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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

The Group recorded revenue of approximately RMB1,164 million for the year ended 31 December 2009, representing a growth of approximately 24.6% over the revenue of RMB934 million in 2008.

The Group recorded profit attributable to shareholders of approximately RMB120 million for the year ended 31 December 2009, representing an increase of approximately 31.4% over the profit attributable to shareholders of approximately RMB91.4 million in 2008.

The basic earnings per share attributable to owners of the Company amounted to approximately RMB36.17 cents for the year ended 31 December 2009, as compared to approximately RMB28.11 cents for the year ended 31 December 2008.

ANNUAL RESULTS

The board of directors (the "Directors") of China Corn Oil Company Limited (the "Company") is pleased to present the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 and the Group's audited consolidated statement of financial position as at 31 December 2009, together with the relevant comparative figures.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009** **RMB'000**	2008 *RMB'000*
Revenue	*3*	**1,163,981**	934,004
Cost of sales		**(1,014,441)**	(834,167)
Gross Profit		**149,540**	99,837
Other income	*3*	**23,933**	15,642
Selling and distribution costs		**(21,622)**	(12,448)
Administrative expenses		**(12,163)**	(9,918)
Other operating expenses		**(347)**	(193)
Profit from operations		**139,341**	92,920
Finance costs	*5*	**(3,139)**	(1,550)
Profit before taxation		**136,202**	91,370
Income tax expenses	*6*	**(16,175)**	–
Profit for the year attributable to owners of the Company		**120,027**	91,370
Earning per share attributable to owners of the Company			
Basic (RMB cents)	*8*	**36.17**	28.11
Diluted (RMB cents)	*8*	**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**120,027**	91,370
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**–**	4
Other comprehensive income for the year, net of tax	**–**	4
Total comprehensive income attributable to owners of the Company	**120,027**	91,374

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	2009 RMB'000	2008 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**225,119**	230,648
Land use rights		**35,419**	–
		260,538	230,648
Current assets			
Inventories		**101,195**	53,654
Trade and notes receivables	*9*	**55,019**	9,428
Prepayments, deposits and other receivables		**76,040**	14,946
Amounts due from related parties		**10,795**	312
Cash and bank balances		**638,843**	34,216
		881,892	112,556
Current liabilities			
Trade payables	*10*	**7,160**	14,800
Accrued liabilities, other payables and deposits received		**53,098**	16,768
Amounts due to related parties		**2,826**	9,004
Interest-bearing bank borrowing		**50,000**	–
Tax payables		**3,879**	–
		116,963	40,572
Net current assets		**764,929**	71,984
Net assets		**1,025,467**	302,632
EQUITY			
Equity attributable to owners of the Company			
Share capital		**46,340**	465
Reserves		**979,127**	302,167
Total equity		**1,025,467**	302,632

Notes:

1 GROUP RESTRUCTURING AND BASIS OF PREPARATION

China Corn Oil Company Limited (the "Company") was incorporated in the Cayman Island as an exempted company with limited liability under the Companies Law of Cayman Islands on 9 September 2009. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and it's subsidiaries (the "Group") is located at Handian Industrial Park, Zouping County, Shandong, the People's Republic of China. The Company's shares have been listed on the Mainboard of The Stock Exchange of Hong Kong Limited (the "HKEX") since 18 December 2009.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the manufacture of edible corn oil products for: (1) domestic sales under our brand in the PRC consumer market; and (2) domestic or export bulk sales to other companies.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Pursuant to a group restructuring exercise (the "Restructuring Exercise") carried out by the Group to rationalise the structure of the Group in preparation for the initial public offering of the Company's shares on the HKEX, the Company became the holding company of the subsidiaries comprising the Group.

The Group is regarded as a continuing entity resulting from the Restructuring Exercise since the Business and the companies which took part in the Restructuring Exercise were either controlled by Zouping Sanxing Grease Industry Company Limited 鄒平三星油脂工業有限公司 ("Sanxing Grease") before and after the Restructuring Exercise or incorporated/established by Sanxing Grease for the purpose of the Restructuring Exercise, with the exception of Corn Industry Investment Co., Limited ("Corn BVI") which became part of the Group during the year ended 31 December 2007. Consequently, immediately after the Restructuring Exercise, there was a continuation of the risks and benefits to the ultimate controlling party holders that existed prior to the Restructuring Exercise. The financial statements 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 in 2007. Accordingly, the results and cash flows of the Group for the years include the results and cash flows of the subsidiaries as if the current group structure had been in existence throughout the years ended 31 December 2008 and 2009. The consolidated statements of financial position as at each reporting date are a combination of the statements of financial position of the subsidiaries and the Business at the each reporting date as if the current group structure had been in existence at these dates.

2 ADOPTION OF NEW AND AMENDED STANDARDS

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended IFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

IFRS 3 Business Combinations (Revised)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

IFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

IAS 27 Consolidated and Separate Financial Statements (Revised)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The IASB has issued Improvements to International Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to IAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, IAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in IAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3 REVENUE AND OTHER INCOME

Revenue from the Group's principal activities, 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:

	2009	2008
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,163,981**	934,004
Other income		
Interest income on bank balances stated at amortised cost	**76**	75
Sales of scrap materials	**12,869**	14,994
Compensation income from sundry creditors	**1,151**	492
Government grant related to income	**8,500**	–
Gain on disposal of property, plant and equipment	**928**	–
Others	**409**	81
	23,933	15,642

4 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 as measured in IFRS financial statements.

For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets, country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Year ended 31 December 2009				
	Corn Oil				
	Non-branded corn oil *RMB'000*	**Own brand corn oil** *RMB'000*	**Other oil** *RMB'000*	**Corn meal** *RMB'000*	**Group** *RMB'000*
Revenue from external customers	**729,578**	**189,014**	**90,529**	**154,860**	**1,163,981**
Reportable segment revenue	**729,578**	**189,014**	**90,529**	**154,860**	**1,163,981**
Reportable segment profit/(loss)	**92,194**	**45,298**	**12,202**	**(154)**	**149,540**

	Year ended 31 December 2008				
	Corn Oil				
	Non-branded corn oil *RMB'000*	Own brand corn oil *RMB'000*	Other oil *RMB'000*	Corn meal *RMB'000*	Group *RMB'000*
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 profit/(loss)	79,859	19,468	1,021	(511)	99,837

Reportable segment revenue represented turnover of the Group in the consolidated income statement. A reconciliation between the reportable segment profit and the Group's profit before taxation is set out below:

	2009 *RMB'000*	2008 *RMB'000*
Profit		
Reportable segment profit	**149,540**	99,837
Other income	**23,933**	15,642
Selling and distribution expenses	**(21,622)**	(12,448)
Administrative expenses	**(12,163)**	(9,918)
Other operating expenses	**(347)**	(193)
Finance cost	**(3,139)**	(1,550)
Profit before income tax	**136,202**	91,370

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 goods delivered.

	2009 *RMB'000*	2008 *RMB'000*
Local (country of domicile):		
– PRC	**1,118,975**	652,294
Export (foreign countries):		
– Middle East	**30,836**	221,083
– Korea	**–**	11,782
– Singapore, Malaysia and the Philippines	**14,170**	48,845
	45,006	281,710
	1,163,981	934,004

The Group's non-current assets are solely located in the PRC (the country of domicile of the Company).

5 FINANCE COSTS

	2009 *RMB'000*	2008 *RMB'000*
Interest charges on financial liabilities stated at amortised cost:		
Bank and other borrowings		
– wholly repayable within five years	**3,139**	1,550

6 INCOME TAX EXPENSE

	2009 *RMB'000*	2008 *RMB'000*
Current tax		
– Provision for PRC income tax	**16,175**	–

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any taxation under the jurisdiction of Cayman Islands and BVI during the years.

Sanxing Corn Industry Technology Company Limited 山東三星玉米產業科技有限公司 ("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 (山東省鄒平縣國家稅務局鄒國稅函(2007)41號文), Corn Industry is entitled for exemption of PRC enterprise income tax ("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. For the year ended 31 December 2008, Corn Industry enjoyed 100% exemptions as mentioned above. For the year ended 31 December 2009, Corn Industry is subject to EIT tax rate of 12.5%.

No deferred tax has been provided as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability as at 31 December 2008 and 2009.

A reconciliation of income tax expenses and accounting profit at applicable tax rate is as follows:

	2009	2008
	RMB'000	*RMB'000*
Profit before income tax	**136,202**	91,370
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	**34,475**	22,862
Income not taxable for tax purpose	**(2,125)**	–
Effect of tax holiday of PRC subsidiary	**(16,175)**	(22,862)
Income tax expenses	**16,175**	–

7 DIVIDENDS

No dividends are approved and paid during the year (2008: Nil).

8 EARNING PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB120,027,000 (2008: RMB91,370,000) by the weighted average number of 331,856,000 (2008: 325,000,000) ordinary shares in issue during the year.

The weighted average number of shares of 325,000,000 ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2008 comprising:

(i) the 1 share of the Company allotted and issued at nil paid on 9 September 2009; and

(ii) the 324,999,999 shares issued as consideration for the acquisition of a subsidiary pursuant to the Restructuring Exercise.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2009 includes the weighted average of 6,856,000 shares after the listing of the Company's shares on the HKEX on 18 December 2009 in addition to the aforementioned 325,000,000 ordinary shares.

A diluted earnings per share amounts for the years ended 31 December 2009 and 2008 have not been disclosed as no potential ordinary shares existed during these years.

9 TRADE AND NOTES RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**47,596**	9,507
Less: Allowance for impairment	**(79)**	(79)
	47,517	9,428
Notes receivables	**7,502**	–
Total trade and notes receivables	**55,019**	9,428

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 reporting date based on invoice date, net of impairment provision, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 60 days	**47,671**	9,079
61-90 days	**2,031**	–
91-180 days	**4,764**	1
181-365 days	**553**	21
Over 365 days	**–**	327
	55,019	9,428

At each of the reporting date, 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 financial year is as follows:

	2009	2008
	RMB'000	*RMB'000*
At 1 January	**79**	97
Impairment losses reversed	**–**	(18)
At 31 December	**79**	79

The ageing analysis of trade and notes receivables that are past due but are not considered impaired is as follows:

	2009	2008
	RMB'000	*RMB'000*
Neither past due nor impaired	**55,005**	8,692
Not more than 3 months past due	**14**	387
3 to not more than 6 months past due	**–**	1
6 to 12 months past due	**–**	21
Over 1 year past due	**–**	327
	55,019	9,428

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.

10 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 reporting date is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 30 days	**2,395**	2,273
31-60 days	**1,865**	8,130
61-90 days	**864**	780
91-180 days	**1,095**	948
181-365 days	**483**	222
Over 365 days	**458**	2,447
	7,160	14,800

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in manufacture of edible corn oil products for (1) domestic sales under our brand of 長壽花 (Longevity Flower) in the PRC consumer market; and (2) domestic or export bulk sales mainly to other companies engaging in the sale of edible corn oil under their own brands. During the year under review, the Group continued to be one of the leading edible corn oil manufacturer in the PRC with production volume of 131,000 tonnes (2008: 76,600 tonnes) of edible corn oil in 2009.

The Group has commenced in 2010 the construction of a new production plant located next to the existing production plant of the Group for the refinement process ("New Refinement Plant") in anticipation of the growing demand for its edible oil products. The New Refinement Plant will house an additional production line for the Group's 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 the refinement process. The Group can obtain crude corn oil for the refinement processing into edible corn oil via (i) the squeezing process of corn embryo by the Group; or (ii) direct purchase of crude corn oil by the Group from crude corn oil suppliers. In addition, the Group is considering to expand its squeezing production capacity by the construction of a new squeezing production plant ("New Squeezing Plant") outside Shandong province in order to strengthen the Group's sourcing of crude corn oil for its refinement process. As at the date of this announcement, the Group has not entered into any contract in relation to the construction of the New Squeezing Plant.

The Group has enhanced and expanded the marketing and distribution network for the year ended 31 December 2009. As at 31 December 2009, the Group had a distribution network of approximately 60 (2008: 50) wholesale distributors and approximately 36 (2008: 24) retailers covering 20 provinces and/or administrative municipalities in the PRC and 7 (2008: 7) sales representative offices.

The Group's research and development team and Henan University of Technology (河南工業大學) have together developed a new edible corn oil product ("New 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. The New Corn Oil Product was launched to the market in 2010.

FINANCIAL REVIEW

For the year ended 31 December 2009, the Group's recorded revenue of approximately RMB1,164 million, representing a growth of approximately 24.6% over the revenue of RMB934 million in 2008. For the year ended 31 December 2009, 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 RMB730 million, RMB189 million, RMB155 million and RMB91 million respectively and accounted for approximately 62.7%, 16.2%, 13.3% and 7.8% (2008: 69.0%, 12.3%, 14.8% and 3.9%) respectively of the Group's total revenue for that year. Sales of corn oil under the brand of the Company were all made in the PRC whilst the sales of the other products of the Company were made both in the PRC and overseas. Revenue from the PRC, Middle East and other overseas countries accounted for approximately 96.1%, 2.6% and 1.2% (2008: 69.8%, 23.7% and 6.5%) respectively of the Group's total sales for the year ended 31 December 2009.

Revenue and gross profit/(loss)

The following table sets forth the breakdown of revenue and gross profit/(loss) margin by product categories:–

	Year ended 31 December 2009		Year ended 31 December 2008	
	RMB'000	***%***	*RMB'000*	*%*
Revenue				
Corn oil				
– Non-branded corn oil	**729,578**	**62.7%**	644,837	69.0%
– Corn oil under our brands	**189,014**	**16.2%**	114,957	12.3%
Corn meals	**154,860**	**13.3%**	138,493	14.8%
Other oil	**90,529**	**7.8%**	35,917	3.9%
	1,163,981	**100%**	934,004	100.0%
Gross profit/(loss)				
Corn oil				
– Non-branded corn oil	**94,194**	**61.7%**	79,859	80.0%
– Corn oil under our brands	**45,298**	**30.3%**	19,468	19.5%
Corn meals	**(154)**	**(0.1%)**	(511)	(0.5%)
Other oil	**12,202**	**8.1%**	1,021	1.0%
	149,540	**100%**	99,837	100.0%
Gross profit/(loss) ratio				
Corn oil				
– Non-branded corn oil		**12.6%**		12.4%
– Corn oil under our brands		**24.0%**		17.0%
Corn meals		**(0.1%)**		(0.4%)
Other oil		**13.5%**		2.8%
Overall		**12.9%**		10.7%

Fluctuations of the average selling prices of corn oil products

The following table shows the fluctuations of the average selling prices of the Group's corn oil products:

	Year ended 31 December 2009	Year ended 31 December 2008
Quantities sold (tonnes)		
Non-branded corn oil	**109,546**	64,965
Branded corn oil	**21,521**	9,803
Average selling price		
Non-branded corn oil	**6,660**	9,926
Branded corn oil	**8,783**	11,707
Percentage (decrease)/increase of average selling price		
Non-branded corn oil	**(32.9)%**	29.6%
Branded corn oil	**(25.0)%**	13.4%

Fluctuations of the average purchase prices of raw materials

The following table shows the fluctuations of the average purchase prices of main raw materials:

	Percentage increase/(decrease)	
	Year ended 31 December 2009	Year ended 31 December 2008
Corn embryo	**(22.3)%**	16.9%
Crude corn oil	**(36.7)%**	30.8%

Fluctuations in revenue

The significant increase in the revenue of the Group by approximately RMB230 million or 24.6% from 2008 to approximately RMB1,164 million for the year ended 31 December 2009 was the combined result of: (i) the increase in the sales of corn oil under our brand by approximately RMB74.3 million or 64.7%; (ii) the increase in the sales of non-branded corn oil in bulk by approximately RMB84.7 million or 13.1%; (iii) the increase in the sales of other oil by approximately RMB54.6 million or 152%; and (iv) the increase in the sales of corn meals by approximately RMB16.4 million or 11.8%.

The sales volume of corn oil under our brand and non-branded corn oil in bulk for the year ended 31 December 2009 increase significantly by approximately 119.5% and 68.6% respectively compared to 2008 which was mainly due to the Group's newly installed refining production line commenced production by end of 2008. The significant increase in the sales volume of corn oil under our brand can further be explained by the increase in retail sales demand in the second half of 2009 and the marketing and distribution efforts of the Group. 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 year ended 31 December 2009 by approximately 25.0% and 32.9% respectively compared with that of 2008. Such drop was mainly due to the drop in corn oil price in 2009 as a result of the adverse impact on the economy in the PRC in 2009 due to the financial crisis in late 2008. The net effect resulted in the increase in the sales of corn oil under our brand and non-branded corn oil in bulk by approximately 64.7% and 13.1% respectively. The sales of other oil for the year ended 31 December 2009 mainly comprised sunflower seed oil, olive oil, soybean oil and palm oil. The increase in sales of other oils by approximately RMB54.6 million or 152% is mainly due to (1) the significant increase in the sales volume of sunflower seed oil and olive oil under our brand by approximately RMB22.3 million as a result of the increase in retail sales demand in the second half of 2009; and (2) the Company recorded bulk sale of palm oil in 2009 whereas none was noted in 2008. The Company undertook the trading of palm oil in 2009 with an aim to explore new customer market, yet the Company does not intend to develop further in this product segment given its limited business potentials. The sales of corn meal increased by approximately RMB16.4 million or 11.8% mainly due to the increase of squeezing amount of corn oil where corn meal is produced as a by product at squeezing stage.

Fluctuations in gross profit and gross profit margin

The gross profit for the year ended 31 December 2009 was approximately RMB149.5 million (2008: RMB99.8 million) with gross profit margin of approximately 12.9% (2008: 10.7%), of which 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 12.6%, 24.0%, (0.1)% and 13.5% respectively (2008: 12.4%, 17.0%, (0.4)% and 2.8% respectively). The increase in the Group's overall gross profit margin was mainly due to the increase in the proportion of sales generated from corn oil under our brand which has a higher gross profit margin among the Group's product mix. The increase in the gross profit margin of corn oil under our brand from 17.0% in 2008 to 24.0% in 2009 was mainly due to the Group directly sold some own brand products to supermarkets and retailers in the second half of 2009. The increase in the gross profit margin of other oil from 2.8% in 2008 to 13.5% in 2009 was mainly due to the market prices of other oils were at a decreasing trend during the second half of 2008 while the market prices of other oils in 2009 is more stable.

Cost of Sales

The 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 costs of raw materials constituted the largest component of total cost of sales and accounted for approximately 93.0% of the total costs of sales for the year ended 31 December 2009 (2008: 89.4%).

Other income

Other income of approximately RMB23.9 million comprised mainly comprised sales of scrap materials of approximately RMB12.9 million (2008: RMB15.0 million) and government grant received of RMB8.5 million (2008: nil). The increase in other income for the year ended 31 December 2009 was mainly due to no government grant was received by the Group in 2008.

Selling and distribution expenses

Selling and distribution expenses comprised mainly advertising expense, carriage and transportation charges and staff costs for sales staff.

Administrative expenses

Administrative expenses comprised mainly staff costs for administrative staff, exchange loss for export sales denominated in US dollars and other office expenses.

Income tax expense

Corn Industry was approved as a foreign invested enterprise in 2007 and was entitled for exemption of PRC enterprise income tax 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. For the year ended 31 December 2008, Corn Industry enjoyed 100% exemptions Corn Industry and was subject to EIT tax rate of 12.5% for the year ended 31 December 2009. As such, no income tax expense was noted for the year ended 31 December 2008.

Profit before taxation and profit attributable to shareholders

The Group recorded profit before taxation of approximately RMB136.2 million for the year ended 31 December 2009 (2008: RMB91.4 million), representing an increase of approximately 49.1% compared to 2008. The profit before tax margin of the Group for the year ended 31 December 2009 was 11.7% (2008: 9.8%). The Group recorded profit attributable to shareholders for the year ended 31 December 2009 of approximately RMB120 million (2008: RMB91.4 million), representing an increase of approximately 31.3% compared to 2008. The increase in profit attributable to shareholders was mainly due to the net result of the increase in gross profit, increase in other income, increase in selling and distribution costs and the increase in income tax expense. The net profit margin of the Group for the year ended 31 December 2009 was 10.3% (2008: 9.8%).

The basic earnings per share attributable to owners of the Company amounted to approximately RMB36.17 cents for the year ended 31 December 2009, as compared to approximately RMB28.11 cents for the year ended 31 December 2008.

FUTURE PLANS

The Group 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 maximize the shareholders' value. The Company will continue to enhance brand image and recognition of 長壽花 (Longevity Flower) and continue to strengthen the marketing efforts in the PRC. The Company also plans to enhance the marketing and distribution network as well as to explore new business opportunities in the future, and continue to penetrate and to increase its market shares.

In addition, as stated in the above paragraph, the Company intends to expand its production capacity by (i) continuing the construction of the New Refinement Plant and (ii) considering the construction of the New Squeezing Plant.

The Company also intended to invest additional resources to strengthen the research and capacities and to improve the expertise and technical know-how in relation to product quality and production techniques of edible corn oil products.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2009, the Group's unsecured interest-bearing bank borrowings, which are repayable within one year, of approximately RMB50,000,000 (2008: Nil). The Group's cash and cash equivalents amounted to RMB638,843,000 (2008: RMB34,216,000). The Group's current ratio is 7.54 (2008: 2.80) and the gearing ratio (a ratio of total loans to total equity) was 4.88% (2008: Nil).

The Group's cash and bank balances as at 31 December 2009 amounted to RMB638,843,000 (2008: RMB34,216,000). The significant increase was due to proceeds from the share offer.

CAPITAL STRUCTURE

The Group's adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings divided by the amount of shareholders' equity) as at 31 December 2009 was 4.88%. The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2009 was 7.54 times. The Group continued to monitor stringent debt collection policy so as to minimize the risks of sales on credit and to ensure that funds are timely collected.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange on 18 December 2009 with net proceeds from the share offer ("IPO Net Proceeds") amounted to approximately HK$684.5 million (RMB602.8 million). As at 31 December 2009, none of such IPO Net Proceeds had been used by the Group and was placed in short-term deposit bank accounts. The Group will apply the IPO Net Proceeds in the manner set out in the prospectus of the Company dated 8 December 2009 (the "Prospectus").

CAPITAL EXPENDITURE

During the year ended 31 December 2009, the Group's capital expenditures on property, plant and equipment consisted primarily of additions to buildings, plants and machinery, office equipment and construction in progress of approximately RMB40,941,000 (2008: RMB186,654,000). Subsequent to the balance sheet date, the Group commenced the construction work of a new production line for the refinement production to add an additional annual production capacity of 100,000 tonnes of corn and other oil for the refinement process which is in line with the 'Future Plans and Use of Proceeds' as set out in the Prospectus.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

Save for the undertaking of the reorganization in preparation for the listing of the Company's shares on the HKEx as more particularly described in the prospectus of the Company dated 8 December 2009, the Group did not have any material any acquisition or disposal of subsidiaries or associates during the year ended 31 December 2009.

EMPLOYEE BENEFITS

As at 31 December 2009, the Group had a total of 637 employees (2008: 494). The Group's staff costs (including directors' fees) amounted to RMB12,200,000 (2008: RMB9,092,000). The remuneration policy of the Company is reviewed annually by the Remuneration Committee and is in the line with the prevailing market practice. During the year under review, the Company has not granted any share options to its employees or directors under the share option scheme of the Company adopted on 23 November 2009.

As required by the PRC regulations on social insurance, the Company participates 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.

CHARGES ON ASSETS

During the year ended 31 December 2009, none of the Group's assets has been pledged.

FOREIGN CURRENCY EXPOSURE

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 currency give rise to this risk are mainly € and US$, but the Group does not consider that there is significant foreign exchange risk.

Renminbi is currently not a freely convertible currency. A portion of the Group's Renminbi revenue or profit may be converted into other currencies to meet foreign currency obligations of the Group such as the payment of dividends, if declared.

CAPITAL COMMITMENTS AND OPERATING LEASE COMMITMENTS

The Group has capital commitment in respect of properties, plant and equipment of approximately RMB768,000 (2008: Nil) as at 31 December 2009. The Group has operating lease commitments of RMB30,000 in respect of properties as at 31 December 2009 (2008: RMB2,860,000).

CONTINGENT LIABILITIES

As at 31 December 2009, the Group has no material contingent liabilities.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the listing of the Company's shares on the Stock Exchange on 18 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period from 18 December 2009 to 31 December 2009.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in the Listing Rules.

During the period from 18 December 2009 to 31 December 2009, the Company was in compliance with the code provisions set out in the CG Code except that code A.2.1 requires the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Mingxing, the Chairman of the Company, was also appointed as the chief executive officer of the Company. The Board believes that vesting the roles of both Chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the period from 18 December 2009 to 31 December 2009.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules pursuant to a resolution of the 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 the Company. The Audit Committee comprises three independent non-executive directors of the Company, Mr. Wang Aiguo (Chairman of Audit Committee), Mr. Wang Ruiyuan and Mr. Liu Shucong. The Audit Committee have reviewed the annual results of the Group for the year ended 31 December 2009.

On behalf of the Board
China Corn Oil Company Limited
Wang Mingxing
Chairman

Hong Kong, 14 April 2010

As at the date of this announcement, the board of Directors of the Company consists of ten Directors, of which six are executive Directors, namely Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang, Mr. Wang Fuchang, Mr. Sun Guohui and Mr. Huang Da and one non-executive Director, namely Mr. Ke Shifeng and three independent non-executive Directors, namely Mr. Liu Shusong, Mr. Wang Ruiyuan and Mr. Wang Aiguo.