in 2007, to 29.3 days in 2008 and to 22.1 days for six months ended 30 June 2009 was primarily due to (i) better inventory management by our Group after becoming more familiar with the market demand of edible oil products under our brand since the launch of our 長壽花 (Longevity Flower) and 金銀花 (Gold & Silver Flower) edible oil products to the market during 2006; and (ii) the growing market demand of our edible oil products that lowered our average inventory levels.

Trade and notes receivables

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	35,559	5,893	9,507	12,401
Less: Allowance for impairment	(283)	(97)	(79)	(79)
	35,276	5,796	9,428	12,322
Notes receivables	–	151	–	66,748
Total trade and notes receivables	35,276	5,947	9,428	79,070

As at 31 December 2006, 2007, 2008 and 30 June 2009, our Group recorded trade and notes receivables of approximately RMB35.3 million, RMB5.9 million, RMB9.4 million and RMB79.1 million respectively. Domestic bulk sales to PRC customers are generally on the basis of settlement within seven days after product delivery except for a few well-established customers that were granted credit period of not more than 60 days, whereas overseas customers were ordinarily granted credit terms of around 60 days.

The decrease in trade and notes receivable from 2006 to 2007 was mainly due to better credit control by our Group during the year and the sales to certain customers with credit periods granted near the year end of 2006. The increase in trade and notes receivable from 2008 to 2009 was mainly because our Group started to accept bank's notes as settlement method for some new customers in 2009. These notes receivables usually have a maturity ranging from 3 to 6 months. Our customers presented to us bank's notes to settle their purchases before delivery of our products.

Debtor's turnover days

The following table sets forth the debtor's turnover days of our Group during the Track Record Period:

	31 December			30 June
	2006	2007	2008	2009
Debtor's turnover days *(Note)*	21.2	10.8	3.0	15.8

Note: The debtor's turnover days for each of the three years ended 31 December 2008 were calculated as the average of the beginning and ending trade and notes receivables balances for the year divided by revenue for the year and times 365 days. The debtor's turnover days for the six months ended 30 June 2009 was calculated as the average of the beginning and ending trade and notes receivables balances for the six month ended 30 June 2009 divided by revenue for the period and times 182 days.

The decrease in debtor's turnover days from 21.2 days in 2006 to 10.8 days in 2007 was mainly due to (i) better credit control by our Group; and (ii) the fact that approximately RMB12.7 million receivables as at 31 December 2006 arose from the sales to certain domestic customers with long-term and established relationship with our Group with credit periods granted near the end of 2006 which led to the high debtor balance at 2006 year end.

The improvement in debtor's turnover days from 10.8 days in 2007 to 3.0 days in 2008 is the result of strict credit control by our Group in 2008 after the financial crisis in late 2008.

The increase in debtor's turnover day from 3.0 days in 2008 to 15.8 days in the first half of 2009 was mainly because our Group started to accept bank's notes as settlement method from some new customers which had been fully settled subsequent to 30 June 2009.

Amounts due from/(to) related parties

Amounts due from related parties as at 31 December 2006, 2007, 2008 and 30 June 2009 were approximately RMB7.7 million, RMB3.3 million, RMB0.3 million and RMB7.2 million respectively which mainly represented funds advanced to related parties. The amounts due from related parties is unsecured, interest free and repayable on demand. The outstanding balance as at 30 June 2009 will be settled before Listing.

Amounts due to related parties as at 31 December 2006, 2007, 2008 and 30 June 2009 were nil, approximately RMB19.7 million, RMB9.0 million and RMB4.8 million respectively which mainly represented funds advanced from related parties. The amount due to related parties are unsecured, interest-free and repayable on demand. The outstanding balance as at 30 June 2009 will be settled before Listing.

Prepayments, deposits and other receivables

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and deposits	28,064	11,116	8,435	16,963
Other receivables				
Other	464	17,754	1,038	10,182
Other tax recoverable	9,134	9,844	5,473	2,062
	37,662	38,714	14,946	29,207

As at 31 December 2006, 2007, 2008 and 30 June 2009, our Group recorded prepayment, deposits and other receivables of approximately RMB37.7 million, RMB38.7 million, RMB14.9 million and RMB29.2 million respectively. The balances mainly represented prepayment to suppliers for procurement of raw materials, other tax recoverable and advances to Independent Third Parties.

The decrease in the balance from 2007 to 2008 was mainly due to an advance of approximately RMB16.6 million that was made by our Group in 2007 to an Independent Third Party as short-term financing was fully settled during 2008. Another short-term advance of approximately RMB9.8 million was made to this Independent Third Party during the six months ended 30 June 2009 which led to the increase in the prepayment, deposits and other receivables balance. Such advance of approximately RMB9.8 million has been fully settled in July 2009. As advised by the PRC Legal Advisers, the aforesaid advances to Independent Third Party by the Group ("**Advances**") did not comply with the relevant PRC laws and regulations for loans and advances ("**PRC Loans Regulations**"), but given that no interests has been received by the Group from the Advances, our Group is not subject to any penalties under the PRC Loans Regulations and there is no legal consequences in relation to the Advances. Our Group has no intention to make advances of similar nature on or after Listing and our Group will not have any balance of advance to Independent Third Parties with similar nature on or after Listing.

Trade payables

As at 31 December 2006, 2007, 2008 and 30 June 2009, our Group recorded trade payables of approximately RMB10.5 million, RMB8.2 million, RMB14.8 million and RMB7.4 million respectively. The suppliers of our Group's raw materials such as corn embryos and crude corn oil generally require cash on delivery settlement, and hence the trade payable balance at 31 December 2006, 2007, 2008 and 30 June 2009 mainly represented balances payable to suppliers of packaging and other ancillary materials used by our Group in its production process.

The increase in trade payables from 2007 to 2008 was mainly because our Group slowed down its payment to suppliers after the financial crisis in the second half of 2008.

Creditor's turnover days

The following table sets forth the creditor's turnover days of our Group during the Track Record Period:

	31 December			30 June
	2006	2007	2008	2009
Creditor's turnover days *(Note)*	12.4	5.4	5.0	4.5

Note: The creditor's turnover days for each of the three years ended 31 December 2008 were calculated as the average of the beginning and ending trade payables balances for the year divided by cost of sales for the year and times 365 days. The creditor's turnover days for the six months ended 30 June 2009 was calculated as the average of the beginning and ending trade payables balances for the six months ended 30 June 2009 divided by cost of sales for the period and times 182 days.

The suppliers of our Group's raw materials such as corn embryos and crude corn oil generally require cash on delivery settlement, and hence our Group's trade payables balance at year end mainly represented balances payable to suppliers of packaging and other ancillary materials which only accounted for an insignificant part of our total cost of sales. Accordingly, the creditor's turnover days remained low during the Track Record Period. The decrease in the creditor's turnover days over the Track Record Period was primarily due to the comparatively significant increase of our Group's cost of sales (mainly comprised cost of corn embryos and crude oil) compared to the relatively stable balances of the average trade payables to suppliers of packaging and other ancillary materials during the Track Record Period.

Accrued liabilities, other payables and deposits received

As at 31 December 2006, 2007, 2008 and 30 June 2009, our Group recorded accrued liabilities, other payables and deposits received of approximately RMB12.5 million, RMB6.8 million, RMB16.8 million and RMB18.0 million respectively. During the Track Record Period, the balances mainly represented accrued staff salary and welfare costs, deposits received from customers and other miscellaneous accruals and payables for operating expenses. The balance decreased at 31 December 2007 was mainly because less deposits were received from customers as of 2007 year end as our Group decided to postpone accepting customer orders after foreseeing the upward trend of corn oil prices in 2008.

Net current assets

The tables below sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Inventories	46,735	80,282	53,654	55,185
Trade and notes receivables	35,276	5,947	9,428	79,070
Prepayments, deposits and other receivables	37,662	38,714	14,946	29,207
Financial assets at fair value through profit or loss	500	–	–	–
Amounts due from related parties	7,666	3,301	312	7,164
Cash and bank balances	23,606	12,858	34,216	49,649
	151,445	141,102	112,556	220,275

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	10,458	8,199	14,800	7,385
Accrued liabilities, other payables and deposits received	12,517	6,799	16,768	18,008
Amounts due to related parties	–	19,727	9,004	4,783
Interest-bearing bank and other borrowings	55,200	–	–	50,000
Tax payables	19,146	–	–	6,423
	97,321	34,725	40,572	86,599
Net current assets	54,124	106,377	71,984	133,676

For the Track Record Period, our Group had net current assets of approximately RMB54.1 million, RMB106.4 million, RMB72.0 million and RMB133.7 million as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 respectively. Based on the unaudited combined management accounts of our Group as at 31 October 2009, our Group had net current assets of approximately RMB128.0 million.

Our Group's current assets mainly comprised inventories, trade and notes receivables, prepayments, deposits and other receivables, amounts due from related parties and cash and bank balances. Our Group's current liabilities mainly comprised trade payables, accrued liabilities, other payables and deposits received, amount due to related parties and unsecured interest-bearing bank and other borrowings which are repayable within one year and tax payables. Based on the unaudited combined management accounts of our Group as at 31 October 2009, our Group had current assets of approximately RMB228.8 million mainly comprised inventories of approximately RMB64.0 million, trade and notes receivables of approximately RMB39.5 million, prepayments, deposits and other receivables of approximately RMB39.8 million, amounts due from related parties of approximately RMB74.1 million and cash and bank balances of approximately RMB11.4 million; and current liabilities of approximately of RMB100.8 million which mainly comprised trade payables of approximately RMB13.3 million, accrued liabilities, other payables and deposits received of approximately RMB27.1 million, amount due to related parties of approximately RMB4.0 million and unsecured interest-bearing bank borrowings, which are repayable within one year, of approximately RMB50 million. As at the Latest Practicable Date, our Group has no unutilised banking facilities.

Property, plant and equipment

Our Group's property, plant and equipment has net book values of approximately RMB63.5 million, RMB57.6 million, RMB230.6 million and RMB222.6 million respectively for the three years ended 31 December 2008 and the six months ended 30 June 2009. As at 30 June 2009, the net book values of our buildings as well as plant and machinery amounted to approximately RMB60.5 million (2008: RMB63.4 million; 2007: RMB16.6 million; 2006: RMB17.7 million) and RMB161.9 million (2008: RMB167.1 million; 2007: RMB40.7 million; 2006: RMB45.5 million) respectively, which in aggregate accounted for approximately 99.9% (2008: 99.9%; 2007: 99.6%; 2006: 99.5%) of the total net book values of our Group's property, plant and equipment. The significant increase in the net book values of buildings and plant and machinery in 2008 mainly arose from Corn Industry's purchase of a refinement production line, a packaging production line and a research and development centre for considerations of RMB125,356,100, RMB54,176,500 and RMB6,050,000 respectively. The refinement production line and the packaging production line were constructed by Sanxing Grease on behalf of Corn Industry since the second half of 2007 as Corn Industry then did not have sufficient financial resources for construction by itself after the transfer of the edible corn oil business from Sanxing Grease to Corn Industry. After completion of the construction, the refinement production line and the packaging production line were subsequently acquired by Corn Industry in August 2008 and June 2008 respectively using the proceeds raised from the listing of Corn Oil Luxembourg on Alternext and positive cashflow from operations.

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to the Group as at 31 October 2009 at approximately RMB118.5 million. The text of its letter and a summary of valuation and valuation certificates are set out in Appendix IV to this prospectus.

A reconciliation of the net book value of the relevant property interests as at 30 June 2009, to their fair value as at 31 October 2009 as stated in Appendix IV to this prospectus is as follows:

	RMB'000
Net book value of the properties as at 30 June 2009 as per Appendix I to the prospectus:	
Buildings	60,470
Movements for the four months ended 31 October 2009:	
Acquisitions of lands and buildings	52,497
Depreciation on the buildings (unaudited)	(1,427)
Amortisation on prepaid land leases (unaudited)	(184)
Net book value of the properties as at 31 October 2009	111,356
Revaluation surplus	7,144
Valuation as at 31 October 2009 as per Appendix IV to this prospectus	118,500

TAXATION

Pursuant to the rules and regulations of the BVI, our Group is not subject to any taxation under the jurisdiction of BVI during the Track Record Period. PRC enterprise income tax ("EIT") is calculated at a rate of 33% on the profit of our business in the PRC for the year ended 31 December 2006 and the three months ended 31 March 2007. Corn Industry was approved as a foreign invested enterprise in 2007. Pursuant to an approval document on certain tax preferential policies titled "Guo Shui Han (2007) No. 41" issued by the Bureau of State Tax of Zouping County, Shandong Province (山東省鄒平縣國家税務局鄒國税函(2007)41號文), Corn Industry is entitled for exemption of EIT for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a three-year 50% tax deduction. The year ended 31 December 2007 was Corn Industry's first profit-making year and was the first year of its tax holiday.

On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC ("new EIT Law"), which became effective on 1 January 2008. According to the new EIT Law, the income tax rate applicable to Corn Industry is unified at 25%. Pursuant to the grandfathering arrangement under the new tax law, Corn Industry will continue to enjoy the existing preferential tax treatment until the end of the above mentioned tax holidays. Thereafter, the normal tax rate applicable to Corn Industry is unified at 25%. For the year ended 31 December 2008, Corn Industry enjoyed 100% exemptions as mentioned above. For the six months ended 30 June 2009, Corn Industry was subject to EIT tax rate of 12.5%.

SIGNIFICANT EVENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

As mentioned in note 30 to the Accountants' Report as set out in Appendix I to this prospectus, our Group has the following significant subsequent events after 30 June 2009:

(i) In July 2009, Corn Industry entered into an acquisition agreement with Sanxing Grease for acquiring certain of leasehold buildings and prepaid lease payment at a consideration of approximately RMB16.9 million and RMB25.5 million respectively;

(ii) In September 2009, our Group acquired a parcel of land of 52,160 square metres from the relevant land authority in the PRC with a consideration of RMB10,170,000; and

(iii) In November 2009, our Group received a grant of RMB8,500,000 from the PRC local government in relation to our Group's contribution to the local development. Such government grant has been recorded as other income of our Group in November 2009 in deriving the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2009 as set out in the paragraph headed "Profit Forecast" under the "Financial Information" section in this prospectus.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The following table presents selected cashflow data from our Group's audited combined cashflow statements for each of the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Net cash (used in)/generated from operating activities	(8,266)	35,842	121,834	(102,679)	(19,425)
Net cash generated from/(used in) investing activities	1,432	(438)	(138,490)	(952)	(3,141)
Net cash (used in)/generated from financing activities	(6,125)	(46,137)	38,010	128,959	37,999
Net (decrease)/increase in cash and cash equivalents	(12,959)	(10,733)	21,354	25,328	15,433
Cash and cash equivalents at beginning of the year/period	36,565	23,606	12,858	12,858	34,216
Effect of foreign exchange rates, net	–	(15)	4	4	–
Cash and cash equivalents at end of the year/period	23,606	12,858	34,216	38,190	49,649

Cash flows

Generally, our Group maintained high level of cash flows for the daily transactions and operations. During the Track Record Period, our Group's cash flows were financed by the internally generated cash flows from operating activities and short-term borrowings from financing activities. Our Group's cash and bank balances were approximately RMB23.6 million, RMB12.9 million, RMB34.2 million, RMB38.2 million (unaudited), and RMB49.6 million as at 31 December 2006, 2007, 2008 and 30 June 2008 and 2009 respectively.

Operating activities

Net cash (outflow)/inflow of approximately RMB(8.3 million), RMB35.8 million, RMB121.8 million, RMB(102.7 million) (unaudited) and RMB(19.4 million) were (used in)/generated from our Group's operations for each of the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009. The significant net cash used in our Group's operating activities for the six months ended 30 June 2008 of approximately RMB102.7 million mainly arose from cash inflow from operating profits before working capital changes of approximately RMB70.4 million, net-off with (i) the increase in inventories by approximately RMB8.5 million; and (ii) the substantial increase in trade and notes receivables by approximately RMB166.6 million as at 30 June 2008 compared to 2007 year end as substantial amount of export sales were made by our Group in the second quarter of 2008 to enjoy the export sales value-added-tax refund policy before its cancellation in June 2008. The net cash used in our Group's operating activities for the six months ended 30 June 2009 of approximately RMB19.4 million mainly arose from cash inflow from operating profits before working capital changes of approximately RMB70.3 million, net-off with (i) the increase in prepayments, deposits and other receivables by approximately RMB14.3 million; and (ii) the increase in trade and notes receivables by approximately RMB69.6 million as at 30 June 2009 compared to 2008 year end mainly because our Group started to accept bank's notes as settlement method for some new customers in 2009. In view of the above, the Directors consider that the Company's cash flow or debt collection is not subject to any seasonal factors.

Investing activities

Our Group had net cash inflow/(outflows) from investing activities of approximately RMB1.4 million, RMB(0.4 million), RMB(138.5 million), RMB(1.0 million) (unaudited) and RMB(3.1 million) for each of the three years ended 31 December 2006, 2007, 2008 and the six months ended 30 June 2008 and 2009. The increase of cash outflows for the year ended 31 December 2008 was mainly attributable to the acquisition of property, plant and equipment as a result of expansion in operations.

Financing activities

Our Group had net cash (outflow)/inflow from financing activities of approximately RMB(6.1 million), RMB(46.1 million), RMB38.0 million, RMB129.0 million (unaudited) and RMB38.0 million for each of the three years ended 31 December 2006, 2007, 2008 and the six months ended 30 June 2008 and 2009. The net cash outflow for the year 2006 mainly arose from the increase in amounts due from related parties and the decrease in amounts due to related parties during the year. The net cash outflow for the year 2007 arose mainly from the repayment of bank and other borrowings during the year. The net cash inflow for the year 2008 arose mainly from the capital contributions from owners. The net cash inflow for the six months ended 2008 arose mainly from the capital contributions from owners and the drawdown of bank and other borrowings by our Group during the period, whereas the net cash inflow for the six months ended 30 June 2009 arose mainly from the drawdown of bank and other borrowings during the period.

Capital expenditures

During the Track Record Period, our capital expenditures on property, plant and equipment consisted primarily of additions to buildings, plant and machinery and office equipment. The following table sets forth our capital expenditures on property, plant and equipment during the Track Record Period.

	At 31 December			At 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Additions for the year/period	2,436	1,214	186,654	23,568

As mentioned in the paragraph headed "Production facilities and capacities" under the "Business" section in this prospectus, we intend to construct a new production plant for the refinement process which is expected to start construction during 2010 to 2011 (the "**Production Plant Construction**"). As at the Latest Practicable Date, no contract had been entered into by the Group for the Production Plant Construction. The Directors currently estimate that the capital expenditures to be incurred by the Group in relation to the Production Plant Construction may amount to approximately RMB150 million which are subject to change and may vary based on business and financial condition and market opportunities.

Financial resources

Prior to completion of the Share Offer, the operations of our Group were financed principally by shareholders' equity and internally generated funds and bank borrowings. Upon completion of the Share Offer, our Group expects that its operations will be financed mainly by the net proceeds of the Share Offer, internally generated funds and/or bank borrowings.

Directors' opinion on sufficiency of working capital

Taking into account the financial resources available to our Group, including internally generated funds and the estimated net proceeds of the Share Offer, and in the absence of unforeseen circumstances, our Directors are of the opinion that our Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this prospectus.

DIVIDENDS

No dividends have been paid or declared by the Company since the date of its incorporation. No dividends have been paid or declared by any member of our Group during the Track Record Period.

Our Directors consider that, in general, the amount of future dividends to be declared by our Company will depend on our Group's results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. The dividends to be paid (if any) will be by way of interim and/or final dividends. Our Directors consider that our Company's dividend policy mentioned above will not materially affect our Group's working capital position in the coming years.

DISTRIBUTABLE RESERVE

The Company was incorporated on 9 September 2009. As at 31 October 2009, there was no reserve available for distribution to the Shareholders.

INDEBTEDNESS

Borrowing

As at the close of business on 31 October 2009, being the latest practicable date for the purpose of this indebtedness section prior to the printing of this prospectus, our Group had outstanding indebtedness of approximately RMB54.0 million comprising short-term bank borrowings of RMB50.0 million and amount due to related companies of RMB4.0 million.

The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As at 31 December			As at 30 June	As at 31 October
	2006	2007	2008	2009	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings					
– Within one year	55,200	–	–	50,000	50,000
– In the second year	24,100	–	–	–	–
	79,300	–	–	50,000	50,000
Borrowing from other financial institution					
– In the second year	18,000	–	–	–	–
Amount due to related companies					
– Within one year	–	19,727	9,004	4,783	3,970
	97,300	19,727	9,004	54,783	53,970

As at 31 December 2006, our Group's bank borrowings of RMB79,300,000 are guaranteed by 山東恩貝集團有限公司, 鄒平華光板材有限公司 and 鄒平長星集團有限公司, independent third parties, of which RMB40,700,000 were secured by certain property, plant and equipment of 鄒平星宇科技紡織有限公司 ("**Xingyu**", an independent party), Zouping Sanxing Iron Construction Company Limited and Shandong Sanxing Machinery Co., Ltd. as well as our Group's certain property, plant and equipment with net carrying amount of approximately RMB40,084,000.

As at 31 December 2006, our Group's borrowings from other financial institution of RMB18,000,000 are guaranteed by Xingyu.

As at 30 June 2009 and 31 October 2009, our Group's bank borrowings of RMB50,000,000 are guaranteed by Xingyu and 山東鐵雄能源集團有限公司, independent third parties.

The balances due to the related companies are unsecured, interest-free and repayable on demand.

Securities and guarantees

As at 31 October 2009, our Group did not have any charges, mortgages or any guarantees.

Contingent liabilities

As at 31 October 2009, our Group had no hire purchase commitments or other material outstanding contingent liabilities.

Commitments

As at 31 October 2009, our Group had no capital commitments.

As at 31 October 2009, our Group had operating lease commitments in respect of properties of approximately RMB165,000.

Disclaimers

Save as otherwise disclosed above, and apart from the intra-group liabilities, our Group did not have, at the close of business on 31 October 2009, any debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans or bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities.

Our Directors confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 31 October 2009.

RISK MANAGEMENT

Interest rate risk

Our Group's bank deposits were bearing floating interest rate. We also borrow both loans issued at fixed and floating interest rates. Exposure to floating interest rate exists when there are unexpected adverse interest rate movements. Our Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to our Group. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

We continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Our policy is to deal only with creditworthy counterparties.

Our management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of our financial assets are secured by collateral or other credit enhancement.

In respect of trade and notes and other receivables, we are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Foreign currency risk

Currency risk refers to risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We exposed to foreign currency risk primarily through sales that are denominated in a currency other than the functional currency of the entity within our Group to which they related. The currencies give rise to this risk are mainly € and US$.

We review our foreign currency exposures regularly and do not consider our foreign exchange risk to be significant.

Liquidity risk

Liquidity risk relates to the risk that our Group will not be able to meet obligations associated with our financial liabilities. We are exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management.

The cash management of all operating entities is centralised, including the raising of funds to cover expected cash demands. Our Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet liquidity requirements in the short and longer terms.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of our Group attributable to owners of the Company as if the Share Offer had taken place on 30 June 2009. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as at 30 June 2009 or at any future date.

	Unadjusted audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2009	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000 *(Note 1)*	RMB'000 *(Notes 2 and 5)*	RMB'000	RMB *(Note 3)*	Equivalent to HK$ *(Notes 3 and 5)*
Based on Offer Price of HK$3.85 per Share	356,271	559,402	915,673	1.83	2.08
Based on Offer Price of HK$2.57 per Share	356,271	367,030	723,301	1.45	1.65

Notes:

(1) The unadjusted audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2009 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on the indicative Offer Prices of HK$3.85 and HK$2.57 per Share respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Shares which may be issued upon the exercise of Over-Allotment Option or options that may be granted under the Share Option Scheme.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 500,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further information about our Company" in Appendix VI to this prospectus.

(4) Our property interests were valued by Savills and the valuation in respect of which was set out in Appendix IV to this prospectus. Pursuant to the valuation performed by Savills, our property interest as at 31 October 2009 amounted to approximately RMB118,500,000. Comparing the valuation amount as at 31 October 2009 to the unaudited net carrying value of our property interests as at 31 October 2009 of RMB111,356,000, there was a surplus of approximately RMB7,144,000. If such revaluation surplus was incorporated in our Group's financial statements for the year ending 31 December 2009, additional amortisation and depreciation of RMB357,000 would be charged. The revaluation surplus will not be reflected in the financial statements in subsequent year as we have elected to state the property at cost model.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB1.00 to HK$1.1353. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate, or at any other rate at all.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 30 June 2009 (being the date to which our latest audited combined financial statements were made up).

PROFIT FORECAST

Barring unforeseen circumstance, and based on the bases and assumptions set out in Appendix III to this prospectus, our Directors forecast that the combined profit attributable to equity holder of our Company for the year ending 31 December 2009 is forecasted to be not less than RMB113 million.

On a pro forma basis, and on the assumption that the Share Offer had been completed as of 1 January 2009, and a total of 500,000,000 Shares were issued and outstanding (and not taking into account any Shares that may be issued upon the exercise of the Over-Allotment Option) during the entire year ending 31 December 2009, the forecast basic earnings per Share on a pro forma basis would be not less than RMB0.226 (equivalent to approximately HK$0.257).

FUTURE PLANS

See the section headed "Business – Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer, and assuming an Offer Price of HK$3.21 per Offer Share, being the mid point of the indicative Offer Price range) will be approximately HK$525.9 million, assuming that Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately 15.5%, or HK$81.4 million to be used to market and promote our brands and products through media, roadshows and other marketing and promotional activities;

- approximately 27.9%, or HK$146.5 million to be used to expand and enhance our marketing and distribution networks to more cities in the PRC;

- approximately 46.4%, or HK$244.1 million to be used for capital expenditures to establish new production facilities and purchase new production equipment;

- approximately 3.1%, or HK$16.3 million to be used to design, research and develop new products and enhance our production techniques to improve the quality and safety of our products; and

- approximately 7.1%, or HK$37.6 million for working capital and other general corporate purposes.

If the Offer Price is set at HK$3.85 per Offer Share (being the high-end of the indicative Offer Price), HK$2.57 per Offer Share (being the low-end of the indicative Offer Price) or any price in between, we intend to apply the net proceeds to the above purposes on a pro-rata basis. If the Over-allotment Option is exercised in full or in part, we intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions for so long as it is in our best interests.

UNDERWRITERS

Public Offer Underwriters

Sole Bookrunner and Lead Manager
Taifook Securities Company Limited

Co-lead Manager
Oriental Patron Securities Limited

Other Public Offer Underwriters
Access Capital Limited
China Merchants Securities (HK) Co., Limited
Piper Jaffray Asia Securities Limited
Somerley Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting arrangements

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters, in each case on a several basis. The Public Offer Underwriting Agreement was entered into on 7 December 2009 and in connection with the Placing, the Company expects to enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters. The Public Offer Underwriting Agreement is conditional upon (among other things) the Placing Underwriting Agreement being entered into, and the respective Underwriting Agreements are expected to be inter-conditional.

The Public Offer Underwriting Agreement

Under the Public Offer Underwriting Agreement, the Company has agreed to offer the Public Offer Shares to the public in Hong Kong for subscription on and subject to the terms and conditions of this prospectus and the Application Forms.

Pursuant to the Public Offer Underwriting Agreement, and conditional upon, *inter alia*, the Listing Committee granting or agreeing to grant (subject to allotment) listings of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus subject to such customary conditions that may be imposed by the Stock Exchange and certain other conditions including the Offer Price being determined by our Company and the Lead Manager (for itself and on behalf of the Underwriters) by entering into the Price Determination Agreement on or before the Price Determination Date, the Public Offer Underwriters have severally agreed to subscribe or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms, the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination by the Public Offer Underwriters

The Lead Manager (for itself and on behalf of the Public Offer Underwriters) is entitled to terminate the Public Offer Underwriting Agreement by giving written notice before 8:00 a.m. (Hong Kong time) on the Listing Date ("**Termination Time**") to our Company if certain events, including the following events, shall occur prior to the Termination Time:

(a) there comes to the notice of any of the Sponsor, the Lead Manager or any of the Public Offer Underwriters of any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the warranties or any other obligations imposed on any party to the Public Offer Underwriting Agreement (other than those undertaken by the Public Offer Underwriters, the Sponsor and/or the Lead Manager) which, in any such cases, is considered, in the sole and absolute opinion of the Lead Manager (on behalf of the Public Offer Underwriters), to be material in the context of the Share Offer; or

(b) any statement contained in this prospectus or the Application Forms has become or been discovered to be untrue, incorrect or misleading in any material respect; or

(c) any event, series of events, matters or circumstances occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Public Offer Underwriting Agreement would have rendered any of the warranties contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and comes to the knowledge of any of the Sponsor, the Lead Manager or any of the Public Offer Underwriters and which is considered, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters), to be material in the context of the Share Offer; or

(d) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters), a material omission in the context of the Share Offer; or

(e) any event, act or omission which gives or is likely to give rise to any material liability of our Company or any of the Controlling Shareholders ("**Covenantors**") and the executive Directors arising out of or in connection with any representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or

(f) there comes to the notice of the Sponsor, the Lead Manager or any of the Public Offer Underwriters any breach by any party to the Public Offer Underwriting Agreement (other than the Sponsor, the Lead Manager or the Public Offer Underwriters) of any provision thereof which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters), is material; or

(g) the Placing Underwriting Agreement is terminated for whatever reason; or

(h) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

(i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Mauritius, Luxembourg, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group; or

(ii) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, Mauritius, Luxembourg, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or

(iii) any change in the conditions of Hong Kong, the US, the PRC or international equity securities or other financial markets; or

(iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

(v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, Mauritius, Luxembourg, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group; or

(vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or

(vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) on Hong Kong or the PRC; or

(viii) a general moratorium on commercial banking activities in the PRC, Mauritius, Luxembourg or Hong Kong declared by the relevant authorities; or

(ix) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out (whether or not covered by insurance); or

(x) any other change whether or not ejusdem generis with any of the foregoing,

which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters):

(aa) is or will be or is likely to be adverse, in any material respect, to the business, financial or trading condition or prospects of our Group taken as a whole or, in the case of sub-paragraph (v) above, on any present or prospective shareholder in his/its capacity as such shareholder of our Company (provided that this sub-paragraph shall not apply to any taxation in Luxembourg in relation to Corn Oil Luxembourg or its liquidation process); or

(bb) has or will have or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of the Public Offer Shares being demanded, applied for or accepted, the distribution of the Public Offer Shares; or

(cc) for any reason makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Public Offer as a whole.

For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any market fluctuations, whether or not within the normal range therefor, may be considered a change of market conditions.

UNDERTAKINGS

The Controlling Shareholders have jointly and severally undertaken to the Stock Exchange, the Company, Taifook Capital and Taifook Securities (for itself and on behalf of the Underwriters) not to (except pursuant to the Share Offer and the over-allotment option, or in connection with the Stock Borrowing Agreement) dispose of their interest in our Company during certain period. Details of such non-disposal undertaking are set out in the paragraph headed "Restrictions on disposal of Shares" in the section headed "Persons having notifiable interests under the SFO" in this prospectus.

Pursuant to the Public Offer Underwriting Agreement, each of the Covenantors (except for Corn Oil Luxembourg) has jointly and severally undertaken to our Company, the Sponsor, the Lead Manager and the Public Offer Underwriters that:

(a) he/it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, or the Stock Borrowing Agreement, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of those securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owner (the "**Relevant Securities**"), in the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Lock-up Period**");

(b) he/it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, in the period of six months commencing on the date on which the First Lock-up Period expires (the "**Second Lock-up Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be controlling shareholders (as defined in the Listing Rules) of our Company; and

(c) within the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is twelve months from the Listing Date, he/it shall:

    (i) when he/it pledges or charges any securities beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of the securities so pledged or charged; and

    (ii) when he/it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

Pursuant to the Public Offer Underwriting Agreement and subject to the winding-up procedures pursuant to the Companies Acts of Luxembourg, Corn Oil Luxembourg has undertaken to our Company, the Sponsor, the Lead Manager and the Public Offer Underwriters that:

(a) it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, or the Stock Borrowing Agreement, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities, in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the First Lock-up Period;

(b) it shall not, and shall procure that the relevant registered holder(s) shall not, except pursuant to the Share Offer and the Over-allotment Option, in the Second Lock-up Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and

(c) within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is twelve months from the Listing Date, it shall:

(i) when it pledges or charges any securities beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of the securities so pledged or charged; and

(ii) when it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications,

provided that the distribution of the Relevant Securities by Corn Oil Luxembourg pursuant to its winding up process shall not be a breach of this undertaking.

Our Company has undertaken to and covenanted with the Sponsor, the Lead Manager and the Public Offer Underwriters that, and each of the Controlling Shareholders and our executive Directors have jointly and severally undertaken and covenanted with the Sponsor, the Lead Manager and the Public Offer Underwriters to procure that, without the prior written consent of the Sponsor (for itself and on behalf of the Lead Manager and the Public Offer Underwriters), and subject always to the requirements of the Stock Exchange, save for the Offer Shares, the Over-allotment Shares upon the exercise of the Over-allotment Option by the Lead Manger, the grant of any options under the Share Option Scheme, and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or by way of scrip dividend schemes or similar arrangements in accordance with the articles of association of our Company, neither our Company nor any of its subsidiaries shall:

(a) allot and issue or agree to allot and issue any shares in our Company or any subsidiary of our Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of our Company or any subsidiary of our Company during the First Lock-up Period; or

(b) allot and issue or agree to allot and issue any of the Shares or other interests referred to in (a) above during the Second Lock-up Period if, immediately following such allotment and issue, the Controlling Shareholders taken together with the other of them would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or the single largest shareholder of our Company; or

(c) during the First Lock-up Period purchase any Shares or securities of our Company.

Commission and expenses

Pursuant to the terms of the Public Offer Underwriting Agreement, the Company has agreed to pay the Public Offer Underwriters and, in the case of the Placing Underwriting Agreement, the Company will agree to pay the Placing Underwriters an underwriting commission of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which they will (as the case may be) pay any sub-underwriting commissions. In addition, the Sponsor will receive advisory and documentation fees for acting as the Sponsor to the Share Offer. Assuming the Over-allotment Option is not exercised, based on an Offer Price of HK$3.21 (being the mid-point of the indicative Offer Price range of HK$2.57 per Offer Share and HK$3.85 per Offer Share), the aggregate underwriting commission and fees, together with the Stock Exchange listing fee, legal and other professional fees, applicable printing and other expenses relating to the Share Offer that are payable by our Company are estimated to be approximately HK$35.9 million in total.

Public Offer Underwriters' interests in our Company

Save for their respective obligations and interests under the Public Offer Underwriting Agreement as disclosed above and the proposed appointment of the Sponsor as compliance officer of our Company, none of the Public Offer Underwriters has any shareholding interest in our Company or any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company and any member of our Group.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Lead Manager, for itself and on behalf of the Underwriters, and the Company on or around the Price Determination Date, which is currently scheduled on Friday, 11 December 2009 or by no later than Monday, 14 December 2009 at 6:00 p.m. (Hong Kong time). **If the Lead Manager (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by 6:00 p.m. (Hong Kong time) on Monday, 14 December 2009, the Share Offer will not become unconditional and will lapse.**

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$3.85 per Offer Share and is expected to be not less than HK$2.57 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of the Company, reduce the indicative Offer Price range below that stated in this prospectus at any time no later than the morning of the last day for lodging applications under the Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) notice of such a change. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. **If applications for the Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price range is so reduced such applications cannot be subsequently withdrawn.** In the absence of any notice being published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Company expects to announce the final Offer Price, the level of indication of interests under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before Thursday, 17 December 2009 in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Company at **www.chinacornoil.com** and the website of the Stock Exchange at **www.hkexnews.hk.**

Results of allocation in the Public Offer, including the Hong Kong Identity Card/passport/Hong Kong Business Registration certificate numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under **WHITE** or **YELLOW** application forms or by giving **electronic application instructions** to HKSCC via CCASS will be made available as described under the paragraph headed "Publication of results" under the section headed "How to apply for Public Offer Shares" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$3.85 per Offer Share and is expected to be not less than HK$2.57 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK$3.85 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, amounting to a total of HK$3,888.84 per board lot of 1,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK$3.85 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The entering into of the Placing Underwriting Agreement between, among others, the Company and the Placing Underwriters, and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, among other things, the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions given by the Lead Manager (for itself and on behalf of the Sponsor and the other Underwriters)), and not being terminated in accordance with its terms or otherwise. Details of the Public Offer Underwriting Agreement and grounds for termination are set out in the

section headed "Underwriting" in this prospectus. If for any reason, the Placing Underwriting Agreement and the Price Determination Agreement are not entered into, the Share Offer will not proceed. If these conditions are not fulfilled on or before the time and date specified in the Underwriting Agreements or such later date as the Sponsor (for itself and on behalf of the Lead Manager and the other Underwriters) may in its absolute discretion determine, the Share Offer will lapse and your application money will be refunded to you, without interest, and by post at your own risk. The terms on which your application money will be returned to you are set out under the paragraph headed "Refund of your money" in the relevant Application Forms.

In the meantime, your application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE SHARE OFFER

The Share Offer comprises the Placing and Public Offer. A total of 175,000,000 Shares will initially be made available under the Share Offer, of which 157,500,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription under the Placing. The remaining 17,500,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription under the Public Offer. The number of Shares offered for subscription under the Share Offer will be subject to re-allocation on the basis described below and the number of Shares offered for subscription under the Placing and Public Offer will be subject to the exercise of the Over-allotment Option below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

THE PLACING

The Company is initially offering, at the Offer Price, 157,500,000 Shares (subject to reallocation as mentioned in the paragraph headed "Re-allocation of Offer Shares between the Public Offer and the Placing" below), representing 90% of the total number of Shares being initially offered under the Share Offer (before any exercise of the Over-allotment Option), for subscription by way of Placing. The Placing is managed by the Lead Manager and is expected to be fully underwritten by the Placing Underwriters. Pursuant to the Placing, it is expected that the Placing Underwriters or any selling agents which they nominate will, on behalf of the Company, conditionally place the Placing Shares at the Offer Price plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares to professional, institutional and private investors pursuant to the Placing will be based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on the basis which would lead to

the establishment of a solid broad shareholder base to the benefit of the Company and its Shareholders taken as a whole. Investors to whom Placing Shares are offered are required to undertake not to apply for the Public Offer Shares under the Public Offer. The level of indication of interest in the Placing are expected to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) on 17 December 2009. The Placing is subject to the conditions stated in the paragraph headed "Conditions of the Share Offer" above.

OVER-ALLOTMENT OPTION

It is expected that under the Placing Underwriting Agreement, the Company will grant the Over-allotment Option to the Lead Manager, exercisable by the Lead Manager to require the Company at any time within a period commencing from the Listing Date until 30 days after the last date for lodging of applications under the Public Offer, to allot and issue up to an aggregate of 26,250,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, to cover over-allocations in the Placing. The additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option will be allocated to the Placing and/or to satisfy the Lead Manager's obligation to return Shares borrowed under the Stock Borrowing Agreement. The Lead Manager may also cover any over-allocations under the Placing through the purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws. Any purchases of Shares in the market to cover the over-allocations will be made at prices not exceeding the Offer Price. The number of Shares that may be over- allocated may not be greater than the number of Shares that may be allotted and issued under the Over-allotment Option. Assuming the Over-allotment Option is not exercised, the Offer Shares will represent 35% of the Company's enlarged issued share capital immediately after completion of the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares allotted and issued pursuant to the exercise of the Over-allotment Option) will represent approximately 38.2% of the enlarged issued share capital of the Company immediately after completion of the Share Offer and the exercise of the Over-allotment Option in full. In the event that the Over-allotment Option is exercised, an announcement will be made in English in The Standard and in Chinese in the Hong Kong Economic Times.

The Public Offer is open to the public as well as to institutional, professional and private investors in Hong Kong. The Placing involves selective marketing of the Placing Shares by the Placing Underwriters to professional, institutional and private investors. Investors may either apply for the Shares under the Public Offer or indicate an interest for the Shares under the Placing, and may only receive an allocation of Shares under the Public Offer or the Placing. The Offer Shares are not available for subscription by the Directors, chief executive of the Company, existing beneficial owners of the Shares or their respective associates.

DISCLOSURE MADE PURSUANT TO RULE 10.07(3)

In order to facilitate settlement of over-allocations (if any) in connection with the Placing, Corn Oil Luxembourg and Sanxing Trade, being our Controlling Shareholders and the Lead Manager will enter into the Stock Borrowing Agreement, whereby the Lead

Manager may borrow subject to the terms of the Stock Borrowing Agreement, up to 26,250,000 Shares, in order to cover over-allocations in connection with the Placing, if any.

The Stock Borrowing Agreement is in compliance with Rule 10.07(3) of the Listing Rules. Its terms and conditions are as follows:

(a) the securities lending arrangement will only be effected by the Lead Manager for the sole purpose of covering any short position, if any, prior to the exercise of the Over-allotment Option in connection with the Placing;

(b) the maximum number of Shares to be borrowed from Corn Oil Luxembourg by the Lead Manager must not exceed the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;

(c) the same number of Shares borrowed must be returned to Corn Oil Luxembourg or its nominees, as the case may be, not later than three business days following the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full;

(d) the securities lending arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements; and

(e) no payment or other benefit will be made to Corn Oil Luxembourg and/or its shareholders by the Lead Manager or any of the Underwriters under the securities lending arrangement.

THE PUBLIC OFFER

The Company is initially offering, at the Offer Price, 17,500,000 Shares (subject to reallocation as mentioned in the paragraph headed "Re-allocation of Offer Shares between the Public Offer and the Placing" below), representing 10% of the total number of Shares being initially offered under the Share Offer, for subscription under the Public Offer (before any exercise of the Over-allotment Option). The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement. Applicants for the Public Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. An applicant for Public Offer Shares will be required to give an undertaking and confirmation in the application form submitted by him/her that he/she has not applied for or taken up or received any Placing Shares or indicated an interest for the Placing Shares or otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected.

The total number of the Offer Shares available under the Public Offer is to be divided into two pools of 8,750,000 Public Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and

- Pool B: The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Multiple applications or suspected multiple applications and any application made for more than 100% of the Public Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by each applicant. When there is over subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. The results of the Public Offer and basis of allotment of the Public Offer Shares (with successful applicants' identification document numbers, where appropriate) are expected to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, 17 December 2009.

Applications under the Public Offer from investors receiving the Placing Shares under the Placing will be identified and rejected and investors receiving the Public Offer Shares under the Public Offer will not be offered the Placing Shares under the Placing. Multiple applications or suspected multiple applications or applications for more than 50% of the Public Offer Shares being initially offered for public subscription under the Public Offer are liable to be rejected.

The Public Offer is subject to the conditions as stated in the paragraph headed "Conditions of the Share Offer" above.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, agree to purchase or actually purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent a decline in the initial public offer prices of the securities. In Hong Kong, the stabilisation price will not exceed the initial public offer price.

In connection with the Share Offer, the Lead Manager, as stabilising manager, or any person acting for it, (on behalf of the Underwriters and not as agent for the Company) may over-allocate Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on the Lead Manager to conduct any such stabilisation action which, if commenced, may be discontinued at any time at the absolute discretion of the Lead Manager, its affiliates or any person acting for it, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 26,250,000 Shares, which is 15% of the Shares initially available under the Share Offer.

Stabilisation action cannot be taken to support the price of the Offer Shares for longer than the stabilising period which begins on the Listing Date and ends on the 30th day after the last day for the lodging of applications under the Public Offer ("Stabilisation Period"). The Stabilisation Period is expected to expire on Friday, 8 January 2010, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price, could fall.

During the stabilisation period, the Lead Manager as stabilising manager or any person acting for it, may purchase or agree to purchase, or offer, the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, which will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with any such stabilisation actions as described above, the Lead Manager as stabilising manager, or any person acting for it, may allocate a greater number of Shares than the number that is initially offered, or sell or agree to sell Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares. It may close out any such short position by exercising the Over-allotment Option, as described above. It may also agree to sell or sell any Shares acquired by it in the course of any stabilisation transactions in order to liquidate any position that has been established by such action.

The Lead Manager may, in connection with the stabilising action, maintain a long position in the Shares. The size of the long position, and the time period for which the Lead Manager will maintain such a position during the Stabilisation Period, are at the sole discretion of the Lead Manager and is uncertain. In the event that the Lead Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Investors should be aware that the price of the Shares cannot be assured to stay at or above its Offer Price by the taking of any stabilising action. Stabilisation bids may be made

or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Offer Shares.

RE-ALLOCATION OF OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of Offer Shares between the Share Offer is subject to re-allocation. If the number of Shares validly applied for in the Public Offer:

(a) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Public Offer, then 35,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 52,500,000 Shares will be available under the Public Offer, representing 30% of the Offer Shares initially available under the Share Offer;

(b) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Public Offer, then 52,500,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 70,000,000 Shares will be available under the Public Offer, representing 40% of the Offer Shares initially available under the Share Offer; and

(c) represents 100 times or more of the number of Shares initially available for subscription under the Public Offer, then 70,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 87,500,000 Shares will be available under the Public Offer, representing 50% of the Offer Shares initially available under the Share Offer.

In each of the above cases, the number of Shares allocated to the Placing will be correspondingly reduced, subject to the exercise of the Over-allotment Option.

In all cases, the additional Shares re-allocated to the Public Offer will be allocated, if applicable, equally between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced.

If the Public Offer is not fully subscribed, the Lead Manager (for itself and on behalf of the Underwriters) has the absolute discretion to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as it deems appropriate to satisfy the demand under the Placing. If the Placing is not fully subscribed, the Lead Manager, for itself and on behalf of the Underwriters, has the authority to re-allocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such number as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such unsubscribed Placing Shares. Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on Thursday, 17 December 2009.

METHODS OF APPLYING FOR THE PUBLIC OFFER SHARES

There are two ways to make an application for the Public Offer Shares. You may apply for the Public Offer Shares by either using a **WHITE** or **YELLOW** Application Form or by giving Electronic Application Instructions to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, **you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a WHITE or YELLOW Application Form or by giving Electronic Application Instructions to HKSCC.**

WHICH APPLICATION FORM TO USE

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant.

Note: Except in the circumstances permitted under the Listing Rules, the Offer Shares are not available to the directors or chief executive of the Company or any of its subsidiaries, the existing beneficial owners of the Shares and the associates of any of them.

WHERE TO COLLECT THE APPLICATION FORMS

Copies of this prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours from 9:00 a.m. on Tuesday, 8 December 2009 until 12:00 noon on Friday, 11 December 2009 from:

Taifook Securities Company Limited
25th Floor, New World Tower
16–18 Queen's Road Central
Hong Kong

Access Capital Limited
Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
48th Floor, One Exchange Square
Central, Hong Kong

Oriental Patron Securities Limited
Suite 2701-3 & 2705-8, 27th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Piper Jaffray Asia Securities Limited
39th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

Somerley Limited
10th Floor, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island:	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A, Des Voeux Road Central Central
	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower 16-18 Queen's Road Central Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Wanchai Southorn Branch	Shop C2, G/F & 1/F Lee Wing Building No. 156-162 Hennessy Road Wanchai
	Leighton Centre Branch	Shop 12-16, UG/F Leighton Centre 77 Leighton Road Causeway Bay
	North Point Centre Branch	North Point Centre 284 King's Road, North Point
Kowloon:	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building No. 63 Hoi Yuen Road Kwun Tong, Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F 617-623 Nathan Road Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road Tsimshatsui

District	Branch	Address
New Territories:	Shatin Centre Branch	Shop 32C, Level 3 Shatin Shopping Arcade Shatin Centre 2-16 Wang Pok Street Shatin
	Maritime Square Branch	Shop 308E, Level 3 Maritime Square Tsing Yi
	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F Man Cheong Building 247 Castle Peak Road Yuen Long

The **YELLOW** Application Forms, together with copies of this prospectus, may be obtained during normal business hours from 9:00 a.m. on Tuesday, 8 December 2009 until 12:00 noon on Friday, 11 December 2009 at the Depository Counter of HKSCC located at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong. Your stockbroker may also have the **YELLOW** Application Forms and the prospectus available.

HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

If your application is made through a duly authorised attorney, the Company or the Lead Manager as agent may accept it at their respective discretion, and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

You should note that by completing and submitting an Application Form, among other things:

(a) you agree with the Company, for itself and for the benefit of each of the Shareholders to observe and comply with the Companies Law, the Companies Ordinance, the memorandum and articles of association of the Company;

(b) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(c) you agree that none of the Company, the Lead Manager, the Public Offer Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(d) you undertake and confirm that you (if the application is made for your benefit) or the person(s) or whose benefit you have made the application have not applied for, taken up, or received or indicated an interest for, and will not apply for, take up, receive or indicate an interest for, any Placing Shares nor otherwise participate in the Placing; and

(e) you agree to disclose to the Company, and/or the share registrars, receiving bankers, the Lead Manager, the Public Offer Underwriters and their respective advisers and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the application form. Only written signature will be accepted.

(a) if the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

- the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant ID in the appropriate box in the Application Form.

(b) if the application is made by an individual CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's full name and Hong Kong identity card number; and

(ii) the individual CCASS Investor Participant must insert its CCASS Participant ID in the appropriate box in the Application Form.

(c) if the application is made by a joint individual CCASS Investor Participant:

(i) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all of the joint CCASS Investor Participants; and

(ii) the CCASS Participant ID must be inserted in the appropriate box in the Application Form.

(d) if the application is made by a corporate CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's Company name and the Hong Kong business registration certificate number; and

(ii) the CCASS Participant ID must be inserted and the company chop (bearing the CCASS Investor Participant's company name) chopped in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (include participant ID and/or company chop bearing its company name) or other similar matters may render your application invalid.

If your application is made through a duly authorised attorney, the Company and the Lead Manager as its agent, may accept the application at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. The Lead Manager in its capacity as an agent of the Company has full discretion to reject or accept any application, in full or in part, without assigning any reasons.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give Electronic Application Instructions to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give Electronic Application Instructions through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at https://ip.ccass.com (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input Electronic Application Instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2nd Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of this prospectus are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give Electronic Application Instructions via CCASS terminals to apply for Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your broker or custodian to the Company and the Company's Hong Kong branch share registrar and transfer office.

Application for the Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given Electronic Application Instructions to apply for the Public Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input Electronic Application Instructions on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and **agrees** to accept the Public Offer Shares in respect of which that person has given Electronic Application Instructions or any lesser number;

- **undertakes** and **confirms** that that person has not applied for, taken up or received any Placing Shares or indicated an interest for the Placing or otherwise participated in the Placing;

- (if the Electronic Application Instructions are given for that person's own benefit) **declares** that only one set of Electronic Application Instructions has been given for that person's benefit;

- (if that person is an agent for another person) **declares** that that person has only given one set of Electronic Application Instructions for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by the Company, the Directors, the Sponsor and the Lead Manager in deciding whether or not to make any allotment of the Public Offer Shares in respect of the Electronic Application Instructions given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorises** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Public Offer Shares allotted in respect of that person's Electronic Application Instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agrees to be bound by them;

- **confirms** that that person has only relied on the information and representations in this prospectus (and any supplement thereto) and the Application Forms in giving that person's Electronic Application Instructions or instructing that person's broker or custodian to give Electronic Application Instructions on that person's behalf;

- **agrees** that the Company, the Sponsor, the Lead Manager, the Public Offer Underwriters, their respective directors, officers, employees, advisers and any other parties involved in the Share Offer are not liable for the information and representations not so contained in this prospectus, any supplement thereto or the Application Form;

- **agrees** to disclose that person's personal data to the Company, the Sponsor, the Lead Manager, the Underwriters, the Hong Kong branch registrars, its registrars, receiving banker and/or their respective, adviser and agents and any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to Electronic Application Instructions given by that person is irrevocable before the expiration of the fifth Business Day after the opening of the application lists or such later date as the application lists may open as described under "Effect of bad weather on the opening of the application lists" below, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth Business

Day after the opening of the application lists except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the end of the fifth Business Day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's Electronic Application Instruction can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by the Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of Electronic Application Instructions relating to the Public Offer Shares;

- **agrees** with the Company, for itself and for the benefit of each of the Shareholders (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each of the Shareholders, with each CCASS Participant giving Electronic Application Instructions) to observe and comply with the Companies Law, the memorandum and articles of association of the Company;

- **agrees** with the Company (for itself and for the benefit of each of the Shareholders) that the Shares are freely transferable by the holders thereof; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving Electronic Application Instructions to HKSCC

By giving Electronic Application Instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- **instructed and authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for Public Offer Shares on your behalf;

- **instructed and authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the Offer Price is less than the maximum offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account;

- **instructed and authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or a custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give Electronic Application Instructions in respect of a minimum of 1,000 Public Offer Shares. Such instructions in respect of more than 1,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any number of the Public Offer Shares will be considered and any such application is liable to be rejected.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any Electronic Application Instructions to make an application for Public Offer Share given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. Further information in this regard is set forth under "How many applications you may make for the Public Offer Shares" below.

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives Electronic Application Instructions or each person for whose benefit each such instruction is given will be treated as an applicant.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, Electronic Application Instructions is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The subscription of Public Offer Share by giving Electronic Application Instructions to HKSCC is only a facility provided to CCASS Participants. The Company, the Directors, the Sponsor, the Lead Manager and the Public Offer Underwriters take no responsibility for the application and provide no assurance that any CCASS Participants will be allotted any Public Offer Shares. To ensure that CCASS Investor Participants can give their Electronic Application Instructions to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their Electronic Application Instructions to the systems. In the event that CCASS Investor Participants have problems connecting to CCASS Phone System/CCASS Internet System for submission of Electronic Application Instructions, they should either (i) submit the **WHITE** or **YELLOW** Application Form (as appropriate), or (ii) go to HKSCC's Customer Service Centre to complete an application instruction input request form before 12:00 noon on Friday, 11 December 2009 or such later time as described under the sub-paragraph headed "Effect of bad weather on the opening of the application lists" below.

HOW MANY APPLICATIONS YOU MAY MAKE FOR THE PUBLIC OFFER SHARES

There is only one situation where you may make more than one application for the Public Offer Shares. You may make more than one application for the Public Offer Shares if you are a nominee, in which case you may make an application by using a **WHITE** or **YELLOW** Application Form or by way of giving Electronic Application Instructions to

HKSCC via CCASS, and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the relevant Application Form marked "For nominee(s)" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being for your own benefit. **Otherwise, multiple applications are not allowed.**

It will be a term and condition of all applications that by completing and delivering an Application Form or by giving Electronic Application Instructions to HKSCC, you:

- if the application is made for your own benefit, warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or through giving Electronic Application Instructions to HKSCC via CCASS;
- if you are an agent for another person, warrant that reasonable enquiries have been made of the beneficial owner that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or through giving Electronic Application Instructions to HKSCC via CCASS, and that you are duly authorised to sign the relevant Application Form or give Electronic Application Instructions as that other person's agent.

Multiple applications or suspected multiple applications are liable to be rejected. All of your applications are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by way of giving Electronic Application Instructions to HKSCC via CCASS;
- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or one **WHITE** or **YELLOW** Application Form and by way of giving Electronic Application Instructions to HKSCC via CCASS;
- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by way of giving Electronic Application Instructions to HKSCC via CCASS for more than 100% of the Public Offer Shares initially available in either pool A or pool B for subscription under the Public Offer; or
- have applied for, taken up or received, or indicated an interest for the Placing Shares or otherwise participated in the Placing and make application on **WHITE** or **YELLOW** Application Form or by way of giving Electronic Application Instructions to HKSCC via CCASS.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by

HKSCC Nominees on Electronic Application Instructions) or you have applied for, taken up or received any Placing Shares or indicated an interest for the Placing or otherwise participated in the Placing. If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

An unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a Company means you:

- control the composition of the board of directors of that company; and/or
- control more than half of the voting power of that company; and/or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK$3.85 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. This means that for every 1,000 Public Offer Shares, you will pay HK$3,888.84. Each Application Form has a table showing the exact amount payable for certain multiples of the Public Offer Shares. You must pay the maximum Offer Price, the brokerage, the Stock Exchange trading fee and the SFC transaction levy in full when you apply for the Public Offer Shares.

Your payment must be made by one cheque or one banker's cashier order and must comply with the terms of the related Application Forms (if you apply by an Application Form). Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Friday, 11 December 2009. If your application is successful, the brokerage is paid to participants of the Stock Exchange, the transaction levy is paid to the Stock Exchange collecting on behalf of the SFC, and the trading fee is paid to the Stock Exchange. If the Offer Price as finally determined is less than HK$3.85 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies) will be made to applicants, without interests. Details of the procedures for refund are contained below in the section headed "Despatch/collection of share certificates and refund of application money".

The Company will not issue temporary documents of title, evidence of title or receipt for payment.

TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

WHITE and YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Friday, 11 December 2009, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists".

Your completed Application Form, with payment in Hong Kong dollars for the full amount payable on application attached, should be deposited in the special collection boxes provided at any one of the branches of Standard Chartered Bank (Hong Kong) Limited listed under the paragraph headed "Where to collect the Application Forms" above at the following times:

Tuesday, 8 December 2009	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 9 December 2009	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 10 December 2009	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 11 December 2009	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 11 December 2009.

Electronic Application Instructions

CCASS Clearing/Custodian Participants can input Electronic Application Instructions at the following times on the following dates:

Tuesday, 8 December 2009	**–**	**9:00 a.m. to 8:30 p.m.[(1)]**
Wednesday, 9 December 2009	**–**	**8:00 a.m. to 8:30 p.m.[(1)]**
Thursday, 10 December 2009	**–**	**8:00 a.m. to 8:30 p.m.[(1)]**
Friday, 11 December 2009	**–**	**8:00 a.m.[(1)] to 12:00 noon**

Note (1): These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input Electronic Application Instructions from 9:00 a.m. on Tuesday, 8 December 2009 until 12:00 noon on Friday, 11 December 2009 (24 hours daily, except the last application date).

The latest time for inputting your Electronic Application Instructions (if you are a CCASS Participant) is 12:00 noon on Friday, 11 December 2009 or, if the Application Lists are not open on that day, by the time and date stated under "Effects of bad weather on the opening of the application lists" below.

Application Lists

Subject to the events as described in the paragraph headed "Effect of bad weather on the opening of the application lists" below, the application lists will open at 11:45 a.m. and close at 12:00 noon on Friday, 11 December 2009.

No proceedings will be taken on application for the Shares and no allotment of any such Shares will be made until the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 11 December 2009.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the related Application Forms, and you should read them carefully. You should note, in particular, the following two situations in which the Public Offer Shares will not be allocated to you:

If your application is revoked

By depositing the **WHITE** or **YELLOW** Application Form or submitting Electronic Application Instructions to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the expiration of the fifth Business Day after the time of the opening of the application lists.

This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or submit your Electronic Application Instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the end of the fifth Business Day after the time of opening of the application lists except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth Business Day after time of the closing of the application lists, if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an

application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. Acceptance of application which are not rejected will be constituted by notification in the announcement of the results of allocation and, where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to satisfaction of such conditions or the results of such ballot, respectively.

Full discretion of the Company or its agents to reject or accept you application

The Company and its agents have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

If your application is rejected

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or
- you or the person for whose benefit you are applying have applied for or taken up, received or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Placing Shares. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received the Placing Shares; and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer; or
- your Application Form is not completed correctly in accordance with the instructions printed thereon (if you apply by an Application Form); or
- your payment is not made correctly; or
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation; or
- the Company or any of its agents believes that by accepting your application, the Company would violate the applicable laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed or of any other jurisdiction; or
- your application is for more than 100% of the Public Offer Shares under either pool A or pool B initially available for subscription by the public.

If your application is not accepted

Your application (including the part of an application made by HKSCC Nominees acting upon Electronic Application Instructions) will not be accepted if either:

- the Public Offer Underwriting Agreement does not become unconditional; or
- the Public offer Underwriting Agreement is terminated in accordance with its terms and conditions; or
- no agreement has been reached on the Offer Price on or before the Price Determination Date.

If the allotment of Public Offer Shares is void

Any allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give Electronic Application Instructions or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant the approval of the listing of, and permission to deal in, the Shares either:

– within three weeks from the closing of the application lists; or

– within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within 3 weeks of the closing of the application lists.

PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before Thursday, 17 December 2009 in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the Company's website at www.chinacornoil.com and the website of the Stock Exchange at www.hkexnews.hk.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under **WHITE** or **YELLOW** Application Forms or by giving Electronic Application Instructions to HKSCC via CCASS (in addition to the announcements in newspapers referred to above) will be made available at the times and dates and in the manner specified below:

- on the website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Thursday, 17 December 2009 to 12:00 midnight on Wednesday, 23 December 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its Application Form to search for his/her/its own allocation result;
- on the Company's website at www.chinacornoil.com and the website of the Stock Exchange at www.hkexnews.hk on Thursday, 17 December 2009 onwards;

- from the Company's Public Offer allocation results telephone enquiry hotline. Applicants may find out whether or not their applications have been successful and the number of Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 17 December 2009 to Tuesday, 22 December 2009 (excluding Saturday, Sunday and public holidays); and

- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches of the receiving bank from Thursday, 17 December 2009 to Monday, 21 December 2009 at the addresses set out in the paragraph headed "Where to collect the Application Forms".

DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONEY

No temporary documents of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Friday, 11 December 2009. The Company will keep any interest accrued on your application monies (up till, in the case of monies to be refunded, the date of despatch of refund cheque).

Any certificate relating to the Offer Shares issued by the Company or deposited into CCASS prior to 8:00 a.m. on the Listing Date will only become valid certificate of title at 8:00 a.m. on the Listing Date if the Public Offer has become unconditional in all aspects and the Underwriting Agreements have not been terminated in accordance with their terms on or before 8:00 a.m. on the Listing Date.

Your application money, or an appropriate portion thereof, together with the related brokerage fee, Stock Exchange trading fee and the SFC transaction levy, will be refunded, without interest if:

- your application is rejected, not accepted or only accepted in part;

- the Offer Price as finally determined is less than the maximum indicative Offer Price;

- the conditions of the Share Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer" in this prospectus;

- any application is revoked or any allocation pursuant thereto has become void; or

- any of the reasons set forth under "Circumstances in which you will not be allotted the Public Offer Shares".

It is intended that special efforts will be made to avoid any undue delay in refunding application money where appropriate.

If you have given Electronic Application Instructions, your refund (if any) will be credited to your designated bank account or the designated bank account of the designated CCASS Participant through which you are applying on Thursday, 17 December 2009. If you have instructed your designated CCASS Participant (other than CCASS Investor Participant) to give Electronic Application Instructions on your behalf, you can check the amount of refund (if any) payable to you with that designated CCASS Participant. If you have applied as CCASS Investor Participant, you can check the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 17 December 2009 or in the activity statement showing the amount of refund money credited to your designated bank account made available to you by HKSCC immediately after the credit of refund money to your bank account.

You will receive one share certificate for all the Public Offer Shares issued to you (except pursuant to applications made on **YELLOW** Application Forms or by Electronic Application Instructions where the share certificate will be deposited into CCASS as described below under "Deposit of share certificates into CCASS" below).

Subject to the provisions mentioned below, in due course there will be sent to you by ordinary post, at your own risk to the address specified on your Application Form:

- for applicants on **WHITE** Application Forms: (i) share certificate for all the Public Offer Shares applied for, if your application is wholly successful; or (ii) share certificate for the number of Public Offer Shares successfully applied for, if your application is partially successful; and/or

- for applicants on **WHITE** and **YELLOW** Application Forms, a refund cheque crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for: (i) the excessive application money for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application money, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price as determined and the maximum indicative Offer Price, payable upon application, in the event that the Offer Price is lower than the maximum indicative Offer Price, in each case including related brokerage of 1%, the Stock Exchange trading fee of 0.005% and the transaction levy of 0.004% imposed by the SFC, without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

In a contingency situation involving a very high level of over-subscription, at the discretion of the Company and the Sponsor, applications for certain small denominations of the Public Offer Shares may be eliminated in a pre-balloting. In such circumstances, the cheques or banker's cashier orders accompanying such applications on the Application Forms will not be presented for clearing.

Subject as mentioned below, refund cheques (if any) and share certificates for successful applicants under **WHITE** Application Forms are expected to be despatched on Thursday, 17 December 2009. We reserve the right to retain any share certificates and any excessive application money pending clearance of cheque(s) or banker's cashier order(s).

If you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form and have indicated your intention on your Application Form to collect your refund cheque (where applicable) and/or (for applicants using **WHITE** Application Forms) share certificate (where applicable) from our Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, and have provided all information required by your Application Form, you may collect (where applicable) your refund cheque and/or (where applicable) share certificate from our Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on Thursday, 17 December 2009 from 9:00 a.m. to 1:00 p.m. or any other date notified by us in the newspapers as the date of despatch of share certificates/refund cheques.

If you are an individual who opts for collection in person, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for collection in person, the authorised representative bearing a letter of authorisation from the corporation stamped with the corporation's chop must be presented for collection. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong branch share registrar and transfer office. If you do not collect your share certificate and/or refund cheque during the above period, they will be despatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

If you have applied for less than 1,000,000 Public Offer Shares or if you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form but have not indicated in your Application Form that you wish to collect your share certificate (where applicable) and/or refund cheque in person, the share certificate (where applicable) and/or refund cheque (if applicable) will be sent to the address as stated on your Application Form on Thursday, 17 December 2009 or any other date notified by us in the newspapers as the date of despatch of share certificates/refund cheques by ordinary post and at your own risk.

Deposit of share certificates into CCASS

If you apply for the Public Offer Shares using a **YELLOW** Application Form or by giving Electronic Application Instructions, and your application is wholly or partially successful, your share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant as instructed by you at the close of business on Thursday, 17 December 2009, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of the Public Offer Shares allotted to you with that CCASS Participant.

We expect to publish the application results of CCASS Investor Participants using **YELLOW** Application Form and the application results of CCASS Participants applying by giving Electronic Application Instructions (and where the CCASS Participants is a broker or custodian, we shall include information relating to the beneficial owner, the Hong Kong identity card numbers, passport numbers or other identification code (Hong Kong business registration certificate number for corporations), if supplied) on Thursday, 17 December 2009. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 17 December 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Applicants applying by giving Electronic Application Instructions can also check the result of application via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

If you are applying as a CCASS Investor Participant, you can check your new account balance via the CCASS Phone System and CCASS Internet System under the procedures contained in HKSCC's "An Operating Guide for Investor Participant" in effect from time to time immediately after the credit of the Public Offer Shares to your stock account. HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. on the Listing Date, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:30 a.m. on 18 December 2009. Our Shares will be traded in board lots of 1,000 Shares each.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong:

Grant Thornton
均富

Member of Grant Thornton International Ltd

8 December 2009

The Directors
China Corn Oil Company Limited

Taifook Capital Limited

Dear Sirs,

We set out below is our report on the financial information regarding China Corn Oil Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), including the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group for each of the three years ended 31 December 2006, 2007, 2008 and for the six months ended 30 June 2009 (the "Relevant Periods") and the combined statements of financial position of the Group as at 31 December 2006, 2007, 2008 and 30 June 2009 together with explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 8 December 2009 in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 9 September 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. As set out in Note 1 of Section II below, pursuant to a group restructuring (the "Group Restructuring"), the Company has since 26 November 2009 become the holding company of the subsidiaries now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the aforementioned Group Restructuring.

Details of the Company's direct and indirect interests in its subsidiaries at the date of this report are set out in Note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date.

The statutory financial statements of Shandong Sanxing Corn Industry Technology Company Limited ("Corn Industry") for the period from 14 November 2006 (date of incorporation) to 31 December 2007 and the year ended 31 December 2008 were prepared in accordance with the accounting principles and relevant accounting rules applicable to

enterprises established in the People's Republic of China (the "PRC"). The statutory financial statements of Corn Industry for the period ended 31 December 2007 were audited by 大信會計師事務所有限公司 and for the year ended 31 December 2008 were audited by 山東鑒鑫會計師事務所有限公司.

No audited financial statements have been prepared for Corn Industry Investment Co., Ltd. ("Corn BVI") since the date of its incorporation as there is no statutory audit requirements under the relevant rules and regulations in the British Virgin Islands (the "BVI").

Corn Industry was established on 14 November 2006 for the purpose of taking over the operation and management of edible oil business (the "Business") from Zouping Sanxing Grease Industry Company Limited ("Sanxing Grease"). Since Corn Industry's establishment, Sanxing Grease had transferred its assets and liabilities in relation to the Business to Corn Industry over a period of time and all procedures in relation to the transfer were completed on 31 March 2007. Prior to the transfer, the Business was operated by Sanxing Grease and after the transfer, the Business was assumed by the Group without changes in beneficial ownership and management. Accordingly, for the purpose of preparing this report, the relevant assets and liabilities that are identifiable and related to the Business are included in the combined statements of financial position of the Group as at 31 December 2006, 2007, 2008 and 30 June 2009, while the results of the Business are included in the combined income statements, combined statements of comprehensive income, combined cash flow statements and combined statements of changes in equity of the Group since 1 January 2006.

BASIS OF PREPARATION

For the purpose of this report, the directors of the companies within the Group have prepared the financial statements of the Business and Corn Industry for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 in accordance with International Financial Reporting Standards (together referred to as the "IFRS Financial Statements").

The Financial Information has been prepared based on the IFRS Financial Statements and the unaudited management accounts of Corn BVI on the basis as set out in Note 1 under Section II below, after making such adjustments as appropriate. Additional disclosures have been made, for the purpose of this report, to conform with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with International Financial Reporting Standards ("IFRSs"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our examination and to report our opinion to you.

The IFRS Financial Statements for the years ended 31 December 2006, 2007 and 2008 were audited by Reanda, Certified Public Accountants registered in the PRC, in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"). For the purpose of this report, we have carried out an independent examination of the IFRS Financial Statements for the Relevant Periods and have carried out such additional procedures as we consider necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants. The IFRS Financial Statements for the six months ended 30 June 2009 were audited by us in accordance with ISA.

For the purpose of this report, we have also reviewed all relevant transactions undertaken by Corn BVI since its date of incorporation.

The ISA require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION IN RESPECT OF THE RELEVANT PERIODS

In our opinion, the Financial Information set out below, for the purpose of this report and which is prepared on the basis set out in Note 1 under Section II below, gives a true and fair view of the state of affairs of the Group as at 31 December 2006, 2007, 2008 and 30 June 2009, and of the Group's results and cash flows for the Relevant Periods in accordance with IFRSs.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited financial information of the Group including the combined income statement, combined statement of comprehensive income, combined statement of changes in equity and combined cash flow statement for the six months ended 30 June 2008, together with the notes thereto (the "30 June 2008 Corresponding Information"), for which the directors are responsible, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the 30 June 2008 Corresponding Information. A review is substantially less in scope than an audit conducted and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 June 2008 Corresponding Information.

On the basis of our review which does not constitutes an audit, for the purpose of this report, nothing has come to our attention that causes us to believe the 30 June 2008 Corresponding Information is not prepared, in all material respects, in accordance with IFRSs.

I. FINANCIAL INFORMATION

COMBINED INCOME STATEMENTS

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	481,142	694,337	934,004	513,106	512,901
Cost of sales		(419,374)	(624,948)	(834,167)	(443,854)	(448,313)
Gross profit		61,768	69,389	99,837	69,252	64,588
Other income	5	13,632	13,818	15,642	8,391	6,076
Selling and distribution expenses		(15,266)	(11,792)	(12,448)	(6,228)	(4,751)
Administrative expenses		(6,918)	(6,621)	(9,918)	(4,414)	(3,583)
Other operating expenses		(409)	(327)	(193)	(157)	(100)
Profit from operations	7	52,807	64,467	92,920	66,844	62,230
Finance costs	8	(5,390)	(2,596)	(1,550)	(163)	(928)
Profit before income tax		47,417	61,871	91,370	66,681	61,302
Income tax expense	9	(16,393)	(876)	–	–	(7,663)
Profit for the year/period		31,024	60,995	91,370	66,681	53,639
		RMB cents	RMB cents	RMB cents	RMB cents	RMB cents
Earnings per share attributable to owners of the Company – Basic	11	9.55	18.77	28.11	20.52	16.50

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Profit for the year/period	31,024	60,995	91,370	66,681	53,639
Other comprehensive income					
Exchange differences arising on translation of foreign operations	–	(15)	4	4	–
Other comprehensive income for the year/period, net of tax	–	(15)	4	4	–
Total comprehensive income for the year/period attributable to owners of the Company	31,024	60,980	91,374	66,685	53,639

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2006	2007	2008	2009
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*13*	63,490	57,587	230,648	222,595
Current assets					
Inventories	*14*	46,735	80,282	53,654	55,185
Trade and notes receivables	*15*	35,276	5,947	9,428	79,070
Prepayments, deposits and other receivables	*16*	37,662	38,714	14,946	29,207
Financial assets at fair value through profit or loss	*17*	500	–	–	–
Amounts due from related parties	*18*	7,666	3,301	312	7,164
Cash and bank balances	*19*	23,606	12,858	34,216	49,649
		151,445	141,102	112,556	220,275
Current liabilities					
Trade payables	*20*	10,458	8,199	14,800	7,385
Accrued liabilities, other payables and deposits received	*21*	12,517	6,799	16,768	18,008
Amounts due to related parties	*22*	–	19,727	9,004	4,783
Interest-bearing bank and other borrowings	*23*	55,200	–	–	50,000
Tax payables		19,146	–	–	6,423
		97,321	34,725	40,572	86,599
Net current assets		54,124	106,377	71,984	133,676
Total assets less current liabilities		117,614	163,964	302,632	356,271
Non-current liabilities					
Interest-bearing bank and other borrowings	*23*	42,100	–	–	–
Net assets		75,514	163,964	302,632	356,271
EQUITY					
Equity attributable to owners of the Company					
Share capital	*24*	391	465	465	465
Reserves	*25*	75,123	163,499	302,167	355,806
Total equity		75,514	163,964	302,632	356,271

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2006, 2007, 2008 and six months ended 30 June 2009

	Share capital	Share premium	Other reserves	Capital reserve	Merger reserve	Translation reserve	Retained profits/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000 *(note 25(i))*	RMB'000 *(note 25(ii))*	RMB'000 *(note 25(iii))*	RMB'000	RMB'000	RMB'000
At 1 January 2006	391	–	2,650	4,293	49,609	–	(12,453)	44,490
Transaction with owners	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	31,024	31,024
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	31,024	31,024
Transfer to statutory reserves	–	–	5,136	–	–	–	(5,136)	–
At 31 December 2006 and 1 January 2007	391	–	7,786	4,293	49,609	–	13,435	75,514
Capital contributions from owners	74	76,518	–	–	391	–	–	76,983
Deemed distribution *(note 25(iv))*	–	(76,518)	–	–	–	–	(74)	(76,592)
Deemed capital contribution *(note 25(v))*	–	–	(7,786)	49,648	–	–	(14,783)	27,079
Transactions with owners	74	–	(7,786)	49,648	391	–	(14,857)	27,470
Profit for the year	–	–	–	–	–	–	60,995	60,995
Other comprehensive income	–	–	–	–	–	(15)	–	(15)
Total comprehensive income for the year	–	–	–	–	–	(15)	60,995	60,980
Transfer to statutory reserves	–	–	6,180	–	–	–	(6,180)	–
At 31 December 2007 and 1 January 2008	465	–	6,180	53,941	50,000	(15)	53,393	163,964
Capital contributions from owners	–	47,294	–	–	–	–	–	47,294
Transaction with owners	–	47,294	–	–	–	–	–	47,294
Profit for the year	–	–	–	–	–	–	91,370	91,370
Other comprehensive income	–	–	–	–	–	4	–	4
Total comprehensive income for the year	–	–	–	–	–	4	91,370	91,374
Transfer to statutory reserves	–	–	9,225	–	–	–	(9,225)	–
At 31 December 2008 and 1 January 2009	465	47,294	15,405	53,941	50,000	(11)	135,538	302,632

	Share capital	Share premium	Other reserves	Capital reserve	Merger reserve	Translation reserve	Retained profits/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000 *(note 25(i))*	RMB'000 *(note 25(ii))*	RMB'000 *(note 25(iii))*	RMB'000	RMB'000	RMB'000
At 31 December 2008 and 1 January 2009	465	47,294	15,405	53,941	50,000	(11)	135,538	302,632
Transaction with owners	–	–	–	–	–	–	–	–
Profit for the period	–	–	–	–	–	–	53,639	53,639
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	53,639	53,639
At 30 June 2009	465	47,294	15,405	53,941	50,000	(11)	189,177	356,271
At 31 December 2007 and 1 January 2008	465	–	6,180	53,941	50,000	(15)	53,393	163,964
Capital contributions from owners (unaudited)	–	47,294	–	–	–	–	–	47,294
Transaction with owners (unaudited)	–	47,294	–	–	–	–	–	47,294
Profit for the period (unaudited)	–	–	–	–	–	–	66,681	66,681
Other comprehensive income (unaudited)	–	–	–	–	–	4	–	4
Total comprehensive income for the period (unaudited)	–	–	–	–	–	4	66,681	66,685
At 30 June 2008 (unaudited)	465	47,294	6,180	53,941	50,000	(11)	120,074	277,943

COMBINED CASH FLOW STATEMENTS

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Profit before income tax		47,417	61,871	91,370	66,681	61,302
Adjustments for:						
Bank interest income	5	(873)	(276)	(75)	(29)	(37)
Interest expenses	8	5,390	2,596	1,550	163	928
Gain arising from disposal of financial assets at fair value through profit or loss	5	(1,395)	–	–	–	–
Depreciation of property, plant and equipment	7	6,039	7,117	13,593	3,616	11,231
Written down/(reversal of written down) of inventories to net realisable value	7	–	–	4,501	–	(3,115)
Provision for/(reversal of) impairment on trade receivables	7	283	(186)	(18)	(25)	–
Provision for impairment on other receivables	7	–	83	6	6	–
Operating profits before working capital changes		56,861	71,205	110,927	70,412	70,309
(Increase)/decrease in inventories		(26,256)	(47,817)	22,127	(8,539)	1,584
(Increase)/decrease in trade and notes receivables		(15,063)	25,988	(51,552)	(166,638)	(69,642)
(Increase)/decrease in prepayments, deposits and other receivables		(3,978)	(3,649)	23,762	(3,812)	(14,261)
(Decrease)/increase in trade payables		(7,573)	(2,188)	6,601	(436)	(7,415)
(Decrease)/increase in accrued liabilities, other payables and deposits received		(8,457)	(4,739)	9,969	6,334	1,240
Cash (used in)/generated from operations		(4,466)	38,800	121,834	(102,679)	(18,185)
Income tax paid		(3,800)	(2,958)	–	–	(1,240)
Net cash (used in)/generated from operating activities		(8,266)	35,842	121,834	(102,679)	(19,425)
Cash flows from investing activities						
Interest received		873	276	75	29	37
Purchase of property, plant and equipment		(2,436)	(1,214)	(138,565)	(981)	(7,704)
Proceeds from disposal of property, plant and equipment		–	–	–	–	4,526
Proceeds from disposal of financial assets at fair value through profit or loss		2,995	500	–	–	–
Net cash generated from/(used in) investing activities		1,432	(438)	(138,490)	(952)	(3,141)

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from financing activities						
Interest paid		(5,390)	(2,596)	(1,550)	(163)	(928)
Capital contributions from owners		–	76,983	47,294	47,294	–
Deemed distribution	*25(iv)*	–	(76,592)	–	–	–
(Increase)/decrease in amounts due from related parties		(3,212)	(2,159)	2,989	475	(6,852)
(Decrease)/increase in amounts due to related parties		(7,723)	19,727	(10,723)	(1,634)	(4,221)
Drawdown of bank and other borrowings		55,200	–	91,000	82,987	50,000
Repayment of bank and other borrowings		(45,000)	(61,500)	(91,000)	–	–
Net cash (used in)/generated from financing activities		(6,125)	(46,137)	38,010	128,959	37,999
Net (decrease)/increase in cash and cash equivalents		(12,959)	(10,733)	21,354	25,328	15,433
Cash and cash equivalents at beginning of year/period		36,565	23,606	12,858	12,858	34,216
Effect of foreign exchange rates, net		–	(15)	4	4	–
Cash and cash equivalents at end of year/period		23,606	12,858	34,216	38,190	49,649
Analysis of balances of cash and cash equivalents						
Cash and bank balances		23,606	12,858	34,216	38,190	49,649

II. NOTES TO THE FINANCIAL INFORMATION

1. FORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 9 September 2009 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group is principally engaged in production and sale of edible oil.

At the date of this report, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Country/ Place and date of incorporation/ establishment and kind of legal entity	Particulars of issued and fully paid share capital/ registered capital	Effective interest held by the Company	Principal activities
Interests held directly				
Corn Industry Investment Co., Ltd. ("Corn BVI")	Incorporated on 28 December 2006 in the BVI, limited liability company	59,701 shares at US dollars ("US$") 1 per share	100%	Investment holding
Interests held indirectly				
Shandong Sanxing Corn Industry Technology Company Limited 山東三星玉米產業科技有限公司 ("Corn Industry")	Incorporated on 14 November 2006 in the PRC, wholly-foreign-owned enterprise	US$12,880,000 *(Note)*	100%	Production and sale of edible oil

Note: Total registered capital is US$30 million and the remaining unpaid capital of US$17,120,000 shall be contributed by Corn BVI by 3 May 2010.

The formation of the Group is attributable to the following major events which are part of the Group Restructuring:

(i) Sanxing Grease established Corn Industry on 14 November 2006 for the purpose of transferring the Business to Corn Industry. Corn Industry was established with an initial registered capital of RMB50 million, contributed as to RMB35 million in fixed assets and as to RMB15 million in cash by Sanxing Grease. Since Corn Industry's establishment, Sanxing Grease has transferred its assets and liabilities in relation to the Business to Corn Industry over a period of time for nil consideration, and all administrative procedures in relation to the transfer were completed on 31 March 2007.

(ii) On 11 January 2007, Sanxing Grease entered into a share transfer agreement with Corn BVI to transfer its 100% equity interest in Corn Industry to Corn BVI, which was then wholly owned by Mr. Koay Kang Lin ("Mr. Koay"), for a consideration of USD10 million (the "Consideration"). Corn Industry became a foreign investment enterprise wholly owned by Corn BVI on 13 February 2007. On 9 May 2007, SanXing Trade Company Limited ("Sanxing Trade"), a company incorporated in Mauritius with limited liability and a wholly-owned subsidiary of Sanxing Grease, acquired 99.8% interest in Corn BVI from Mr. Koay for a consideration of USD49,900. Sanxing Grease retained its power to govern the financial and operating policies of Corn Industry from 13 February 2007 to 29 June 2007, the date Corn BVI fully settled the Consideration. Also, Mr. Koay has not participated in the management of the Business at all.

(iii) On 1 April 2007, Corn BVI entered into a loan agreement with New Garden Pte. Ltd. ("NGPL") (formerly known as New Wellmei Pte. Ltd.), pursuant to which USD2 million was lent by NGPL to Corn BVI. Pursuant to the loan agreement, if NGPL elects to invest in Corn BVI in future, a separate agreement has to be entered between the parties for the details of the investment (including but not limited to the number of shares to be invested and share price) and NGPL should then forgo its entitlement to the loan of USD2 million. On 14 June 2007, Corn BVI allotted and issued 3,233 shares, 3,233 shares and 3,235 shares (representing 5.415%, 5.415% and 5.420% of the issued share capital of Corn BVI respectively) to The China Development Capital Partnership Master Fund LP ("CDCP"), General Motors Investment Management Corporation ("GMIM") and NGPL respectively, for an aggregate consideration of USD8 million. Following the said allotment, NGPL waived the repayment of the loan of USD2 million advanced to Corn BVI in April 2007.

(iv) On 19 December 2007, Sanxing Trade set up China Corn Oil S.A. ("Corn Oil Luxembourg") with an initial issued capital of 3,650 shares of Euro 8.50 each. On 14 January 2008, Corn Oil Luxembourg acquired 100% equity interest of Corn BVI from Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL. In consideration, Corn Oil Luxembourg transferring its increased share capital of 4,015,870 shares of Euro 1.70 each to Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL on a pro-rata basis. On 15 January 2008, the initial share capital of 3,650 shares of Euro 8.50 each was changed to 18,250 shares of Euro 1.70 each. Immediately after the acquisition, Corn Oil Luxembourg was owned as to 83.66% by Sanxing Trade, 0.17% by Mr. Koay, 5.39% by CDCP, 5.39% by GMIM and 5.39% by NGPL.

(v) On 25 March 2008, Corn Oil Luxembourg was listed on the Alternext, an exchange regulated market organised by Euronext Paris SA (the "Alternext"), through the placement of 252,144 new shares. After the listing on Alternext, Corn Oil Luxembourg was owned as to 78.735% by Sanxing Trade, 0.157% by Mr. Koay, 5.074% by CDCP, 5.074% by GMIM, 5.077% by NGPL and 5.883% by other investors. Since the listing of Corn Oil Luxembourg's shares on Alternext, Sanxing Trade had made on-market purchases and sales of Corn Oil Luxembourg's shares on Alternext from time to time. As of 25 September 2009, Corn Oil Luxembourg was owned as to 82.162% by Sanxing Trade, 5.074% by CDCP, 5.074% by GMIM, 5.072% by NGPL and 2.618% by other investors. On 4 November 2009, Corn Oil Luxembourg announced Sanxing Trade together with CDCP, GMIM and NGPL had made a proposal to acquire all the shares of Corn Oil Luxembourg not already owned, controlled or agreed to be acquired by Sanxing Trade or entities controlled by or associated with it, other than those shares held by CDCP, GMIM and NGPL which together with Sanxing Trade is then interested in approximately 97.38% of the issued share capital of Corn Oil Luxembourg and to seek the voluntary delisting of Corn Oil Luxembourg from Alternext. The privatisation offer was made on 5 November 2009 at an offer price of approximately Euro 22 in cash per share and was closed on 19 November 2009. Following the closing of the privatisation offer, the issued share capital of Corn Oil Luxembourg was owned as to 82.733% by Sanxing Trade, 5.074% by CDCP, 5.074% by GMIM, 5.072% by NGPL and 2.047% by other investors. On 20 November 2009, Corn Oil Luxembourg delisted from Alternext.

(vi) On 9 September 2009, the Company was incorporated in the Cayman Islands and allotted and issued one share to Codan Trust Company (Cayman) Limited which was subsequently transferred to Sanxing Trade on the same date.

(vii) On 26 November 2009, Corn Oil Luxembourg transferred its entire interest in Corn BVI to the Company in consideration of the Company issuing and allotting 324,999,999 ordinary shares of HK$0.10 each and Sanxing Trade also transferred its one share in the Company to Corn Oil Luxembourg at a consideration of HK$0.10.

(viii) As at the latest practicable date, it is the intention of the majority shareholders of Corn Oil Luxembourg to apply for voluntary winding up of Corn Oil Luxembourg. On 1 December 2009, Corn Oil Luxembourg issued a notice convening an extraordinary general meeting ("EGM") of Corn Oil Luxembourg to be held on 22 December 2009. Certain resolutions were proposed to be passed at the EGM, which include, among others, (i) dissolution of Corn Oil Luxembourg; (ii) appointment of the liquidator; and (iii) determination of the powers to be given to the liquidator and determination of remuneration of the liquidator. Pursuant to and following the winding up of Corn Oil Luxembourg, all the issued shares of the Company held by Corn Oil Luxembourg will be distributed by way of transfer or otherwise to the then existing shareholders of Corn Oil Luxembourg on a pro-rata basis.

The Group is regarded as a continuing entity resulting from the Group Restructuring since the Business and the companies which took part in the Group Restructuring were either controlled by Sanxing Grease before and after the Group Restructuring or incorporated/established by Sanxing Grease for the purpose of the Group Restructuring, with the exception of Corn BVI which became part of the Group during the year ended 31 December 2007. Consequently, immediately after the Group Restructuring, there was a continuation of the risks and benefits to the ultimate controlling party holders that existed prior to the Group Restructuring. The Financial Information and 30 June 2008 Corresponding Information have therefore been prepared using the principles of merger accounting as if the Group had always been in existence, except for Corn BVI which has been accounted for using the purchase method. Accordingly, the results and cash flows of the Group for the Relevant Periods include the results and cash flows of the Business from 1 January 2006 and the results and cash flows of the subsidiaries from their respective dates of establishment and acquisition as if the current group structure had been in existence throughout the Relevant Periods. The combined statements of financial position as at the end of each of the Relevant Periods is a combination of the statements of financial position of the subsidiaries and the Business at the end of each of the Relevant Periods as if the current group structure had been in existence at these dates, except for Corn BVI, which became part of the Group during the year ended 31 December 2007.

Apart from the Business, Sanxing Grease has also engaged in the handling of the treasury functions of Shandong Sanxing Group Company Limited ("Shandong Sanxing") and its subsidiaries and other administrative activities. These non-core operations of Sanxing Grease that are not related to the Business ("Non-transferred Operations") were not transferred to the Group and are retained by Sanxing Grease. The income, expenses, assets and liabilities of the Non-transferred Operations (comprised mainly amount due from related parties, bank and other borrowings, interest income and interest expenses) are not included in the Financial Information and 30 June 2008 Corresponding Information.

2. BASIS OF PREPARATION

The Financial Information and 30 June 2008 Corresponding Information have been prepared in accordance with IFRSs, which collective term includes all applicable individual International Financial Reporting Standards and Interpretations as approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretation as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The Financial Information and 30 June 2008 Corresponding Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The Financial Information and 30 June 2008 Corresponding Information have been prepared under the historical cost basis except for the financial instruments classified as at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The IASB has issued a number of new and revised IFRSs which were relevant to the Group and became effective during the Relevant Periods. In preparing the Financial Information and 30 June 2008 Corresponding Information, the Group has adopted all these new and revised IFRSs consistently throughout the Relevant Periods.

Except that the Group has early adopted the amended disclosure requirements in relation to operating segments as included in the "Annual Improvements to IFRSs 2009", the Group has not early adopted the following IFRSs that have been issued but are not yet effective.

IAS 24 (Revised)	Related Party Disclosures[7]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 28 (Revised)	Investments in Associates[1]
IAS 31 (Revised)	Investments in Joint Ventures[1]
IAS 32 (Amendment)	Classification of Rights Issues[5]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations – Comprehensive Revision on Applying the Acquisition Method[1]
IFRS 9	Financial Instrument[8]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
IFRS 5 (Amendments) & IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 18	Transfers of Assets from Customers[2]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[6]
IFRS 5 (Amendments)	Annual Improvements to IFRSs 2008[1]
Improvements to IFRSs	Annual Improvements to IFRSs 2009[4]

Notes:

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for transfer of assets from customers received on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2010
4 Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific IFRS
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The directors are in the process of assessing the impact of other new or revised IFRSs upon initial adoption. So far, the directors have preliminarily concluded that the initial adoption of these IFRSs are unlikely to have a significant impact on the Group's results and financial position.

The directors anticipate that all these new or revised IFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

It should be noted that accounting estimates and assumptions have been made in preparing the Financial Information and 30 June 2008 Corresponding Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas where assumptions and estimates are significant to the Financial Information and 30 June 2008 Corresponding Information or areas involving a higher degree of judgment or complexity are set out in note 4 "Critical accounting estimates and judgments".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Merger accounting

The assets and liabilities of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or excess of acquiree's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The combined income statement includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3.2 Subsidiaries

Subsidiaries are entities (including special purpose entity) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Except for those acquisitions which qualify as a common control combination, which are accounted for using merger accounting, purchase method of accounting is used for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespectively of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Financial Information and 30 June 2008 Corresponding Information. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3.3 Foreign currency translation

Items included in this Financial Information and 30 June 2008 Corresponding Information of each of the group entities are measured using the currency of the primary economic environment in which the group entity operates (i.e. the "functional currency"). The Financial Information and 30 June 2008 Corresponding Information are presented in Renminbi ("RMB"), since the major subsidiaries of the Group are operating in a RMB environment and the functional currency of the major subsidiaries is RMB.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of each of the Relevant Periods, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each of the Relevant Periods. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of the reporting period retranslation of monetary assets and liabilities are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

At the end of each of the Relevant Periods, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of each of the Relevant Periods. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

3.4 Revenue recognition

Revenue is recognised to the extent when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, net of allowances for returns, trade discounts and value-added tax. The following specific recognition criteria must also be met before revenue is recognised:–

(i) Sale of goods – revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon dispatch of goods.

(ii) Interest income is recognised as interest accrues (using the effective interest method).

(iii) Dividend is recognised when the right to receive payment is established.

3.5 Cost of sales

Direct cost of production, which includes primarily raw materials costs, labour costs, electricity costs, depreciation expenses, tax and repair and maintenance expenses are recognised in inventories and then as cost of sales when the revenue from sale of goods is recognised.

3.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold buildings	The shorter of the lease terms and 20 years
Plant and machinery	10 years
Office equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits is derived from its use. Any gain or loss arising on derecognising of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement.

CIP represents buildings under construction, and plant and machinery pending installation, is stated at cost less accumulated impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods.

3.7 Impairment of non-financial assets

Property, plant and equipment is subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a

cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.8 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating lease. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statement in the accounting period in which they are incurred.

3.9 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and cash and bank balances are set out below. Financial assets are classified into loans and receivables and financial assets at fair value through profit or loss.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each of the Relevant Periods, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.4 to this report.

3.10 Impairment of financial assets

At the end of each of the Relevant Periods, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs. In relation to trade and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Except for trade

and notes receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. Impaired debts are derecognised when they are assessed as uncollectible. Impairment losses in respect of trade and notes receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, comprise direct materials, direct labour and an appropriate portion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.12 Income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the end of each of the Relevant Periods. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the end of each of the Relevant Periods between the carrying amounts of assets and liabilities in this Financial Information and 30 June 2008 Corresponding Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each of the Relevant Periods.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.15 Retirement benefit costs and short term employee benefits

Defined contribution plan

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.16 Financial liabilities

The Group's financial liabilities include trade payables, accrued liabilities, other payables, interest-bearing bank and other borrowings and amounts due to related parties.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade payables, accrued liabilities, other payables and amounts due to related parties are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.17 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each of the Relevant Periods and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisaton, if appropriate.

3.18 Related parties

For the purposes of the Financial Information and 30 June 2008 Corresponding Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.19 Segment reporting

Operating segments, and the amounts of each segment item reported in this Financial Information and 30 June 2008 Corresponding Information, are identified from the financial information provided regularly to the Group's most senior management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purpose unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, which are described in note 3, management has made various estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and accounting judgments that results in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year or significantly affect the amounts recognised in the Financial Information and 30 June 2008 Corresponding Information are discussed below:

(i) Impairment of receivables

The Group's management determines the provision for impairment of receivables. This estimate is based on the evaluation of collectability and ageing analysis of receivables and on management's judgment. A considerable amount of judgment is required in assessing the expected timing of collection and ultimate realisation of these receivables, including credit worthiness and collection history of each customer and other debtors. Management will reassess the provision at the end of each of the Relevant Periods. If the financial conditions of the customers or debtors of the Group deteriorate thus resulting in impairment as to their ability to make payment, additional allowances may be required.

(ii) Useful lives and residual values of items of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at the end of each of the Relevant Periods.

(iv) Provision for tax

The Group is mainly subject to various taxes in the PRC including enterprise income tax. Significant judgment is required in determining the amount of the provision for taxes and the timing of related taxes. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represented the net invoiced value of goods sold, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue and other income is as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Sale of goods	481,142	694,337	934,004	513,106	512,901
Other income					
Interest income on bank balances stated at amortised cost	873	276	75	29	37
Sales of scrap materials	9,534	13,186	14,994	8,069	4,794
Processing income	725	30	2	2	–
Gain arising from disposal of financial assets at fair value through profit or loss	1,395	–	–	–	–
Compensation income from sundry creditors	350	102	492	250	950
Others	755	224	79	41	295
	13,632	13,818	15,642	8,391	6,076

6. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major products and service lines which are production and sale of (i) Corn oil, including non-branded corn oil and own brand corn oil; (ii) Other oil, mainly refined edible sunflower seed oil, refined edible olive oil, refined edible cotton seed oil; and (iii) Corn meal.

For the purposes of assessing segment performance and allocating resources between segments, the directors assess segment profit or loss by gross profit or loss. The Group is using the production yield for allocation of the cost of sales to its products. Segment revenue and segment results are measured on the same basis as the Group's accounting policies described in notes 3.4 and 3.5 above.

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Year ended 31 December 2006				
	Corn oil				
	Non-branded corn oil	Own brand corn oil	Other oil	Corn meal	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Revenue from external customers	369,260	22,618	25,476	63,788	481,142
Reportable segment revenue	369,260	22,618	25,476	63,788	481,142
Reportable segment profits/(loss)	59,357	6,200	3,757	(7,546)	61,768

	Year ended 31 December 2007				
	Corn oil				
	Non-branded corn oil	Own brand corn oil	Other oil	Corn meal	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Revenue from external customers	426,753	62,971	114,451	90,162	694,337
Reportable segment revenue	426,753	62,971	114,451	90,162	694,337
Reportable segment profits/(loss)	59,545	10,315	14,123	(14,594)	69,389

	Year ended 31 December 2008				
	Corn oil				
	Non-branded corn oil	Own brand corn oil	Other oil	Corn meal	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Revenue from external customers	644,837	114,757	35,917	138,493	934,004
Reportable segment revenue	644,837	114,757	35,917	138,493	934,004
Reportable segment profits/(loss)	79,859	19,468	1,021	(511)	99,837

	Six months ended 30 June 2009				
	Corn oil				
	Non-branded corn oil	Own brand corn oil	Other oil	Corn meal	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Revenue from external customers	373,568	63,889	16,084	59,360	512,901
Reportable segment revenue	373,568	63,889	16,084	59,360	512,091
Reportable segment profits	52,585	10,188	1,753	62	64,588

	Six months ended 30 June 2008 (unaudited)				
	Corn oil				
	Non-branded corn oil	Own brand corn oil	Other oil	Corn meal	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Revenue from external customers	359,691	57,486	24,313	71,616	513,106
Reportable segment revenue	359,691	57,486	24,313	71,616	513,106
Reportable segment profits/(loss)	59,811	9,351	2,576	(2,486)	69,252

Reportable segment revenue represented turnover of the Group in the combined income statements. A reconciliation between the reportable segment profit and the Group's profit before income tax is set out below:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Profit					
Reportable segment profit	61,768	69,389	99,837	69,252	64,588
Other income	13,632	13,818	15,642	8,391	6,076
Finance cost	(5,390)	(2,596)	(1,550)	(163)	(928)
Unallocated expenses	(22,593)	(18,740)	(22,559)	(10,799)	(8,434)
Profit before income tax	47,417	61,871	91,370	66,681	61,302

The following table set out information about the geographical location of the group's revenue from external customers. The geographical location of customers is determined based on the location at which the services were provided or the goods delivered.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Local (country of domicile):					
– PRC	245,338	578,398	652,294	314,579	506,632
Export (foreign countries):					
– Middle East	205,790	79,307	221,083	143,244	1,325
– Korea	13,888	10,772	11,782	11,782	–
– Singapore, Malaysia and the Philippines	16,126	25,860	48,845	43,501	4,944
	235,804	115,939	281,710	198,527	6,269
	481,142	694,337	934,004	513,106	512,901

7. PROFIT FROM OPERATIONS

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Profit from operations is arrived at after charging/(crediting):					
Auditors' remuneration	60	70	180	120	120
Cost of inventories recognised as an expense	363,890	569,859	745,971	394,650	417,039
Depreciation on property, plant and equipment *	6,039	7,117	13,593	3,616	11,231
Net foreign exchange loss	1,738	1,509	3,520	1,576	24
Operating lease charges on:					
– rented premises	38	5	2,014	2,000	30
– land lease payments	–	100	100	–	80
Staff costs (including directors' remuneration)					
– Wages, salaries and bonus	5,629	6,259	7,621	3,442	3,889
– Contribution to defined contribution pension plan ^	613	928	1,471	171	222
Total staff cost	6,242	7,187	9,092	3,613	4,111
Provision for/(reversal of) impairment **					
– trade receivables	283	(186)	(18)	(25)	–
– other receivables	–	83	6	6	–
Written down/(reversal of written down) of inventories to net realisable value ***	–	–	4,501	–	(3,115)

* Depreciation of approximately RMB5,894,000, RMB6,915,000, RMB13,537,000, RMB3,581,000 (unaudited) and RMB11,152,000 and approximately RMB145,000, RMB202,000, RMB56,000, RMB35,000 (unaudited) and RMB79,000 has been charged to cost of sales and administrative expenses, for the years ended 31 December 2006, 2007 and 2008 and the six month ended 30 June 2008 and 2009, respectively.

** Provision for impairment on trade and other receivables has been included in other operating expenses while reversal of provision has been included in other income for the Relevant Periods.

*** The Group reversed RMB3,115,000 of inventory previously written down during the six months ended 30 June 2009. The Group has sold all of the goods to unrelated third parties at prices higher than the original costs. The write down/reversal of write down was included in cost of inventories recognised as expense.

^ At the end of each of the Relevant Periods, the Group had no forfeited contributions available to reduce its contributions to the pension scheme.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Interest charges on financial liabilities stated at amortised cost:					
Bank and other borrowings					
– wholly repayable within five years	5,390	2,462	1,550	163	925
Other interest expenses	–	134	–	–	3
	5,390	2,596	1,550	163	928

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Current tax					
– Provision for PRC income tax . .	16,393	876	–	–	7,663

(i) Pursuant to the rules and regulations of the BVI, the Group is not subject to any taxation under the jurisdiction of BVI during the Relevant Periods.

(ii) PRC enterprise income tax ("EIT") is calculated at a rate of 33% on the profit of the Business for the year ended 31 December 2006 and the three months ended 31 March 2007.

(iii) Corn Industry was approved as a foreign invested enterprise in 2007. Pursuant to an approval document on certain tax preferential policies titled "Guo Shui Han (2007) No. 41" issued by the Bureau of State Tax of Zouping County, Shandong Province (山東省鄒平縣國家税務局鄒國税函(2007)41號文), Corn Industry is entitled for exemption of EIT for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a three-year 50% tax deduction. The year ended 31 December 2007 was Corn Industry's first profit-making year and was the first year of its tax holiday.

On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC ("new EIT Law"), which became effective on 1 January 2008. According to the new EIT Law, the income tax rate applicable to Corn Industry is unified at 25%. Pursuant to the grandfathering arrangement under the new tax law, Corn Industry will continue to enjoy the existing preferential tax treatment until the end of the above mentioned tax holidays. Thereafter, the normal tax rate applicable to Corn Industry is unified at 25%. For the year ended 31 December 2008, Corn Industry enjoyed 100% exemptions as mentioned above. For the six months ended 30 June 2009, Corn Industry is subject to EIT tax rate of 12.5%.

A reconciliation of income tax expenses and accounting profit at applicable tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Profit before income tax	47,417	61,871	91,370	66,681	61,302
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	16,393	20,513	22,862	16,690	15,326
Effect of tax holiday of PRC subsidiary	–	(19,637)	(22,862)	(16,690)	(7,663)
Income tax expense	16,393	876	–	–	7,663

10. DIVIDENDS

No dividends are approved and paid during the Relevant Periods.

11. EARNINGS PER SHARE

The calculations of basic earnings per share for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 are based on the profit attributable to owners of the Company of approximately RMB31,024,000, RMB60,995,000, RMB91,370,000, RMB66,681,000 (unaudited) and RMB53,639,000 respectively, and on the 325,000,000 shares of the Company in issue and issuable as if the shares were outstanding throughout the Relevant Periods.

No diluted earnings per share is presented as the Group has no dilutive potential shares during the Relevant Periods.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Contribution to pension plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2006					
Executive directors					
Wang Mingxing	–	150	–	–	150
Wang Mingfeng	–	150	–	–	150
Wang Mingliang	–	150	–	–	150
Wang Fuchang	–	150	–	–	150
Sun Guohui	–	200	–	2	202
Huang Da	–	300	–	–	300
	–	1,100	–	2	1,102
Non-executive director					
Ke Shifeng	–	–	–	–	–
Independent non-executive directors					
Liu Shusong	–	–	–	–	–
Wang Ruiyuan	–	–	–	–	–
Wang Aiguo	–	–	–	–	–
	–	–	–	–	–
	–	1,100	–	2	1,102
Year ended 31 December 2007					
Executive directors					
Wang Mingxing	–	500	–	–	500
Wang Mingfeng	–	500	–	–	500
Wang Mingliang	–	500	–	–	500
Wang Fuchang	–	500	–	–	500
Sun Guohui	–	150	–	3	153
Huang Da	–	300	–	–	300
	–	2,450	–	3	2,453
Non-executive director					
Ke Shifeng	–	–	–	–	–
Independent non-executive directors					
Liu Shusong	–	–	–	–	–
Wang Ruiyuan	–	–	–	–	–
Wang Aiguo	–	–	–	–	–
	–	–	–	–	–
	–	2,450	–	3	2,453

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Contribution to pension plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2008					
Executive directors					
Wang Mingxing	–	500	–	–	500
Wang Mingfeng	–	500	–	–	500
Wang Mingliang	–	500	–	–	500
Wang Fuchang	–	500	–	–	500
Sun Guohui	–	195	–	3	198
Huang Da	–	300	–	–	300
	–	2,495	–	3	2,498
Non-executive director					
Ke Shifeng	–	–	–	–	–
Independent non-executive directors					
Liu Shusong	–	–	–	–	–
Wang Ruiyuan	–	–	–	–	–
Wang Aiguo	–	–	–	–	–
	–	–	–	–	–
	–	2,495	–	3	2,498
Six months ended 30 June 2008 (unaudited)					
Executive directors					
Wang Mingxing	–	30	–	–	30
Wang Mingfeng	–	30	–	–	30
Wang Mingliang	–	30	–	–	30
Wang Fuchang	–	30	–	–	30
Sun Guohui	–	30	–	2	32
Huang Da	–	30	–	–	30
	–	180	–	2	182
Non-executive director					
Ke Shifeng	–	–	–	–	–
Independent non-executive directors					
Liu Shusong	–	–	–	–	–
Wang Ruiyuan	–	–	–	–	–
Wang Aiguo	–	–	–	–	–
	–	–	–	–	–
	–	180	–	2	182

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Contribution to pension plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2009					
Executive directors					
Wang Mingxing	–	30	–	–	30
Wang Mingfeng	–	30	–	–	30
Wang Mingliang	–	30	–	–	30
Wang Fuchang	–	28	–	–	28
Sun Guohui	–	44	–	4	48
Huang Da	–	30	–	–	30
	–	192	–	4	196
Non-executive director					
Ke Shifeng	–	–	–	–	–
Independent non-executive directors					
Liu Shusong	–	–	–	–	–
Wang Ruiyuan	–	–	–	–	–
Wang Aiguo	–	–	–	–	–
	–	–	–	–	–
	–	192	–	4	196

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

Included to the directors' emoluments disclosed above, Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang, Mr. Wang Fuchang and Mr. Huang Da received emoluments from the Company's holding company amounting to RMB30,000, RMB30,000, RMB30,000, RMB28,000 and RMB30,000 respectively for the six months ended 30 June 2009 (Year ended 31 December 2006: RMB150,000, RMB150,000, RMB150,000, RMB150,000 and RMB300,000 respectively; Year ended 31 December 2007: RMB500,000, RMB500,000, RMB500,000, RMB500,000 and RMB300,000 respectively; Year ended 31 December 2008: RMB500,000, RMB500,000, RMB500,000, RMB500,000 and RMB300,000 respectively; six months ended 30 June 2008 (unaudited): RMB30,000, RMB30,000, RMB30,000, RMB30,000 and RMB30,000 respectively), part of which is in respect of their services to the Group. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services to the Group and their services to the Company's holding company.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 were also directors and their emoluments are reflected in the analysis presented above.

During the Relevant Periods, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006					
Cost	19,704	60,491	568	–	80,763
Accumulated depreciation	(2,833)	(10,664)	(173)	–	(13,670)
Net book amount	16,871	49,827	395	–	67,093
Year ended 31 December 2006					
Opening net book amount	16,871	49,827	395	–	67,093
Additions	1,303	761	–	372	2,436
Transfer	372	–	–	(372)	–
Depreciation	(880)	(5,083)	(76)	–	(6,039)
Closing net book amount	17,666	45,505	319	–	63,490
At 31 December 2006 and 1 January 2007					
Cost	21,379	61,252	568	–	83,199
Accumulated depreciation	(3,713)	(15,747)	(249)	–	(19,709)
Net book amount	17,666	45,505	319	–	63,490
Year ended 31 December 2007					
Opening net book amount	17,666	45,505	319	–	63,490
Additions	20	1,138	34	22	1,214
Depreciation	(1,094)	(5,907)	(116)	–	(7,117)
Closing net book amount	16,592	40,736	237	22	57,587
At 31 December 2007 and 1 January 2008					
Cost	21,399	62,390	602	22	84,413
Accumulated depreciation	(4,807)	(21,654)	(365)	–	(26,826)
Net book amount	16,592	40,736	237	22	57,587
Year ended 31 December 2008					
Opening net book amount	16,592	40,736	237	22	57,587
Additions	50,124	136,526	4	–	186,654
Transfer	22	–	–	(22)	–
Depreciation	(3,351)	(10,174)	(68)	–	(13,593)
Closing net book amount	63,387	167,088	173	–	230,648

	Buildings	Plant and machinery	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2008 and 1 January 2009					
Cost	71,545	198,916	606	–	271,067
Accumulated depreciation	(8,158)	(31,828)	(433)	–	(40,419)
Net book amount	63,387	167,088	173	–	230,648
Six months ended 30 June 2009					
Opening net book amount	63,387	167,088	173	–	230,648
Additions	49	23,432	87	–	23,568
Disposal	–	(20,390)	–	–	(20,390)
Depreciation	(2,966)	(8,245)	(20)	–	(11,231)
Closing net book amount	60,470	161,885	240	–	222,595
At 30 June 2009					
Cost	71,594	185,605	693	–	257,892
Accumulated depreciation	(11,124)	(23,720)	(453)	–	(35,297)
Net book amount	60,470	161,885	240	–	222,595

At 31 December 2006, certain property, plant and equipment with net carrying amount of approximately RMB40,084,000 were pledged to secure bank borrowings of the Group (note 23).

14. INVENTORIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	19,978	27,902	14,601	18,947
Work-in-progress	9,664	27,498	8,893	13,200
Finished goods	17,093	24,882	30,160	23,038
	46,735	80,282	53,654	55,185

As at 31 December 2008 and 30 June 2009, the carrying amount of the Group's inventories stated at fair value less costs to sell was RMB11,987,000 and RMB751,000 respectively.

15. TRADE AND NOTES RECEIVABLES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	35,559	5,893	9,507	12,401
Less: Allowance for impairment	(283)	(97)	(79)	(79)
	35,276	5,796	9,428	12,322
Notes receivables	–	151	–	66,748
Total trade and notes receivables	35,276	5,947	9,428	79,070

Trade receivables are non-interest bearing. No credit terms are granted to domestic customers, except for those customers with long business relationship with the Group and have no default payment history, where the credit terms are no more than 60 days. All overseas customers are usually given 60 days credit terms. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The ageing analysis of trade and notes receivables as at the end of each of the Relevant Periods, net of impairment provision, is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 60 days	29,641	4,896	9,079	25,612
61-90 days	898	295	–	5,073
91-180 days	2,861	148	1	47,560
181-365 days	824	330	21	503
Over 365 days	1,052	278	327	322
	35,276	5,947	9,428	79,070

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The movement in the allowance for doubtful debts during the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	–	283	97	79
Impairment losses recognised/ (reversed)	283	(186)	(18)	–
At 31 December/30 June	283	97	79	79

The ageing analysis of trade and notes receivables that are past due but are not considered impaired is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	24,098	4,684	8,692	78,626
Not more than 3 months past due	6,578	507	387	66
3 to not more than 6 months past due	2,861	148	1	53
6 to 12 months past due	687	330	21	3
Over 1 year past due	1,052	278	327	322
	35,276	5,947	9,428	79,070

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of customers that have a good track record of repayment with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	28,064	11,116	8,435	16,963
Other receivables	9,598	27,598	6,511	12,244
	37,662	38,714	14,946	29,207

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value of securities held for trading:				
– Management fund – PRC	500	–	–	–

The fair value of the Group's investments in financial assets has been determined by reference to their quoted bid prices at the reporting date.

18. AMOUNTS DUE FROM RELATED PARTIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from shareholders				
– Sanxing Grease	–	–	–	6,948
– Shandong Sanxing	6,541	10	–	–
	6,541	10	–	6,948
Amounts due from related companies				
– Shandong Sanxing International Trading Company Limited ("Sanxing Int'l Trade")	–	534	–	–
– Zouping Anxing Automobile Co., Ltd ("Zouping Anxing")	–	–	3	3
– Zouping Sanxing Logistic Centre Company Limited ("Sanxing Logistic")	–	–	176	66
– Shandong Sanxing Machinery Co., Ltd ("Shandong Sanxing Machinery")	–	2,274	–	4
– Zouping Sanxing Iron Construction Company Limited ("Sanxing Iron")	–	350	–	–
	–	3,158	179	73
Amounts due from directors				
– Wang Mingxing	–	33	33	33
– Sun Guohui	–	100	–	10
– Huang Da	–	–	100	100
	–	133	133	143
Amounts due from other related parties				
– Huo Chunling	395	–	–	–
– Wang Junhua	395	–	–	–
– Han Yulan	335	–	–	–
	1,125	–	–	–
	7,666	3,301	312	7,164

Mr. Wang Mingfeng and Mr. Wang Mingxing, directors of the Company, have beneficial interest in the above shareholders and related companies. Ms. Huo Chunling, Ms. Wang Junhua and Ms. Han Yulan are spouses of Mr. Wang Mingliang, Mr. Wang Mingxing and Mr. Wang Mingfeng respectively.

The balances due from related parties are unsecured, interest-free and repayable on demand. The directors have also confirmed that these balances would be settled prior to the listing of the Company's share on the Stock Exchange.

Particulars of amount due from related parties are as follows:

	As at 30 June 2009	Maximum amount outstanding during the period	As at 1 January 2009
	RMB'000	RMB'000	RMB'000
Amount due from a shareholder			
– Sanxing Grease	6,948	89,867	–
Amounts due from related companies			
– Zouping Anxing	3	3	3
– Sanxing Logistic	66	203	176
– Shandong Sanxing Machinery	4	1,928	–
Amounts due from directors			
– Wang Mingxing	33	33	33
– Sun Guohui	10	100	–
– Huang Da	100	100	100

	As at 31 December 2008	Maximum amount outstanding during the year	As at 1 January 2008
	RMB'000	RMB'000	RMB'000
Amount due from a shareholder			
– Sanxing Grease	–	57,399	10
Amounts due from related companies			
– Sanxing Int'l Trade	–	534	534
– Zouping Anxing	3	3	–
– Sanxing Logistic	176	266	–
– Shandong Sanxing Machinery	–	18,303	2,274
– Sanxing Iron	–	350	350
Amounts due from directors			
– Wang Mingxing	33	33	33
– Sun Guohui	–	100	100
– Huang Da	100	100	–

	As at 31 December 2007	Maximum amount outstanding during the year	As at 1 January 2007
	RMB'000	RMB'000	RMB'000
Amount due from a shareholder			
– Shandong Sanxing	10	30,018	6,541
Amounts due from related companies			
– Sanxing Int'l Trade	534	61,435	–
– Shandong Sanxing Machinery	2,274	2,274	–
– Sanxing Iron	350	350	–
Amounts due from directors			
– Wang Mingxing	33	33	–
– Sun Guohui	100	100	–
Amounts due from other related parties			
– Huo Chunling	–	395	395
– Wang Junhua	–	395	395
– Han Yulan	–	335	335

	As at 31 December 2006	Maximum amount outstanding during the year	As at 1 January 2006
	RMB'000	RMB'000	RMB'000
Amounts due from a shareholder			
– Shandong Sanxing	6,541	6,541	29
Amounts due from other related parties			
– Huo Chunling	395	395	45
– Wang Junhua	395	395	–
– Han Yulan	335	335	–

19. CASH AND BANK BALANCES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	23,606	12,858	34,216	49,649

The Group had cash and bank balances denominated in RMB amounting to approximately RMB23,201,000, RMB12,858,000, RMB34,194,000 and RMB49,630,000 as at 31 December 2006, 2007, 2008 and 30 June 2009 respectively, which were deposited with banks in the PRC. The RMB is not freely convertible into other currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business. The bank balances earn interest at floating rates based on daily bank deposit rates.

20. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 days terms.

The ageing analysis of trade payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	5,756	2,888	2,273	1,480
31-60 days	1,789	1,134	8,130	1,215
61-90 days	317	707	780	816
91-180 days	285	928	948	1,142
181-365 days	287	818	222	1,019
Over 365 days	2,024	1,724	2,447	1,713
	10,458	8,199	14,800	7,385

21. ACCRUED LIABILITIES, OTHER PAYABLES AND DEPOSITS RECEIVED

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued liabilities	4,953	2,797	4,511	4,442
Other payables	3,273	1,763	2,747	3,079
Deposits received	4,291	2,239	9,510	10,487
	12,517	6,799	16,768	18,008

22. AMOUNTS DUE TO RELATED PARTIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to shareholders				
– Sanxing Grease	–	6,958	4,879	–
– Shandong Sanxing	–	–	13	63
	–	6,958	4,892	63
Amounts due to related companies				
– Sanxing Int'l Trade	–	–	–	607
– Zouping Anxing	–	354	–	–
– Sanxing Logistic	–	76	–	–
– Shandong Sanxing Machinery	–	–	7	–
– Shandong Mingda Heat and Electricity Company Limited ("Shandong Mingda")	–	8,167	3,015	1,827
– Shandong Sanxing Vehicle Trading Company Limited ("Sanxing Vehicle")	–	6	–	6
– Sanxing Iron	–	–	–	236
– Inner Mongolia Sanxing Food and Oil Industry Company Limited ("Sanxing Mongolia")	–	4,037	606	588
– Shandong Sanxing Group Oil Products Company Limited ("Sanxing Petrol")	–	129	484	1,456
	–	12,769	4,112	4,720
	–	19,727	9,004	4,783

Mr. Wang Mingfeng and Mr. Wang Mingxing, directors of the Company, have beneficial interest in the above shareholders and related companies.

The balances due to the related parties are unsecured, interest-free and repayable on demand. The directors have confirmed that the balances would be settled prior to the listing of the Company's share on the Stock Exchange.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Bank borrowings, secured	24,100	–	–	–
Other borrowings, unsecured	18,000	–	–	–
	42,100	–	–	–
Current				
Bank borrowings, secured	16,600	–	–	–
Bank borrowings, unsecured.	38,600	–	–	50,000
	55,200	–	–	50,000
Total bank and other borrowings	97,300	–	–	50,000

At the end of each the Relevant Periods, the Group's bank and other borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank borrowings repayable				
Within one year	55,200	–	–	50,000
In the second year	24,100	–	–	–
	79,300	–	–	50,000
Other borrowings repayable				
Within one year	–	–	–	–
In the second year	18,000	–	–	–
	18,000	–	–	–
	97,300	–	–	50,000

The Group's interest-bearing bank borrowings are bearing floating interests ranging from 5.76% to 8.19% and fixed rate at 5.841% per annum as at 31 December 2006 and 30 June 2009 respectively.

As at 31 December 2006, the Group's interest-bearing bank borrowings of RMB79,300,000 are guaranteed by 山東恩貝集團有限公司, 鄒平華光板材有限公司 and 鄒平長星集團有限公司, independent third parties, of which RMB40,700,000 were secured by certain property, plant and equipment of 鄒平星宇科技紡織有限公司 ("Xingyu", an independent party), Sanxing Iron and Shandong Sanxing Machinery as well as the Group's certain property, plant and equipment with net carrying amount of approximately RMB40,084,000.

The Group's interest-bearing other borrowings of RMB18,000,000 are guaranteed by Xingyu as at 31 December 2006.

The Group's interest-bearing bank borrowings of RMB50,000,000 are guaranteed by Xingyu and 山東鐵雄能源集團有限公司, independent third parties, as at 30 June 2009.

As advised by the directors, these guarantees provided by Xingyu and 山東鐵雄能源集團有限公司 will be released upon such bank borrowings become due in February 2010.

24. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 9 September 2009. At the date of incorporation, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 ordinary shares of HK$0.10 each.

The share capital balances as at 31 December 2006, 2007, 2008 and 30 June 2009 represented the issued and paid up share capital of Corn BVI. On 9 May 2007, Sanxing Trade injected Corn BVI to the Group. On 14 June 2007, Corn BVI allotted and issued 3,233 shares, 3,233 shares and 3,235 shares to CDCP, GMIM and NGPL for an aggregated consideration of USD8 million. Also, following the said allotment, NGPL waived the repayment of a loan of USD2 million advanced to Corn BVI in April 2007. On 8 April 2008, the shareholder of Corn BVI injected an aggregate amount of Euro4,300,000 to Corn BVI. The amount was received by Corn BVI as premium paid on the then existing issued shares and no additional shares were issued.

25. RESERVES

Details of the movements on the Group's reserve are as set out in the combined statements of changes in equity on pages I-8 to I-9.

(i) Other reserves

– *Surplus reserve*

The subsidiary and Business of the Company established in the PRC are required to transfer 10% of its profits after taxation as determined in accordance with the accounting regulations in the PRC to the surplus reserve until the reserve balance reaches 50% of the respective registered capital of the PRC subsidiary. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital of the PRC subsidiary.

– *Public welfare fund*

The subsidiary and Business of the Company is required to appropriate certain portion of its profits after tax, as determined in accordance with the PRC Accounting Regulations, to the public welfare fund but the amount of appropriation is determined by the board of directors. The public welfare fund shall only apply to collective welfare of staff and workers and welfare facilities remain as properties of the Group.

(ii) Capital reserve

For the year ended 31 December 2006, capital reserve represents the excess of the fair value of the capital injection from the owner over the nominal value of the registered capital.

For the years ended 31 December 2007 and 2008 and for the six months ended 30 June 2009, capital reserve represents the difference between the net assets value transferred from Sanxing Grease to Corn Industry and the registered capital of Corn Industry.

(iii) Merger reserve

The merger reserve represents the difference between the nominal value of the combined capital of the Group and the nominal value of the issued share capital of Corn BVI.

(iv) Deemed distribution

The amount represents the Consideration paid to Sanxing Grease by Corn BVI in pursuant to the Group Restructuring as detailed in note 1(ii) above.

(v) Deemed capital contribution

Except the following balances, Sanxing Grease transferred all its assets and liabilities in relation to the Business to Corn Industry in pursuant to the Group Restructuring.

	RMB'000
Trade and notes receivables	3,527
Inventories	14,270
Prepayments, deposits and other receivables	2,514
Amount due from related parties	6,524
Trade payables	(71)
Accrued liabilities, other payables and deposits received	(979)
Interest-bearing bank and other borrowing	(35,800)
Tax payable	(17,064)
	(27,079)

26. OPERATING LEASE COMMITMENTS

As a lessee

The total future minimum lease payments under non-cancellable operating leases are falling due as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	–	100	160	100
In the second to fifth years	–	400	400	400
After five years	–	2,400	2,300	2,250
	–	2,900	2,860	2,750

The Group lease a number of properties under operating lease and leasehold land. The leases run for initial period of 6 months to 30 years, with an option to renew the lease at the expiry date or at dates as mutually agreed between the Group and respective lessor. None of the leases include contingent rentals.

27. CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2006, 2007 and 2008 and 30 June 2009.

28. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this report, the following transactions were carried out by the Group with related parties during the Relevant Periods.

(i) Significant related party transactions during the Relevant Periods

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Recurring transactions						
Sales to a shareholder	*(a)*					
– Sanxing Grease		–	58,645	131,655	65,775	48,981
Purchases from related companies	*(b)*					
– Sanxing Petrol		292	167	525	171	830
– Sanxing Mongolia		13,224	7,727	3,766	3,230	4,115
		13,516	7,894	4,291	3,401	4,945
Supply of steam and electric power from a related company	*(c)*					
– Shandong Mingda		10,696	13,288	17,778	8,141	10,597
Non-recurring transactions						
Sales to shareholders	*(a)*					
– Sanxing Grease		–	4,143	152	45	–
– Shandong Sanxing		40	18	1	–	–
		40	4,161	153	45	–
Sales to related companies	*(a)*					
– Sanxing Int'l Trade		–	93,546	80,039	43,995	–
– Zouping Anxing		23	2	–	–	–
– Shandong Sanxing Machinery		108	–	8	–	–
– Sanxing Iron		14	9	–	–	–
– Sanxing Mongolia		407	12	–	–	–
– Shandong Mingda		123	9	–	–	–
– Sanxing Petrol		1	3	–	–	–
– Sanxing Vehicle		128	–	–	–	–
		804	93,581	80,047	43,995	–
Purchases from a shareholder	*(b)*					
– Sanxing Grease		–	48,334	115,659	5,600	10,193
Purchase from related companies	*(b)*					
– Sanxing Int'l Trade		–	580	–	–	542
– Sanxing Iron		–	–	13	13	–
		–	580	13	13	542

	Notes	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000	Six months ended 30 June 2008 RMB'000 (unaudited)	2009 RMB'000
Non-recurring transactions (continued)						
Repair and maintenance services rendered by related companies	*(d)*					
– Sanxing Vehicle		–	7	9	9	6
– Shandong Sanxing Machinery		–	–	10	4	–
		–	7	19	13	6
Freight services rendered by a related company	*(e)*					
– Sanxing Logistic		10,419	15,604	12,549	9,409	7,291
Other services rendered by a related company	*(e)*					
– Sanxing Iron		–	1	–	–	–
Rental expenses paid to a shareholder	*(f)*					
– Sanxing Grease		–	100	2,100	2,000	110
Exclusive right of use of trademark from a shareholder	*(g)*					
– Sanxing Grease		–	–	–	–	–
Purchases of property, plant and equipment from a shareholder	*(h)*					
– Sanxing Grease		–	–	185,583	185,583	15,864
Purchases of property, plant and equipment from related companies	*(h)*					
– Shandong Sanxing Machinery		683	–	286	286	7,029
– Sanxing Iron		770	–	–	–	–
		1,453	–	286	286	7,029
Sale of property, plant and equipment to a shareholder	*(i)*					
– Sanxing Grease		–	–	–	–	20,345

Notes:

(a) Sales to shareholders and related companies were made in the ordinary course of business with reference to the terms negotiated between the Group and these related parties.

(b) Purchases from a shareholder and related companies were made in the ordinary course of business with reference to the terms negotiated between the Group and these related parties.

(c) Shandong Mingda, which is a related company of the Group, supplying steam and electric power to Corn Industry. Steam and electric expenses were paid according to the terms of the service agreements.

(d) Repair and maintenance services costs paid to related companies of the Group were made in accordance with the terms of the services agreements.

(e) Services rendered by related companies were made according to the terms of the agreements.

(f) Rental expenses paid to Sanxing Grease were made according to the terms of the lease agreements.

(g) On 16 November 2009, Sanxing Grease granted an exclusive right of its registered trademark "Longevity Flower" (長壽花) and "Gold & Silver Flower" (金銀花) to Corn Industry with nil consideration for 10 years.

(h) Purchase of property, plant and equipment from a shareholder and related companies were conducted under mutually agreed terms.

(i) Sale of property, plant and equipment to Sanxing Grease was conducted under mutually agreed terms.

Except for the exclusive right granted by Sanxing Grease in relation to the trademarks, the directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business. The directors have confirmed that the transactions which will continue in the future will be conducted at market prices after the listing of the Company's shares on the Stock Exchange.

(ii) Key management personnel compensation

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Short-term employee benefits of directors and other members of key management	1,375	2,786	2,882	291	307

29. SIGNIFICANT NON-CASH TRANSACTIONS

Pursuant to certain purchase agreements dated 15 June 2008 entered into between Corn Industry and Sanxing Grease, Corn Industry agreed to purchase a corn oil refining production line, a corn oil bottling line and a research and development centre from Sanxing Grease for a consideration of RMB125,356,000, RMB54,177,000 and RMB6,050,000 respectively. The consideration was partly settled by the Group through the assignment of trade and notes receivables of RMB48,089,000 to Sanxing Grease during the year ended 31 December 2008.

During the six months ended 30 June 2009, Corn Industry completed an exchange of certain property, plant and equipment with Sanxing Grease. The fair value of the assets acquired by Corn Industry was RMB15,864,000 as at the acquisition date as assessed by an independent professional valuer. The net book value of the assets disposed by Corn Industry was RMB20,345,000 as at that date. The difference of approximately RMB4,481,000 was settled by Sanxing Grease by cash during the six months ended 30 June 2009 and was included in the "Proceeds from disposal of property, plant and equipment" in the cash flow statement on page I-10.

30. SIGNIFICANT SUBSEQUENT EVENTS

In addition to those disclosed elsewhere in this report, the Group has the following significant subsequent events after 30 June 2009:

(i) In July 2009, Corn Industry entered into an acquisition agreement with Sanxing Grease for acquiring certain of leasehold buildings and prepaid lease payment at a consideration of RMB16,874,000 and RMB25,453,000 respectively.

(ii) In September 2009, the Group acquired a parcel of land of 52,160 square metres from the relevant land authority in the PRC with a consideration of RMB10,170,000.

(iii) In November 2009, the Group received a grant of RMB8,500,000 from the PRC local government in relation to the Group's contribution to the local development.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group does not have written risk management policies. However, the board of directors meet regularly and co-operate closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks. The Group has not used any derivatives or other instruments for hedging purposes and has not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Group is exposed to are described below.

(a) Interest rate risk

The Group's bank deposits were bearing floating interest rate. The Group also borrows both loans issued at fixed and floating interest rates. Exposure to floating interest rate exists when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

(i) Interest rate profile

The following table details the interest rate profile of the Group's financial instruments at the end of each of the Relevant Periods:

	Weighted average effective interest rate				Carrying amount			
	At 31 December			At 30 June	At 31 December			At 30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	%	%	%	%	RMB'000	RMB'000	RMB'000	RMB'000
Variable rate instruments								
Financial assets								
Bank balances	0.73	0.72	0.37	0.36	23,584	12,440	34,050	49,486
Financial liabilities								
Interest-bearing bank and other borrowings	7.25	–	–	–	97,300	–	–	–
Fixed rate instruments								
Financial liabilities								
Interest-bearing bank and other borrowings	–	–	–	5.84	–	–	–	50,000

(ii) Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit after tax for the years/periods to a reasonably possible change in interest rates of +0.25% and -0.25%, with effect from the beginning of the years/periods. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's floating rate financial instruments held at the end of each of the Relevant Periods. All other variables are held constant. There is no impact on other components of combined equity in response to the possible change in interest rates.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000		RMB'000		RMB'000		RMB'000 *(unaudited)*		RMB'000	
	+0.25%	-0.25%	+0.25%	-0.25%	+0.25%	-0.25%	+0.25%	-0.25%	+0.25%	-0.25%
Effect on profit after tax for the year/period and retained profits	(63)	63	31	(31)	85	(85)	11	(11)	62	(62)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Classes of financial assets – carrying amount				
Trade and notes receivables	35,276	5,947	9,428	79,070
Other receivables	9,598	27,598	6,511	12,244
Financial assets at fair value through profit or loss	500	–	–	–
Amounts due from related parties	7,666	3,301	312	7,164
Cash and bank balances	23,606	12,858	34,216	49,649
	76,646	49,704	50,467	148,127

The Group continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancement.

In respect of trade and notes and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Foreign currency risk

Currency risk refers to risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk primarily through sales that are denominated in a currency other than the functional currency of the entity within the Group to which they related. The currencies give rise to this risk are mainly EURO and US$.

The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

(i) Foreign currency risk exposure

	As at 31 December						As at 30 June	
	2006		2007		2008		2009	
	EURO RMB'000	US$ RMB'000	EURO RMB'000	US$ RMB'000	EURO RMB'000	US$ RMB'000	EURO RMB'000	US$ RMB'000
Assets:								
Trade receivables	–	9,153	–	1,520	–	–	–	1,066
Cash and bank balances	–	405	–	–	14	8	10	9
	–	9,558	–	1,520	14	8	10	1,075
Liabilities:								
Deposits receivables	–	59	–	2	–	4,672	–	4,672

Apart from the above, all the Group's financial assets and liabilities are denominated in RMB.

(ii) Foreign currency sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonable possible strengthening/weakening in the following foreign currencies to which the Group has significant exposure at the end of each of the Relevant Periods. There is no impact on other components of combined equity in response to the general fluctuation in the following foreign currency rates.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000 EURO	RMB'000 US$	RMB'000 EURO	RMB'000 US$	RMB'000 EURO	RMB'000 US$	RMB'000 EURO	RMB'000 US$	RMB'000 EURO	RMB'000 US$
							(unaudited)			
Increase in foreign exchange rate	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Increase in profit after tax and retained profits for the year/period	–	95	–	15	–	(47)	–	(56)	–	(36)
Decrease in foreign exchange rate	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
Decrease in profit after tax and retained profits for the year/period	–	(95)	–	(15)	–	47	–	56	–	36

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management.

The cash management of all operating entities is centralised, including the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The table below analyses the Group's financial liabilities based on the remaining contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Total contractual undiscounted cash flow	On demand	Less than one year	More than one year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2006					
– Trade payables	10,458	10,458	10,458	–	–
– Other payables	3,273	3,273	3,273	–	–
– Interest-bearing bank and other borrowings	97,300	106,550	–	60,619	45,931
	111,031	120,281	13,731	60,619	45,931
At 31 December 2007					
– Trade payables	8,199	8,199	8,199	–	–
– Other payables	1,763	1,763	1,763	–	–
– Amounts due to related parties	19,727	19,727	19,727	–	–
	29,689	29,689	29,689	–	–
At 31 December 2008					
– Trade payables	14,800	14,800	14,800	–	–
– Other payables	2,747	2,747	2,747	–	–
– Amounts due to related parties	9,004	9,004	9,004	–	–
	26,551	26,551	26,551	–	–
At 30 June 2009					
– Trade payables	7,385	7,385	7,385	–	–
– Other payables	3,079	3,079	3,079	–	–
– Amounts due to related parties	4,783	4,783	4,783	–	–
– Interest-bearing bank and other borrowings	50,000	51,963	–	51,963	–
	65,247	67,210	15,247	51,963	–

(e) Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of long term liabilities was not disclosed because the carrying value is not materially different from the fair value.

(f) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities included in the combined statement of financial position and the headings in which they are included are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables				
– Trade and notes receivables	35,276	5,947	9,428	79,070
– Other receivables	9,598	27,598	6,511	12,244
– Amounts due from related parties	7,666	3,301	312	7,164
Financial assets at fair value through profit or loss	500	–	–	–
Cash and bank balances	23,606	12,858	34,216	49,649
	76,646	49,704	50,467	148,127

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
At amortised cost				
– Trade payables	10,458	8,199	14,800	7,385
– Other payables	3,273	1,763	2,747	3,079
– Amounts due to related parties	–	19,727	9,004	4,783
– Interest-bearing bank and other borrowings	97,300	–	–	50,000
	111,031	29,689	26,551	65,247

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

The Group monitors capital using a gearing ratio, which is total debts divided by total capital. Total debts are calculated as the sum of bank and other borrowings, trade and other payables and amounts due to related companies as shown in the combined statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total debts				
Trade payables	10,458	8,199	14,800	7,385
Accrued liabilities, other payables and deposits received	12,517	6,799	16,768	18,008
Amounts due to related parties	–	19,727	9,004	4,783
Interest-bearing bank and other borrowings	97,300	–	–	50,000
	120,275	34,725	40,572	80,176
Less: Cash and bank balances	(23,606)	(12,858)	(34,216)	(49,649)
Net debts	96,669	21,867	6,356	30,527
Equity	75,514	163,964	302,632	356,271
Total debt to equity ratio	128.0%	13.3%	2.1%	8.6%

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Group in respect of any period subsequent to 30 June 2009.

Yours faithfully,
Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

The information set forth in this appendix does not form part of the accountants' report prepared by Grant Thornton, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on (i) how the Share Offer might have affected the net tangible assets of the Group after the completion of the Share Offer; and (ii) how the Share Offer might have affected the forecast earnings per share of the Group for the year ending 31 December 2009.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 30 June 2009. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as of 30 June 2009 or at any future dates.

	Unadjusted audited combined net tangible assets of the Group attributable to owners of our Company as of 30 June 2009	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000 *(Note 1)*	RMB'000 *(Notes 2 and 5)*	RMB'000	RMB *(Note 3)*	Equivalent to HK$ *(Notes 3 and 5)*
Based on an Offer Price of HK$3.85 per Share	356,271	559,402	915,673	1.83	2.08
Based on an Offer Price of HK$2.57 per Share	356,271	367,030	723,301	1.45	1.65

Notes:

(1) The unadjusted audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2009 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on the indicative Offer price of HK$3.85 and HK$2.57 per Share respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Share which may be issued upon the exercise of Over-allotment Option or options that may be granted under the Share Option Scheme.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 500,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about our Company" In Appendix VI to this prospectus.

(4) Our property interests were valued by Savills and the valuation in respect of which was set out in Appendix IV to this prospectus. Pursuant to the valuation performed by Savills, our property interest as at 31 October 2009 amounted to approximately RMB118,500,000. Comparing the valuation amount as at 31 October 2009 to the unaudited net carrying value of our property interests as at 31 October 2009 of RMB111,356,000, there was a surplus of approximately RMB7,144,000. If such revaluation surplus was incorporated in our Group's financial statements for the year ending 31 December 2009, additional amortisation and depreciation of RMB357,000 would be charged. The revaluation surplus will not be reflected in the financial statements in subsequent year as we have elected to state the property at cost model.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB1.00 to HK$1.1353. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate, or at any other rate at all.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following is an illustrative and unaudited pro forma forecast earnings per Share prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer as if it had been taken place on 1 January 2009. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of our Group for the year ending 31 December 2009 or any future period.

Forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2009*(Note 1)*	not less than RMB113 million
Forecast earnings per Share on a pro forma basis for the year ending 31 December 2009*(Notes 2 and 3)*	not less than RMB0.226 (HK$0.257)

Notes:

(1) The forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2009 is extracted from the section headed "Financial Information – Profit Forecast" in this Prospectus. The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus. Our Directors have prepared the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2009 based on the audited combined financial statements of our Group for the six months ended 30 June 2009, the unaudited combined results based on management accounts of our Group for the four months ended 31 October 2009 and a forecast of the combined results of our Group for the remaining two months ending 31 December 2009. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set out in Note 3 of Section II of the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(2) The calculation of the pro forma forecast earnings per Share is based on the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2009, assuming that the Share Offer was completed on 1 January 2009 and a total of 500,000,000 Shares had been issued and outstanding during the entire year. This calculation assumes that no options are granted under the Share Option Scheme and no exercise of Over-allotment Option.

(3) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB1.00 to HK$1.1353. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate, or at any other rate at all.

C REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of report received from the reporting accountants of our Group, Grant Thornton, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

Member of Grant Thornton International Ltd

8 December 2009

TO THE DIRECTORS OF CHINA CORN OIL COMPANY LIMITED

We report on the unaudited pro forma financial information of China Corn Oil Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-3 under the headings of "Unaudited Pro Forma Adjusted Net Tangible Assets" and "Unaudited Pro Forma Forecast Earnings Per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 8 December 2009, in connection with the share offer of the Company (the "Prospectus"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the share offer of the Company might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the audited combined net assets of the Group as of 30 June 2009 with the Accountants' Report as set out in Appendix I of the Prospectus, comparing the unaudited forecast combined profit attributable to owners of the Company for the year ending 31 December 2009 with the profit forecast as set out in the section headed "Financial Information" in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as of 30 June 2009 or any future date, or

- the earnings per share of the Group for the year ending 31 December 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully,
Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

The forecast of the combined profit attributable to equity holders of our Company for the year ending 31 December 2009 is set out in the subsection headed "Profit forecast" under the section headed "Financial information" in this prospectus:

A. BASES AND ASSUMPTIONS

The forecast of the combined profit attributable to owner of our Company for the year ending 31 December 2009 prepared by our Directors is based on the audited combined results of our Group for the six months ended 30 June 2009, the unaudited management accounts of our Group for the four months ended 31 October 2009 and a forecast of the combined results of our Group for the two months ending 31 December 2009. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to the Prospectus, and has been prepared on the following principal bases and assumptions:

- There will be no material changes in the existing political, legal, fiscal, market or economic conditions in the jurisdiction in which our Group currently operates or which are otherwise material to our Group's business;

- There will be no changes in legislation, regulations or rules in the jurisdiction in which our Group operates or with which our Group has arrangements or agreements, which may materially adversely affect our Group's business or operations;

- There will be no material changes in inflation rates, interest rates or foreign exchange rates from those currently prevailing in the context of our Group's operations;

- Our Group's operations will not be materially and adversely affected by any of the risk factors set out in the section headed "Risk Factors" in this prospectus; and

- There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the jurisdiction in which our Group operates; there will be no wars, military, incidents, pandemic diseases, natural disasters, or force majeure event, unforeseeable factors or unforeseeable reasons that are beyond the control of our Directors, that would have a material impact on our Group's business and operating activities.

B. LETTERS

Set out below are texts of letters received by the Directors from Grant Thornton and Taifook Capital in connection with the forecast of net profit for the year ending 31 December 2009 and prepared for the purpose of inclusion in this prospectus:

(i) Letter from Grant Thornton

Member of Grant Thornton International Ltd

8 December 2009

The Directors
China Corn Oil Company Limited

Taifook Capital Limited

Dear Sirs

SHARE OFFER BY CHINA CORN OIL COMPANY LIMITED

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the combined profit after income tax of China Corn Oil Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ending 31 December 2009 (the "Profit Forecast") as set forth in the prospectus of the Company dated 8 December 2009 (the "Prospectus").

We conducted our work in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited combined results of the Group for the six months ended 30 June 2009, the unaudited management accounts for the four months ended 31 October 2009 and a forecast of the combined results of the Group for the two months ending 31 December 2009 on the basis that the current Group structure had been in existence throughout the whole financial year ending 31 December 2009.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on Part A of Appendix III to the

Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in our accountants' report dated 8 December 2009, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,
Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

(ii) Letter from Taifook Capital

Taifook Capital Limited
25th Floor, New World Tower
16-18 Queen's Road Central
Hong Kong

8 December 2009

The Directors
China Corn Oil Company Limited

Dear Sirs,

We refer to the estimate of the combined profit attributable to the equity holders of China Corn Oil Company Limited (the "Company") and its subsidiaries (together the "Group") for the year ending 31 December 2009 (the "Profit Forecast") as set out in the sub-section headed "Profit Forecast" in the section headed "Financial information" in the prospectus of the Company dated 8 December 2009 (the "Prospectus").

The Profit Forecast, for which the directors of the Company (the "Directors") are solely responsible, has been prepared by them based on the audited combined results of the Group for the six months ended 30 June 2009, the unaudited combined results as shown in the unaudited management accounts of the Group for the four months ended 31 October 2009 and a forecast of the combined results of the Group for the two months ending 31 December 2009.

We have discussed with the Directors the bases and assumptions made by the Directors, as set out in part 1 of Appendix III to the Prospectus, upon which the Profit Forecast has been made. We have also considered the letter dated 8 December 2009 addressed to you and us from Grant Thornton regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by the Directors and reviewed by Grant Thornton, we are of the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
TAIFOOK CAPITAL LIMITED
Derek Chan
Managing Director

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Group as at 31 October 2009.

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

8 December 2009

The Directors
China Corn Oil Company Limited
Handian Industrial Park
Zouping County
Bingzhou
Shandong Province
PRC

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which China Corn Oil Company Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 31 October 2009 for the purpose of incorporation in an Initial Public Offering Document.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, transferable land use rights in respect of the properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the terms as granted.

In valuing the property interests in Group I, which are held for owner-occupation by the Group in the PRC, due to the nature of the buildings and structures that were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement costs. We would define "depreciated replacement cost" to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings and structures, including professional fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on market sales.

In valuing the property interests in Group II, which are rented by the Group in the PRC, we have attributed no commercial value to these properties mainly due to the prohibitions against subletting and assignment or otherwise due to lack of substantial profit rents.

We have been provided with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its PRC Legal Advisers, Grandall Legal Group (Shanghai) Office, on PRC laws, regarding the titles to the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, tenancy particulars, identification of properties, site and floor areas and all relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exterior and, where possible the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In preparing our valuation report, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Note: Charles C K Chan is a qualified valuer and has about 25 years' experience in the valuation of properties in Hong Kong and has about 20 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUES

Group I – Property interests held for owner-occupation by the Group in the PRC

No.	Property	Capital value in existing state as at 31 October 2009
1.	An industrial complex located at Kaihe Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	RMB27,600,000
2.	An industrial complex located at Baiqiao Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	RMB56,300,000
3.	An industrial complex located at Xiaowangtuo Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	RMB34,600,000
	Sub-total:	**RMB118,500,000**

Group II – Property interests rented by the Group in the PRC

4.	Room 1202, Block No. 1, Yuanfeng – Taihe International Building, No. 168 Chaohui Road, Xiacheng District, Hangzhou, Zhejiang Province, PRC	No commercial value
5.	Room 508, Block A, Jingong Hongyang Building, No. Jia 25 Nanbinhe Road, Guanganmen, Xuanwu District, Beijing, PRC	No commercial value

No.	Property	Capital value in existing state as at 31 October 2009
6.	Room 1101, Yongan Building, No. 268 Quancheng Road, Shizhong District, Jinan, Shangdong Province, PRC	No commercial value
7.	Room 1303, Tianjiao International Building, No. 23 Baofeng Road, Qiaokou District, Wuhan, Hubei Province, PRC	No commercial value
8.	Room 3008, Baiyi Commercial Centre, No. 570 Dongjiao North Road, Liwan District, Guangzhou, Guangdong Province, PRC	No commercial value
9.	Room 12-6, Unit 1, Xincheng Court, No. 73 Zhongshan Er Road, Yuzhong District, Chongqing, PRC	No commercial value
10.	Room 2, West Unit, Level 15, Zijing Building, Youyi East Road, Beilin District, Xian, Shanxi Province, PRC	No commercial value
	Sub-total:	**Nil**
	Grand total:	**RMB118,500,000**

VALUATION CERTIFICATE

Group I – Property interests held for owner-occupation by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2009
1.	An industrial complex located at Kaihe Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	The property comprises a parcel of land with a site area of approximately 52,160.00 sq.m. (561,450 sq.ft.) on which an industrial complex is erected upon. The property comprises 13 single to two-storey industrial, warehouse, office and ancillary buildings with a total gross floor area of approximately 22,232.65 sq.m. (239,312 sq.ft.) completed in 2009. The land use rights of the property have been granted for a term expiring on 20 September 2059 for industrial uses.	The property is occupied by the Group mainly for production, office and warehouse uses.	RMB27,600,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate No. Zou Guo Yong (2009) No.100124 issued by the Zouping County People's Government on 21 September 2009, the land use rights of the property with a site area of 52,160.0 sq.m. have been granted to Shandong Sanxing Corn Industry Technology Company Limited ("Corn Industry"), an indirect wholly-owned subsidiary of the Company, for a term expiring on 20 September 2059 for industrial uses.

2. Pursuant to the Building Ownership Certificate No. Bing Zhou Shi Fang Quan Zheng Zou Ping Xian Zi Di 002947 issued on 31 July 2009, the building ownership of the property with a total gross floor area of 22,232.65 sq.m. is vested in Corn Industry.

   According to a Property Transfer Agreement, the building ownership of the property was transferred to Corn Industry on 1 July 2009 at a consideration of RMB16,874,360.

3. We have been provided with a legal opinion on the title to the property issued by the PRC Legal Advisers, which contains, inter-alia, the following information:

   (i) the land use rights and the building ownership of the property are legally held by Corn Industry;

   (ii) Corn Industry is entitled to lease, transfer or mortgage the land use rights of the property;

   (iii) Corn Industry is entitled to occupy, lease, transfer or mortgage the building ownership of the property; and

   (iv) the property is free from any mortgages or encumbrances.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2009
2.	An industrial complex located at Baiqiao Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	The property comprises a parcel of land with a site area of approximately 60,201.47 sq.m. (648,009 sq.ft.) on which an industrial complex is erected upon. The property comprises 13 single to 5-storey industrial, warehouse, office, dormitory and ancillary buildings with a total gross floor area of approximately 37,365.32 sq.m. (402,200 sq.ft.) completed in between 2003 and 2006. The land use rights of the property have been granted for a term expiring on 22 January 2056 for industrial uses.	The property is occupied by the Group mainly for production, office, dormitory and warehouse uses.	RMB56,300,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate No. Zuo Guo Yong (2009) Di 100121 issued by Zouping County People's Government on 22 July 2009, the land use rights of the property with a site area of 60,201.47 sq.m. have been granted to Corn Industry for a term expiring on 22 January 2056 for industrial uses.

   As advised, the land use rights of the property was transferred to Corn Industry in July 2009 at a total consideration of RMB11,739,000.

2. Pursuant to three Building Ownership Certificates Nos. Zuo Ping Xian Fang Quan Zheng Han Dian Gong Zhen Zi Di HDG00016(1), HDG00016(2) and Zuo Ping Xian Fang Quan Zheng Han Dian Si Zi Di HDG00029 issued on 10 November 2007 and 21 September 2009, the building ownership of the property with a total gross floor area of 37,365.32 sq.m. is vested in Corn Industry.

3. We have been provided with a legal opinion on the title to the property issued by the PRC Legal Advisers, which contains, inter-alia, the following information:

   (i) the land use rights and the building ownership of the property are legally held by Corn Industry;

   (ii) Corn Industry is entitled to lease, transfer or mortgage the land use rights of the property;

   (iii) Corn Industry is entitled to occupy, lease, transfer or mortgage the building ownership of the property; and

   (iv) the property is free from any mortgages or encumbrances.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2009
3.	An industrial complex located at Xiaowangtuo Village, Handian Town, Zouping County, Bingzhou, Shandong Province, PRC	The property comprises a parcel of land with a site area of approximately 70,328.51 sq.m. (757,016 sq.ft.) on which an industrial complex is erected upon. The property comprises 18 single to 4-storey industrial, warehouse, office and ancillary buildings with a total gross floor area of approximately 15,463.01 sq.m. (166,444 sq.ft.) completed in between 2000 and 2008. The land use rights of the property have been granted for a term expiring on 22 January 2056 for industrial uses.	The property is occupied by the Group mainly for production, office and warehouse uses.	RMB34,600,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate No. Zuo Guo Yong (2009) Di 100120 issued by Zouping County People's Government on 22 July 2009, the land use rights of the property with a site area of 70,328.51 sq.m. have been granted to Corn Industry for a term expiring on 22 January 2056 for industrial uses.

   As advised, the land use rights of the property was transferred to Corn Industry in July 2009 at a total consideration of RMB13,713,700.

2. Pursuant to four Building Ownership Certificates Nos. Zuo Ping Xian Fang Quan Zheng Han Dian Gong Zhen Zi Di HDG00018 (1) to HDG00018 (4) all issued on 25 May 2009, the building ownership of the property with a total gross floor area of 15,463.01 sq.m. is vested in Corn Industry.

3. We have been provided with a legal opinion on the title to the property issued by the PRC Legal Advisers, which contains, inter-alia, the following information:

   (i) the land use rights and the building ownership of the property are legally held by Corn Industry;

   (ii) Corn Industry is entitled to lease, transfer or mortgage the land use rights of the property;

   (iii) Corn Industry is entitled to occupy, lease, transfer or mortgage the building ownership of the property; and

   (iv) the property is free from any mortgages or encumbrances.

Group II – Property interests rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
4.	Room 1202, Block No. 1, Yuanfeng – Taihe International Building, No. 168 Chaohui Road, Xiacheng District, Hangzhou, Zhejiang Province, PRC	The property comprises an office unit on 12th level of a 27-storey office tower erected upon a 3-storey commercial podium completed in 2008. The property has a gross floor area of approximately 75.16 sq.m. (809 sq.ft.). The property is subject to a tenancy for a term commenced on 1 November 2008 and expired on 31 October 2009 at a monthly rental of RMB5,000, exclusive of management fee and other charges. The tenancy had been renewed for one year from 1 November 2009 to 31 October 2010 at an annual rental of RMB70,000, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Chen Biyu ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title to the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreements have been registered and are legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
5.	Room 508, Block A, Jingong Hongyang Building, No. Jia 25 Nanbinhe Road, Guanganmen, Xuanwu District, Beijing, PRC	The property comprises an office unit on 5th level of a 13-storey office building erected upon a 2-storey basement completed in 2005. The property has a gross floor area of approximately 75.80 sq.m. (816 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 24 October 2009 and expiring on 23 October 2010 at a monthly rental of approximately RMB5,303, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Beijing Shiji Jingong Hongyang Property Management Company Limited ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreement has been registered and is legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
6.	Room 1101, Yongan Building, No. 268 Quancheng Road, Shizhong District, Jinan, Shangdong Province, PRC	The property comprises an office unit on 11th level of a 17-storey office/commercial building erected upon a 2-storey basement completed in 2005. The property has a gross floor area of approximately 186.00 sq.m. (2,002 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 1 January 2009 and expiring on 31 December 2009 at a monthly rental of RMB4,000, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Zhao Deyu ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreement has been registered and is legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
7.	Room 1303, Tianjiao International Building, No. 23 Baofeng Road, Qiaokou District, Wuhan, Hubei Province, PRC	The property comprises an office unit on 13th level of a 24-storey office/commercial building completed in 2004. The property has a gross floor area of approximately 91.06 sq.m. (980 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 25 October 2008 and expiring on 24 October 2010 at a monthly rental of RMB2,500, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Zhang Guohua ("lessor"), an independent third party to Mr. Zhang Bin. As advised, Mr. Zhang Bin is the attorney of Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreement has been registered and is legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
8.	Room 3008, Baiyi Commercial Centre, No. 570 Dongjiao North Road, Liwan District, Guangzhou, Guangdong Province, PRC	The property comprises an office unit on 3rd level of a 4-storey office building completed in 1991. The property has a gross floor area of approximately 65.00 sq.m. (700 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 1 December 2008 and expired on 30 November 2009 at a monthly rental of RMB2,600, exclusive of management fee and other charges. The tenancy had been renewed for one year from 1 December 2009 to 30 November 2010 at a monthly rental of RMB2,730.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Wu Guangbiao ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreements have been registered and are legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
9.	Room 12-6, Unit 1, Xincheng Court, No. 73 Zhongshan Er Road, Yuzhong District, Chongqing, PRC	The property comprises an office unit on 12th level of a 22-storey office building completed in 1995. The property has a gross floor area of approximately 120.00 sq.m. (1,292 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 1 April 2009 and expiring on 31 March 2010 at a monthly rental of RMB1,300, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Fang Yongzhong ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreement has been registered and is legal and valid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 October 2009
10.	Room 2, West Unit, Level 15, Zijing Building, Youyi East Road, Beilin District, Xian, Shanxi Province, PRC	The property comprises an office unit on 15th level of a 25-storey office building completed in 2002. The property has a gross floor area of approximately 110.00 sq.m. (1,184 sq.ft.). The property is subject to a tenancy agreement for a term commenced on 24 October 2008 and expiring on 24 October 2010 at a monthly rental of RMB2,000, exclusive of management fee and other charges.	The property is occupied by the Group as office.	No commercial value

Notes:

1. The property is leased from Zhang Fasheng ("lessor"), an independent third party to Corn Industry.

2. We have been provided with a legal opinion on the title of the property issued by the PRC Legal Advisers, which contains, inter-alias, the following information:

   (i) the lessor has obtained the building ownership of the property and is entitled to lease the property to Corn Industry; and

   (ii) the tenancy agreement has been registered and is legal and valid.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman companies law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 September 2009 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 November 2009 and will take effect on the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken

by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or,

failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the

Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the

time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which

may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock

Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the

Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman companies law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman companies law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares

unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an

order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 22 September 2009.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the

company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands companies law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands companies law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

I. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9 September 2009. We have been registered as a non-Hong Kong company under Part XI of the Companies Ordinance, and our principal place of business in Hong Kong is at Room 313, 3rd Floor, Central Building, Pedder Street, Central, Hong Kong. In compliance with the relevant requirements of the Companies Ordinance, Ms. Chan Yuen Ying, Stella has been appointed as our agent for the acceptance of service of process and any notice required to be served on our Company in Hong Kong. The address for service of process on our Company in Hong Kong is Flat H, 14/F., Tower 1, Marina Habitat, 1-3 Yuet Hoi Street, Apleichau, Hong Kong

As our Company was incorporated in the Cayman Islands, our corporate structure and our Memorandum and Articles are subject to the Companies Law. A summary of certain provisions of our Memorandum and Articles and certain aspects of the company laws of the Cayman Islands are set out in Appendix V to this prospectus headed "Summary of the Constitution of the Company and Cayman Islands Company Law".

2. Changes in the share capital of our Company

The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(a) Our Company was incorporated with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each, of which one Share of HK$0.10 was subscribed by Codan Trust Company (Cayman) Limited, which was transferred to Sanxing Trade on 9 September 2009.

(b) Pursuant to the written resolutions of our sole Shareholder dated 23 November 2009, our sole Shareholder resolved to increase the authorised share capital of our Company from HK$380,000 to HK$900,000,000 by the creation of an additional 8,996,200,000 Shares of HK$0.10 each, such additional Shares ranking pari passu in all respects with the existing Shares in our share capital with effect from the date of passing the written resolutions.

(c) On 26 November 2009, Corn Oil Luxembourg (as vendor), the Company (as purchaser), the Controlling Shareholders (collectively as warrantors) entered into a reorganisation deed, pursuant to which Corn Oil Luxembourg transferred its entire interest being 59,701 shares of US$1.0 each in Corn BVI to the Company in consideration of €11,126,979 (equivalent to HK$129,072,956 as provided in the reorganisation deed), payable by the Company by way of allotting and

issuing 324,999,999 shares of HK$0.10 each in the share capital of the Company credited as fully paid to Corn Oil Luxembourg. On the same date, Sanxing Trade transferred the 1 Share held by it to Corn Oil Luxembourg at a nominal value of HK$0.10. Following the above transfers, the Company was wholly-owned by Corn Oil Luxembourg.

(d) Immediately upon completion of the Share Offer (assuming that the Over-allotment Option is not exercised), 500,000,000 Shares of HK$0.10 each will be issued fully paid or credited as fully paid.

(e) In the event that the Over-allotment Option is exercised in full, 526,250,000 Shares will be issued fully paid or credited as fully paid.

Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Changes in the share capital or registered capital of our subsidiaries

The subsidiaries of our Company as of the date of this prospectus include all entities set out in the Accountants' Report as included in Appendix I to this prospectus.

The following sets out the alteration in the share capital of the subsidiaries of our Company within the two years preceding the date of this prospectus:

(a) Corn BVI

Corn BVI was incorporated under the laws of the BVI on 28 December 2006 with an authorised share capital of US$50,000 divided into 50,000 shares with a par value of US$1.00 each, of which 50,000 shares were allotted and issued to Mr. Koay.

On 9 May 2007, Mr. Koay transferred 49,900 shares of US$1.00 each representing 99.8% interest in Corn BVI to Sanxing Trade for a consideration of US$49,900.

On 21 May 2007, Corn BVI increased its authorised share capital from US$50,000 divided into 50,000 shares of US$1.00 each to US$65,000 divided into 65,000 shares of US$1.00 each.

On 14 June 2007, pursuant to the subscription agreement dated 18 May 2007, Corn BVI allotted and issued a total of 6,466 shares of US$1.00 each, representing approximately 10.83% of the entire issued share capital of Corn BVI, to CDCP and GMIM as to 50% each, for an aggregate consideration of US$5 million; and pursuant to the subscription agreement dated 28 May 2007, Corn BVI allotted and issued 3,235 shares of US$1.00 each, representing approximately 5.42% of the entire issued share capital of Corn BVI, to NGPL for a consideration of US$3 million.

On 14 January 2008, Corn Oil Luxembourg acquired from Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL their respective interests in Corn BVI in consideration of Corn Oil Luxembourg alloting and issuing its issued share capital representing 4,015,870 shares of €1.70 each to each of Sanxing Trade, Mr. Koay, CDCP, GMIM and NGPL on a pro-rata basis. Immediately after such acquisition, Corn Oil Luxembourg's total issued share capital of 4,034,120 shares of €1.70 each was owned as to 3,374,840 shares (83.66%) by Sanxing Trade, as to 6,725 shares (0.17%) by Mr. Koay, as to 217,475 shares (5.39%) by CDCP, as to 217,475 shares (5.39%) by GMIM and as to 217,605 shares (5.39%) by NGPL.

On 26 November 2009, Corn Oil Luxembourg (as vendor), our Company (as purchaser), the Controlling Shareholders (collectively as warrantors) entered into a reorganisation deed, pursuant to which Corn Oil Luxembourg transferred its entire interest representing 59,701 shares of US$1.0 each in Corn BVI to our Company in consideration of €11,126,979 (equivalent to HK$129,072,956 as provided in the reorganisation deed), payable by the Company by way of allotting and issuing 324,999,999 shares of HK$0.10 each in the share capital of our Company credited as fully paid to Corn Oil Luxembourg. On the same date, Sanxing Trade transferred the 1 share of our Company held by it to Corn Oil Luxembourg at a nominal value of HK$0.1. Following the above transfers, the Company was wholly-owned by Corn Oil Luxembourg.

(b) Corn Industry

Corn Industry was established under the laws of the PRC on 14 November 2006 with an initial registered capital of RMB50 million. Sanxing Grease was the sole shareholder of Corn Industry upon its establishment.

On 11 January 2007, Sanxing Grease entered into an equity transfer agreement with Corn BVI to transfer its 100% equity interest in Corn Industry with registered capital of RMB50 million to Corn BVI, which was then wholly-owned by Mr. Koay, for a consideration of US$10 million.

On 13 February 2007, Corn Industry was converted from a domestic company to a foreign investment enterprise in the PRC. Its total investment amount was US$10 million.

On 26 November 2007, Corn Industry increased its registered capital from US$6.25 million (being equivalent to the initial registered capital of RMB50 million) to US$30 million and its total investment amount from US$10 million to US$70 million.

As at 18 April 2008, Corn BVI had contributed approximately US$12.88 million towards the registered capital of Corn Industry. The remaining US$17.12 million shall be contributed by Corn BVI by 3 May 2010.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years preceding the date of this prospectus.

4. Written resolutions of our sole Shareholder passed on 23 November 2009

Pursuant to the written resolutions of our sole Shareholder passed on 23 November 2009, the following resolutions were passed:

(a) the authorised share capital of the Company was increased from HK$380,000 to HK$900,000,000 by the creation of an additional 8,996,200,000 Shares of HK$0.10 each, such additional Shares ranking pari passu in all respects with the existing Shares in the capital of the Company as of the date of passing of the resolutions;

(b) conditional upon the satisfaction of the conditions as stated in the paragraph headed "Conditions of the Share Offer" in the section headed "Structure and Conditions of the Share Offer" in this prospectus:

(i) the Share Offer and the Over-allotment Option were approved upon the terms and conditions stated in this prospectus and our Directors were authorised to allot and issue the Offer Shares and the Shares as may be required to be issued upon the exercise of the Over-allotment Option;

(ii) the rules of the Share Option Scheme were approved and adopted, and our Directors were authorised, at their absolute discretion, to grant options, and to allot and issue Shares pursuant to the exercise of any options granted, under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iii) a general unconditional mandate was granted to our Directors to exercise all powers of the Company to allot, issue and deal with (or by way of rights issue, a scrip dividend or similar arrangement or pursuant to the Share Option Scheme or any other share option scheme or similar arrangement for the time being adopted by the Company) Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer (including any Shares which may fall to be issued pursuant to the Over-allotment Option) and to make or grant offers, agreements, options or warrants which would or might be required while such powers are exercised, such mandate to remain in effect until the earliest of:

(A) the conclusion of our next annual general meeting;

(B) the expiration of the period within which our next annual meeting is required by the Articles or any applicable laws to be held; or

(C) the day on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;

(iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase or otherwise acquire Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate nominal value not exceeding 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer (including any Shares which may fall to be issued pursuant to the Over-allotment Option) and to make or grant offers, agreements, options or warrants which would or might be required while such powers are exercised, such mandate to remain in effect until the earliest of:

(A) the conclusion of our next annual general meeting;

(B) the expiration of the period within which our next annual meeting is required by the Articles or any applicable laws to be held; or

(C) the day on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;

(v) the general unconditional mandate referred to in sub-paragraph (b)(iii) above was extended by the addition to the aggregate nominal value of our share capital which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of our share capital repurchased by us under the general mandate referred to in subparagraph (b)(iv) above.

(c) the Articles were approved and adopted with effect from the Listing Date.

5. Reorganisation

Corn Oil Luxembourg, being the then holding company of Corn BVI, had been listed on Alternext since 25 March 2008. After such listing and before the Listing, the following Reorganisation was effected whereby the Company became the holding company of our Group:

(a) On 9 September 2009, the Company was incorporated under the Companies Law as an exempted company with an authorised share

capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each, of which one share of HK$0.10 was subscribed by Codan Trust Company (Cayman) Limited, which was subsequently transferred to Sanxing Trade on the same date.

(b) On 4 November 2009 (Central European time), Corn Oil Luxembourg announced that Sanxing Trade, a wholly-owned subsidiary of Sanxing Grease, together with CDCP, GMIM and NGPL had made a proposal to acquire all the shares of Corn Oil Luxembourg not already owned, controlled or agreed to be acquired by Sanxing Trade or entities controlled by or associated with it, other than those shares held by CDCP, GMIM and NGPL which together with Sanxing Trade were then interested in approximately 97.38% of the issued share capital of Corn Oil Luxembourg, and to seek the voluntary delisting of Corn Oil Luxembourg from Alternext.

The privatisation offer was made on 5 November 2009 (Central European time) at an offer price of €22 (or approximately HK$257.31) in cash per share of Corn Oil Luxembourg. The privatisation offer was closed on 19 November 2009 (Central European time). On 20 November 2009 (Central European time), Corn Oil Luxembourg was delisted from Alternext. For details about the privatisation offer, please refer to the paragraph headed "Privatisation offer for Corn Oil Luxembourg" under the section headed "History and Corporate Development" in this prospectus.

(c) On 26 November 2009, Corn Oil Luxembourg (as vendor), the Company (as purchaser), the Controlling Shareholders (collectively as warrantors) entered into a reorganisation deed, pursuant to which Corn Oil Luxembourg transferred its entire interest being 59,701 shares of US$1.0 each in Corn BVI to the Company in consideration of €11,126,979 (equivalent to HK$129,072,956 as provided in the reorganisation deed), payable by the Company by way of allotting and issuing 324,999,999 Shares of HK$0.10 each in the share capital of the Company credited as fully paid to Corn Oil Luxembourg. On the same date, Sanxing Trade transferred the 1 Share of the Company held by it to Corn Oil Luxembourg at a nominal value of HK$0.10. Following the above transfers, the Company was wholly-owned by Corn Oil Luxembourg.

6. Repurchase by the Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

6.1 Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a specific transaction.

(b) Source of funds

Repurchases must only be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles, the Listing Rules and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(c) Trading restrictions

The total number of shares which a company is authorised to repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of its issued share capital of the company as at the date of the ordinary resolution authorising such repurchase. A company may not issue or announce an issue of securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, all repurchases of securities on the Stock Exchange in any calendar month are limited to a maximum of 25% of the trading volume of such securities on the Stock Exchange in the immediately preceding calendar month. The Listing Rules also prohibit a company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage for that company required by the Stock Exchange. A company must procure that any broker appointed by it to effect the repurchase of securities discloses to the Stock Exchange such information with respect to the repurchases as the Stock Exchange may request.

(d) Status of repurchased securities

All repurchased securities (whether on the Stock Exchange or otherwise) are automatically delisted and the relative certificates for those securities must be cancelled and destroyed.

(e) Suspension of repurchases

Securities repurchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(f) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:30 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to disclose details regarding repurchases of securities made during the financial year, including a monthly breakdown of purchases of shares made during the financial year under review showing the number of securities purchased each month, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(g) Connected Persons

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person (as defined in the Listing Rules), that is, a director, chief executive or Substantial Shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

6.2 Information relevant to the repurchase mandate

(a) Our Directors believe that it is in the best interests of our Company and our Shareholders for the Directors to have a general authority from Shareholders to enable our Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of our Company and/or our earnings per Share and will only be made when our Directors believe that such repurchases will benefit the Company and our Shareholders.

(b) In repurchasing securities, we may only apply funds legally available for such purchase in accordance with our Memorandum and Articles, the Listing Rules and the applicable laws of the Cayman Islands.

(c) Our Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material and adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for the Company.

(d) None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company or its subsidiaries in the event that the repurchase mandate is approved by the Shareholder.

(e) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate only in accordance with the Listing Rules, the applicable laws of the Cayman Islands, the Memorandum and the Articles.

(f) If as a result of a repurchase of securities, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers.

As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of such increase, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences that would arise under the Hong Kong Code on Takeovers and Mergers as a result of a repurchase pursuant to the repurchase mandate.

(g) Any repurchase of Shares which results in the amount of Shares held by the public being reduced to less than 25% of the issued share capital of the Company could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. Except in extraordinary circumstances, a waiver of this provision would not normally be given by the Stock Exchange.

(h) No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, nor has undertaken not to do so, if the repurchase mandate is exercised.

(i) No repurchase of Shares has been made by our Company since its incorporation.

II. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus, have not been terminated and are or may be material:

(a) The asset purchase agreement dated 15 June 2008 entered into between Corn Industry (registered name: 山東三星玉米產業科技有限公司) and Sanxing Grease (registered name: 鄒平三星油脂工業有限公司), pursuant to which Corn Industry agreed to purchase a corn oil refining production line from Sanxing Grease for a consideration of RMB125,356,100;

(b) The asset purchase agreement dated 15 June 2008 entered into between Corn Industry (registered name: 山東三星玉米產業科技有限公司) and Sanxing Grease (registered name: 鄒平三星油脂工業有限公司), pursuant to which Corn Industry agreed to purchase corn oil packaging production line from Sanxing Grease for a consideration of RMB54,176,500;

(c) The asset purchase agreement dated 15 June 2008 entered into between Corn Industry (registered name: 山東三星玉米產業科技有限公司) and Sanxing Grease (registered name: 鄒平三星油脂工業有限公司), pursuant to which Corn Industry agreed to purchase the research and development centre and the relevant assets from Sanxing Grease for a consideration of RMB6,050,000;

(d) The land use rights transfer agreement dated 20 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to transfer its land use rights of two parcels of land situated at Baiqiao Village and Xiaowangtuo Village of Handian Town, Zouping County, Bingzhou, Shangdong Province, the PRC to Corn Industry for an aggregate consideration of RMB25,452,700;

(e) The property transfer agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to transfer the building ownership of a property situated at Sanxing Road Central, Handian Industrial Park, Zouping County to Corn Industry for an aggregate consideration of RMB16,874,360;

(f) The State-owned construction land use right assignment (國有建設用地使用權出讓合同) dated 20 September 2009 entered into between Corn Industry and the Ministry of Land and Resources of Zouping County, Binzhou City, Shandong Province ("**Ministry of Land and Resources**") (山東省濱州市鄒平縣國土資源局), pursuant to which the Ministry of Land and Resources agreed to assign the land use right of a parcel of land situated at Handian Town, Kaihe Village to Corn Industry for a consideration of RMB10,170,000;

(g) The patent registration assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the registration of registered patent number ZL200630183402.6 to Corn Industry for a consideration of RMB1,000;

(h) The patent registration assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the registration of registered patent number ZL200630183404.5 to Corn Industry for a consideration of RMB1,000;

(i) The patent registration assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the registration of registered patent number ZL200630183403.0 to Corn Industry for a consideration of RMB1,000;

(j) The patent registration assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the registration of registered patent number ZL200630183405.X to Corn Industry for a consideration of RMB1,000;

(k) The patent application rights assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the rights of a patent application, namely, patent application number 200610070629.9 to Corn Industry for a consideration of RMB1,000;

(l) The patent application rights assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the rights of a patent application, namely, patent application number 200730164112.1 to Corn Industry for a consideration of RMB1,000;

(m) The patent application rights assignment agreement dated 1 July 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the rights of a patent application, namely, patent application number 200610070628.4, to Corn Industry for a consideration of RMB1,000;

(n) The patent application rights assignment agreement dated 10 September 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the rights of a patent application, namely, patent application number 200910019787.5, to Corn Industry for a consideration of RMB1,000;

(o) The patent application rights assignment agreement dated 10 September 2009 entered into between Corn Industry and Sanxing Grease, pursuant to which Sanxing Grease agreed to assign the rights of a patent application, namely, patent application number 200910019786.0, to Corn Industry for a consideration of RMB1,000;

(p) the reorganisation deed dated 26 November 2009 entered into between Corn Oil Luxembourg (as vendor), the Company (as purchaser), the Controlling Shareholders (collectively as warrantors), pursuant to which: (i) Corn Oil Luxembourg transferred its entire interest being 59,701 shares of US$1.0 each in Corn BVI to the Company in consideration of €11,126,979 (equivalent to HK$129,072,956 as provided in the reorganisation deed) payable by the Company by way of allotting and issuing 324,999,999 Shares of HK$0.10 each in the share capital of the Company credited as fully paid to Corn Oil Luxembourg; and (ii) Sanxing Trade transferred the 1 Share of the Company held by it to Corn Oil Luxembourg at a nominal value of HK$0.10.

(q) an instrument of transfer dated 26 November 2009 whereby Corn Oil Luxembourg transferred 59,701 shares in Corn BVI of US$1.0 each to the Company in consideration of €11,126,979 (equivalent to HK$129,072,956), payable by the Company by way of allotting and issuing 324,999,999 Shares of HK$0.10 each in the Company to Corn Oil Luxembourg;

(r) the trademark licence agreement dated 16 November 2009 entered into between Sanxing Grease and Corn Industry, pursuant to which Sanxing Grease agreed to grant a licence to Corn Industry to use the registered trademark 長壽花 (Longevity Flower) on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the agreement, which is automatically renewable on a 10-year term upon expiry of the then current term, unless Corn Industry terminates the agreement by written notice prior to the expiry of the term of the agreement. Details of the agreement are set out in the section headed "Connected Transactions" in this prospectus;

(s) the trademark licence agreement dated 16 November 2009 entered into between Sanxing Grease and Corn Industry, pursuant to which Sanxing Grease agreed to grant a licence to Corn Industry to use the registered trademark 金銀花 (Gold & Silver Flower) on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the agreement, which is automatically renewable on a 10-year term upon expiry of the then current term, unless Corn Industry terminates the agreement by written notice prior to the expiry of the term of the agreement. Details of the agreement are set out in the section headed "Connected Transactions" of this prospectus;

(t) the deed of non-competition undertaking dated 23 November 2009 entered into between each of the Controlling Shareholders and the Company (for itself and for the benefit of its subsidiaries) regarding the non-competition undertaking as more particularly referred to under the heading "Non-Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" in this prospectus;

(u) a deed of indemnity dated 7 December 2009 made by our Controlling Shareholders (except Corn Oil Luxembourg) in favour of our Company for itself and for the benefit of its subsidiaries. Details of this deed are set out under the heading "Indemnity" in the "Statutory and General Information" section in this prospectus; and

(v) the Public Offer Underwriting Agreement dated 7 December 2009. Details of this agreement are set out in the section headed "Underwriting" in this prospectus.

2. Further information about our PRC establishment

(a) Corn Industry

(i)	nature of the company:	Wholly foreign-owned company
(ii)	term of business operation:	From 14 November 2006 to 12 March 2021
(iii)	total amount of investment:	US$70 million
(iv)	registered capital:	US$30 million *(Note 1)*
(v)	attributable interest of the company:	100%
(vi)	scope of business:	Manufacture and sales of corn oil, polylactic acid, lactic acid, development and manufacturing of machinery for processing corn and others

Note:

(1) The current paid-up registered capital of Corn Industry is US$12.88 million. The outstanding registered capital will be fully paid by 3 May 2010.

3. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had licence to use the following registered trademarks pursuant to the Trademark Licence Agreements as set out under the section headed "Connected Transactions" of this prospectus:

Trademark	Registered owner	Class	Place of registration	Expiry date	Registration number
Longevity Flower (長壽花)	Sanxing Grease	29[Note]	PRC	20 November 2011	1670777
Gold & Silver Flower (金銀花)	Sanxing Grease	29[Note]	PRC	13 February 2012	1714616

Note: Class 29: edible grease (食用油脂) edible rapeseed oil (食用菜子油) edible vegetable oil (食用菜油) edible oil (食用油) corn oil (玉米油) sesame oil (芝麻油) edible sunflower seed oil (食用葵花籽油)

(b) Patents

As at the Latest Practicable Date, our Group had applied for registration of the following patents:

Patent	Name of applicant	Place of application	Application number
Technique of de-waxing vegetable oil by clay waste and activated carbon (利用廢白土、廢活性炭進行植物油脫蠟的工藝)	Corn Industry	PRC	200710016188.9
Technique of de-colouring and de-waxing vegetable oil in a single procedure (一步法完成植物油脫色、脫蠟的工藝)	Corn Industry	PRC	200710016187.4
Continual and accelerated de-waxing technique under constant temperature (全連續法常温快速脫蠟工藝)	Corn Industry	PRC	200610070629.9
Technique of preventing oxidization of vegetable oil (一種防止植物油氧化的方法)	Corn Industry	PRC	200610070628.4
Label (標貼)	Corn Industry	PRC	200730164112.1

Patent	Name of applicant	Place of application	Application number
A kind of mixed vegetable oil and its formula (一種植物調和油及製備方法)	Corn Industry	PRC	200910019786.0
A kind of edible oil and its formula (一種食用油及製備方法)	Corn Industry	PRC	200910019787.5

Our Group owned the following patent registrations:

Patent	Place of application registrations	Patent registration number
Bottle (Large size golden embryo corn oil) (瓶(金胚玉米油大))	PRC	ZL200630183402.6
Bottle (Medium size golden embryo corn oil) (瓶(金胚玉米油中))	PRC	ZL200630183404.5
Bottle (Small size golden embryo corn oil) (瓶(金胚玉米油小))	PRC	ZL200630183403.0
Bottle Label (Golden embryo corn oil) (瓶貼(金胚玉米油))	PRC	ZL200630183405.X

(c) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registrant	Date of registration	Expiry date
sanxingcornoil.com	Corn Industry	30 March 2009	30 March 2012
chinacornoil.com	Corn Industry	30 March 2009	30 March 2012

III. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Particulars of Directors' service agreements and letters of appointment

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other.

The basic salary of each of the executive Directors is subject to review by the remuneration committee at the end of each financial year of our Company. Under the respective service agreements, each of the executive Directors is entitled to a discretionary bonus of an amount to be determined by the remuneration committee.

(b) Non-executive Director and independent non-executive Directors

Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with our Company for an initial fixed term of three years commencing from the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other.

Under the respective letter of appointments, each of the independent non-executive Directors is entitled to a director's fee. No director's fee is payable to the non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contracts with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' Remuneration

The aggregate amounts of remuneration of our Directors for the three years ended 31 December 2008 and the six months ended 30 June 2009 were approximately RMB1,102,000, RMB2,453,000, RMB2,498,000 and RMB196,000 respectively. Details of the arrangement for remuneration are set out in Note 12 to the Accountants' Report in Appendix I to this prospectus. Under such arrangement and pursuant to the Directors' service agreements and letters of appointment referred to in this section, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2009 will be approximately RMB2,501,000.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three financial years ended 31 December 2008 and the six months ended 30 June 2009 by us to our Directors.

3. Disclosure of interests in the share capital of our Company

(a) Interests and/or short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations following the Share Offer

Immediately following completion of the Share Offer (but taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme and exercise of the Over-allotment Option), the interests and/or short positions of our Directors and chief executive in our Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

The Company

(a) Interests in Shares

Long positions in the Shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Wang MX . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Mr. Wang MF . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Mr. Wang ML . .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%

Note:

(1) The Wang Brothers are taken to be interested in the 325,000,000 Shares held by Corn Oil Luxembourg which is owned as to approximately 82.733% by Sanxing Trade, which in turn is owned as to 100% by Sanxing Grease, which in turn is owned as to 33.4% by Mr. Wang MX, 16.5% by Mr. Wang MF, 16.5% by Ms. Huo and 33.6% by Shandong Sanxing, which in turn is owned as to 20.4% by Mr. Wang MF, 20% by Mr. Wang MX, 20% by Mr. Wang ML, 4.4% by Mr. Sun Guohui and 35.2% by eight individuals who are past or present employees of Sanxing Group.

Associated Corporations

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of shareholding in the company
Mr. Wang MX . . .	Sanxing Grease	Beneficial owner	33.4%
	Sanxing Trade	Interest of a controlled corporation	33.4%
	Corn Oil Luxembourg *(Note 1)*	Interest of a controlled corporation	33.4%
Mr. Wang MF	Sanxing Grease	Beneficial owner	16.5%
	Sanxing Trade	Interest of a controlled corporation	16.5%
	Corn Oil Luxembourg *(Note 1)*	Interest of a controlled corporation	16.5%
Mr. Wang ML	Sanxing Grease	Interest of a spouse *(Note 2)*	16.5%
	Sanxing Trade	Interest of a spouse *(Note 2)*	16.5%
	Corn Oil Luxembourg *(Note 1)*	Interest of a spouse *(Note 2)*	16.5%

Notes:

(1) As at the Latest Practicable Date, it is the intention of the majority shareholders of Corn Oil Luxembourg to voluntarily liquidate Corn Oil Luxembourg. Please refer to the section headed "History and Corporate Development" in this prospectus for details.

(2) Ms. Huo owns 16.5% equity interest in Sanxing Grease, which holds 100% equity interest in Sanxing Trade, which in turn holds approximately 82.733% interest in Corn Oil Luxembourg. Ms. Huo is the spouse of Mr. Wang ML, Mr. Wang ML is therefore taken to be interested in 16.5% equity interest in Sanxing Grease.

(b) Interests and/or short positions of the Substantial Shareholders in the Shares and underlying Shares which are discloseable under Division 2 and 3 of Part XV of the SFO

Immediately following completion of the Share Offer (but taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme and exercise of the Over-allotment Option), so far as our Directors are aware, the following persons (not being a Director or a chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Interests and short positions in the Shares and underlying Shares of the Company:

Name of Substantial Shareholders	Nature of interest	Total number of Shares or underlying Shares	Approximate percentage or attributable percentage of shareholding
Corn Oil Luxembourg . . .	Beneficial owner *(Note 1)*	325,000,000 Shares (L)	65%
Sanxing Trade . . .	Interest of a controlled corporation *(Note 1)*	325,000,000 Shares (L)	65%
Sanxing Grease . . .	Interest of a controlled corporation *(Note 1)*	325,000,000 Shares (L)	65%
Shandong Sanxing .	Interest of controlled corporations *(Note 1)*	325,000,000 Shares (L)	65%
Ms. Huo	Interest of a Spouse *(Note 2)*	325,000,000 Shares (L)	65%

Note:

(1) Corn Oil Luxembourg is the registered owner of 325,000,000 Shares upon completion of the Share Offer. Corn Oil Luxembourg is owned as to approximately 82.733% by Sanxing Trade, which in turn is owned as to 100% by Sanxing Grease, which in turn is owned as to 33.6% by Shandong Sanxing. Upon the winding up of Corn Oil Luxembourg, it is intended that all the issued shares in the Company held by Corn Oil Luxembourg will be distributed by way of transfer to the then existing shareholders of Corn Oil Luxembourg on a pro-rata basis. Please refer to the section headed "History and Corporate Development" in this prospectus for details.

(2) Ms. Huo owns 16.5% equity interest in Sanxing Grease, which holds 100% equity interest in Sanxing Trade, which in turn holds approximately 82.733% interest in Corn Oil Luxembourg. Ms. Huo is the spouse of Mr. Wang ML, our executive Director and is taken to be interested in 65% interest in the Company.

4. Connected transactions and related party transactions

Details of the connected transactions are set out in the section of this prospectus headed "Connected Transactions", and details of the related party transactions are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

5. Personal guarantees

Save and except as disclosed in Appendix I to this prospectus, none of our Directors or related parties had provided guarantees for debts and liabilities due by any members of our Group during the Track Record Period.

6. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be required to be notified to the Company and the Stock Exchange once the Shares are listed thereon;

(b) so far as is known to any of our Directors or our chief executive, no person (not being a Director or chief executive of our Company) has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(d) none of our Directors or any of the persons referred to in the paragraph headed "Qualifications of Experts" of this Appendix is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be so acquired, disposed of or leased; and

(e) none of the persons referred to in the paragraph headed "Qualifications of Experts" of this Appendix has any shareholding in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

IV. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the our sole Shareholder passed on 23 November 2009 and adopted by a resolution of the Board on 23 November 2009. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentives to Participants to contribute to our Group by providing the Participants (as defined below) the opportunity to acquire the proprietary interests in the Company and to encourage the Participants to work towards enhancing the value of the Company as well as to enable our Group to recruit high-calibre employees and/or attract human resources that are valuable to our Group.

(b) Who may join

The Board may grant (subject to acceptance in accordance with the terms of the Share Option Scheme) an option to subscribe for such number of Shares as it may determine at a price determined in accordance with paragraph (d) below to any individual being an employee, officer, agent, consultant or representative of the Group, including any executive or non-executive director of the Group ("Participant"), subject to such conditions as the Board may think fit, provided that no grants shall be made except to such number of Participants and in such circumstances that the Company will not be required under applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by the Company or its Directors of any applicable securities laws and regulations or in any filing or other requirements arising.

(c) Payment on acceptance of option

HK$1.00 is payable by the Participant who accepts the grant of an option in accordance with the terms of the Share Option Scheme on acceptance of the grant of an option.

(d) Subscription price

The subscription price for the Shares under the options to be granted under the Share Option Scheme will be a price determined by the Board and notified to a Participant at the time the grant of the options is made to (and subject to acceptance by) the Participant and will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant (subject to acceptance) of the option; and (c) the nominal value of the Shares.

(e) Maximum number of Shares subject to the Share Option Scheme

The limit on the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of any member of our Group must not exceed 30% of the number of issued Shares from time to time. Options lapsed or cancelled in accordance with the terms of the relevant share option scheme(s) shall not be counted for the purpose of calculating the said 30%-limit.

In addition, subject as provided below in this paragraph (e), the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of any member of our Group, must not represent more than 10% of the nominal amount of all the issued Shares as of the date of commencement of the listing of the Shares on the Stock Exchange (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the relevant share option scheme(s) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may refresh the Scheme Mandate Limit (or further refresh a refreshed Scheme Mandate Limit) at any time, subject to prior Shareholders' approval given at a general meeting of the Company in accordance with the relevant provisions of the Listing Rules, provided that the maximum number of Shares which may be issued under options to be granted under the Share Option Scheme (when aggregated with any Shares which may be issued under options to be granted under any other share option scheme(s) of any member of our Group) under the limit as refreshed must not exceed 10% of the number of issued Shares as of the date of the approval of the refreshed limit, excluding any Shares that are subject to options previously granted (subject to acceptance) under the Share Option Scheme or any other share option scheme(s) of any member of our Group (whether the options are outstanding, cancelled or lapsed or have been exercised). The Company may also seek separate approval from the Shareholders in general meeting in accordance

with the relevant provisions of the Listing Rules for granting options beyond the Scheme Mandate Limit (or refreshed Scheme Mandate Limit) to such Participants, in respect of such number of Shares and on such terms as may be specified in such approval.

The total number of Shares issued and which may be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the Share Option Scheme and any other share option scheme(s) of any member of our Group in any 12-month period immediately preceding any proposed date of the grant (subject to acceptance) of options to each Participant must not exceed 1% of the number of Shares in issue as of the proposed grant date. Any further grant of options in excess of this limit is subject to prior Shareholders' approval given at a general meeting of the Company in accordance with the relevant provisions of the Listing Rules, with the relevant Participant and his associates (as defined in the Listing Rules) abstaining from voting.

(f) Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each Participant who accepts the grant of any options (the "Grantee"), which must not be more than 10 years from the date of the grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the Participant upon granting of option.

(g) Rights are personal to Grantee

An option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding option, or any part thereof, in favour of such Grantee.

(h) Rights on ceasing employment or other engagement

If the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group for any reason other than death, ill health, disability or insanity, then, if the option period has not at the date of cessation commenced, the option shall lapse; and if the option period has commenced, the Grantee may exercise the option up to his entitlement at the date of cessation (to the extent not already exercised) until whichever is

the earlier of the date of expiry of the option period or the last day of the period of 1 month (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment, office, agency, consultancy or representation with the relevant member of our Group whether payment in lieu of notice is made or not (if applicable).

For the purposes of this paragraph (h), a Grantee shall not be regarded as ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group if he ceases to hold a position of employment, office, agency, consultancy or representation with a particular member of our Group but at the same time takes up a different position of employment, office, agency, consultancy or representation with another member of our Group.

(i) Rights on death, ill health, disability or insanity

If the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group by reason of death, ill health, disability or insanity before exercising the option in full and none of certain events which would be a ground for termination of his employment, office, agency, consultancy or representation specified in the Share Option Scheme arises, the Grantee or his legal personal representative(s) shall be entitled after commencement of the option period until whichever is the earlier of the date of expiry of the option period or the last day of the period of 12 month from the date of cessation (or such longer period as the Board may determine) to exercise the option (to the extent not already exercised) in full or to the extent specified in the notice to exercise such option.

(j) Rights on takeover

If a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representatives) shall, even if the option period has not yet commenced, be entitled to exercise the option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the option period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the option shall lapse.

(k) Rights on winding up

If a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of the Share Option Scheme) and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 5 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(l) Effects of alterations to capital

Subject to the limits described in paragraph (e) above, in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction), such corresponding adjustments (if any) will be made to the number of Shares subject to the Share Option Scheme, the number of Shares subject to outstanding options, the subscription price in relation to each outstanding option and/or the method of exercise of the options, provided that no adjustment shall be made to the extent that the effect of such adjustment would be to enable a Share to be issued at less than its nominal value or which would give a Grantee a different proportion of the issued share capital of the Company as to which he was previously entitled. In respect of any adjustment required by the foregoing provisions, other than any made on a capitalisation issue, an independent financial adviser or the auditors for the time being of the Company must also confirm to the Board in writing that the adjustments satisfy the foregoing provision.

In any event, any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(m) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the option period;

(ii) the expiry of any of the other periods referred to in paragraphs (h), (i) or (j) above;

(iii) subject to paragraph (k) above, the earliest of the close of business on the fifth business day prior to the general meeting referred to in paragraph (k) above or the date of commencement of the winding up of the Company;

(iv) save as otherwise provided in paragraph (j) above, or by the Court in relation to the scheme in question, upon the sanctioning pursuant to the Companies Ordinance by the High Court of Hong Kong of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;

(v) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group by reason of the termination of his employment, office, agency, consultancy or representation on certain grounds specified in the Share Option Scheme including misconduct, bankruptcy, insolvency, having made any arrangement or composition with his creditors generally and conviction of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal would be entitled to terminate his employment, office, agency, consultancy or representation at common law or pursuant to applicable laws or under the Grantee's contract, agreement or arrangement with the relevant member of our Group; and

(vi) the date on which the Board exercises the Company's right to cancel the option because of a breach by the Grantee of the rules summarised in paragraph (g) above.

(n) Ranking and voting rights of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee (or any other person) as the holder thereof.

(o) Cancellation of options

The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any options granted but not exercised and grants new options to the same Grantee, the grant of such new options may only be made under the Share Option Scheme if there is available unissued options (excluding the cancelled options) within each of the 10%-limits as referred to in paragraph (e) above.

(p) Alteration to the Share Option Scheme

The terms of the Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants unless with the prior sanction of a resolution of the Shareholders in general meeting, except where the sole purpose of the alteration is to align the provisions of the Shares Option Scheme with the amendments to the applicable laws, regulations or Listing Rules, in which case the alteration may be approved by resolution of the Board and does not require the Shareholders' approval in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must first be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must first be approved by the Shareholders in general meeting.

(q) Termination of the Share Option Scheme

The Company by resolution of its shareholders in general meeting or of the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be granted or accepted but the provisions of the Share Option Scheme shall remain in force in all other respects. All options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

(r) Period of the Share Option Scheme

Subject to termination as referred to in paragraph (q) above, the Share Option Scheme shall be valid and effective for: a period of ten years commencing on the Listing Date (after which period no further options will be granted or accepted); and thereafter for so long as there are outstanding any unexercised options granted and accepted pursuant thereto prior to the expiration of the said ten-year period so as to give effect to the exercise of any such options or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

(s) Conditions

The Share Option Scheme has been approved by the sole Shareholder, and is conditional upon, (i) the Listing Committee granting the listing of and permission to deal in any Shares to be issued pursuant to the exercise of options under the Share Option Scheme, and (ii) the commencement of the listing of the Shares on the Stock Exchange.

(t) Restrictions on the timing of grant of option

Subject always to the Listing Rules, a grant of options may not be made: (i) after a price sensitive event or matter in relation to the securities of the Company has occurred or has been the subject of a decision, until such price sensitive information has been published in accordance with the Listing Rules; (ii) on any day on which the Company's financial results are published; (iii) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (iv) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(u) Grant of options to connected persons

Where any grant of options is proposed to be made to a Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must first be approved by all the independent non-executive Directors of the Company excluding any independent non-executive Director who is the proposed Grantee of the options.

If the grant of options is to be made to a Participant who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of any member of our Group in the 12-month period up to and including the proposed date of the grant (subject to acceptance) of the options: (i) representing in aggregate over 0.1% of the number of Shares then in issue; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date of the grant (subject to acceptance) of the options, in excess of HK$5 million, then such grant of options must first be approved by the Shareholders in general meeting, with all the connected persons of the Company abstaining from voting on the proposed grant. Any vote taken at the meeting to approve the proposed grant of such options must be taken on a poll. In addition, any proposed change in the terms of options granted to a Participant who is a Substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, must first be approved by the Shareholders in general meeting on a similar basis (as to abstention and voting by poll) as stated above.

V. OTHER INFORMATION

1. Taxation on holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of or of the fair value of, the Shares being sold or transferred, whichever is higher. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(b) Cayman Islands

Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attaching to them. It is emphasised that none of the Company, our Directors or the other parties involved in the Share Offer will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

2. Litigation

We may from time to time be involved in contract disputes or legal proceedings arising from the ordinary course of our business. As of the Latest Practicable Date, neither we nor any of our subsidiaries is a party to any material litigation, arbitration or claim that could have a material adverse effect on our financial condition, or results of operations, taken as a whole. So far as we are aware, as of the Latest Practicable Date, no such material litigation, arbitration or administrative proceedings are threatened.

3. Indemnity

Each of the Controlling Shareholders (except Corn Oil Luxembourg) (the "**Indemnifiers**") has pursuant to the deed of indemnity (the "**Deed**") referred to in the paragraph headed "Summary of material contracts" in this Appendix given indemnities in connection with, among other matters, any duty payable by any member of our Group under or by virtue of the provisions of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar laws and regulations of any relevant jurisdiction arising on the death of any person by reason of any transfer of any property to any member of our Group on or before that date on which the Share Offer becomes unconditional. The Deed also contains indemnities given by the Indemnifiers in respect of taxation resulting from any income, profits or gains, accrued or received on or before the date on which the Share Offer becomes unconditional.

Indemnities in the Deed (save for those relating to estate duty) shall not apply in, among others, the following circumstances:

(a) where adequate provision has been made for such taxation in the audited accounts of any of the members of our Group up to 30 June 2009; or

(b) where taxation falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after 1 July 2009 unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of such members (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:

  (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before 30 June 2009; or

  (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 June 2009; or

  (iii) consisting of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation; or

(c) where any provisions or reserve made for taxation in the audited accounts of the Company or any of the members of our Group up to 30 June 2009 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or

reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(d) where such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice coming into force after the date on which the Share Offer becomes unconditional or to the extent that such claim arises or is increased by an increase in rates of taxation after the date on which the Share Offer becomes unconditional with retrospective effect.

Each of the Indemnifiers has also given indemnities in favour of the Company and each member of the Group in respect of any actual and potential costs, expenses, losses and damages arising from any legal proceedings instituted by or against or any other claims in relation to Corn Oil Luxembourg since its listing on Alternext and up to the date on which it was delisted from Alternext, including but not limited to any potential legal proceedings relating to the privatisation offer for and the delisting of Corn Oil Luxembourg.

4. The Sponsor

The Sponsor made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, on the Main Board of the Stock Exchange, the Shares in issue and to be issued pursuant to the Share Offer and Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and the exercise of options to be granted under the Share Option Scheme. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 30 June 2009 (being the date to which our latest audited combined financial statements were made up).

6. Preliminary expenses

The estimated preliminary expenses of the Company are approximately US$3,800 and are payable by the Company.

7. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given, within the two years immediately preceding the date of this prospectus, to any promoter in connection with the Share Offer and the related transactions described in this prospectus.

8. Qualifications of experts

Name	Qualifications
Taifook Capital	Corporation licensed to carry on type 6 (advising on corporate finance) regulated activity as set out in Schedule 5 to the SFO
Grant Thornton	Certified Public Accountants
Grandall Legal Group (Shanghai)	Legal advisers to the Company as to PRC law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Savills Valuation and Professional Services Limited	Property valuers

9. Consents of experts

Each of the experts referred to in paragraph 8 above has given and has not withdrawn its written consents to the issue of this prospectus with copies of their reports, valuation certificates, letters or opinions (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Group.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

11. Miscellaneous

11.1 Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(d) no commission has been paid or is payable to any person (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in or debentures of our Company;

(e) we have no outstanding convertible debt securities;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) we have not issued or agreed to issue any founder shares, management shares or deferred shares; and

(h) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

11.2 The register of members of our Company will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE** and **YELLOW** Application Forms, the written consents referred to in the paragraph headed "Consents of experts" in Appendix VI to this prospectus, a statement of adjustments made by Grant Thornton in arriving at the figures set out in the accountants' report of the Group set out in Appendix I to this prospectus, and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Baker & Mckenzie of 23rd Floor, One Pacific Place, 88 Queensway, Hong Kong during normal business hours up to the date which is 14 days from the date of the prospectus:

(a) the Articles of our Company;

(b) the accountants' report prepared by Grant Thornton, the text of which is set out in Appendix I to this prospectus and the related statement of adjustments;

(c) the letter prepared by Grant Thornton in respect of the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(d) the letters relating to the profit forecast from Taifook Capital and Grant Thornton, the texts of which are contained in Appendix III to this prospectus;

(e) the audited financial statements of companies comprising our Group for each of the three financial years ended 31 December 2008 or the period since their respective dates of incorporation of the relevant member of our Group where it is shorter, where this is a shorter period;

(f) the valuation report (including a letter, a summary of valuation and the valuation certificate) prepared by Savills Valuation and Professional Services Limited relating to the property interest of our Group, the text of which is set out in Appendix IV to this prospectus;

(g) the PRC legal opinions both dated 8 December 2009 issued by Grandall Legal Group (Shanghai) in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(h) the rules of the Share Option Scheme;

(i) the Companies Law of the Cayman Islands;

(j) the letter of advice issued by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to Appendix V to this prospectus;

(k) the Directors' service agreements and letters of appointment referred to in the paragraphs headed "Particulars of Directors' service agreements and letters of appointment" in Appendix VI to this prospectus;

(l) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus; and

(m) the written consents referred to in the paragraph headed "Consents of experts" in Appendix VI to this prospectus.