上海棟華石油化工股份有限公司
SHANGHAI TONVA PETROCHEMICAL CO., LTD.*

(a joint stock company established in the People's Republic of China with limited liability)
(Stock code: 8251)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk maybe attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

1. The Group's turnover for the 9 months ended 30 September 2010 was approximately RMB1,803,344,000 (9 months ended 30 September 2009: approximately RMB1,118,897,000). A growth of approximately 61.2% was recorded year-on-year.

2. Profit attributable to the owners of the Company for the 9 months ended 30 September 2010 was approximately RMB37,670,000 (9 months ended 30 September 2009: approximately RMB25,427,000). A growth of approximately 48.1% was recorded year-on-year.

3. The Board did not recommend an interim dividend for this quarter.

The board of Directors (the "Board") of Shanghai Tonva Petrochemical Company Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three and nine months ended 30 September 2010 together with comparative unaudited figures for the corresponding periods in 2009.

UNAUDITED CONSOLIDATED RESULTS

		For the three months ended 30 September		For the nine months ended 30 September	
		2010	2009	**2010**	2009
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*2*	**729,391**	427,491	**1,803,344**	1,118,897
Cost of sales		**(683,731)**	(397,826)	**(1,663,527)**	(987,909)
Gross profit		**45,660**	29,665	**139,817**	130,988
Other income and gains	*2*	**9,466**	670	**16,791**	6,778
Distribution costs		**(4,986)**	(565)	**(13,739)**	(16,095)
Administrative expenses		**(17,161)**	(10,034)	**(56,772)**	(45,949)
Operating profit		**32,979**	19,736	**86,097**	75,722
Finance costs		**(10,500)**	(10,555)	**(27,075)**	(24,287)
Share of profit/(loss) of associates		**1,102**	1,774	**(1,629)**	1,976
Profit before income tax expense		**23,581**	10,955	**57,393**	53,411
Income tax expenses	*3*	**(4,718)**	(3,460)	**(13,522)**	(15,943)
Profit for the period		**18,863**	7,495	**43,871**	37,468
Profit attributable to:					
– Owner of the Company		**12,435**	5,250	**37,670**	25,427
– Minority interests		**6,428**	2,245	**6,201**	12,041
		18,863	7,495	**43,871**	37,468
Basic and diluted earnings per share for profit attributable to owner of the Company during the period **(Expressed in RMB per share)**	*4*	**0.013**	0.006	**0.040**	0.027
Dividends	*5*	**–**	–	**–**	–

MOVEMENT TO AND FROM CONSOLIDATED RESERVES – UNAUDITED

	Capital reserve *RMB'000*	Statutory common reserve fund *RMB'000*	Other reserve *RMB'000*	Currency Translation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2009	221,766	28,767	17,912	(5,262)	143,662	406,845
Currency translation difference	–	–	–	(47)	–	5
Profit for the period	–	–	–	–	25,427	25,427
Dividend declared and paid in respect of 2008	–	–	–	–	(10,298)	(10,298)
Balance at 30 September 2009	221,766	28,767	17,912	(5,309)	158,791	421,927
Balance at 1 January 2010	**221,766**	**29,797**	**17,912**	**(5,340)**	**134,602**	**398,737**
Currency translation difference	**–**	**–**	**–**	**(710)**	**–**	**(710)**
Profit for the period	**–**	**–**	**–**	**–**	**37,670**	**37,670**
Interim dividend declared and paid in respect of first quarter of 2010	**–**	**–**	**–**	**–**	**(10,298)**	**(10,298)**
Balance at 30 September 2010	**221,766**	**29,797**	**17,912**	**(6,050)**	**161,974**	**425,399**

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and accounting principles generally accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31 December 2009.

2. REVENUE

Revenue represents the sales of asphalt and fuel oil, income from logistic services and road and bridge constructions net of taxes, discounts, returns and allowances, where applicable and after eliminating sales with the Group.

	For the nine months ended 30 September	
	2010	2009
	RMB'000	*RMB'000*
Revenue:		
Sales of asphalt	**646,358**	505,790
Sales of fuel oil	**582,682**	209,998
Logistic services	**43,239**	31,671
Road and bridge constructions	**531,065**	371,438
	1,803,344	1,118,897
Other revenues:		
Dividend income from unlisted investments	**14,000**	3,778
Subsidy income	**160**	1,218
Interest income	**42**	32
Others	**2,589**	1,750
	16,791	6,778
Total revenues	**1,820,135**	1,125,675

3. INCOME TAX EXPENSE

	For the nine months ended 30 September	
	2010	2009
	RMB'000	*RMB'000*
PRC enterprise income tax	**13,522**	15,717
Hong Kong profit tax	**–**	226
	13,522	15,943

The Company and one of its subsidiaries, Shanghai Shenhua Logistics Company Limited ("Shanghai Shenhua"), are incorporated in Pudong New Area of Shanghai. Pursuant to the implementation guidance of the new CIT Law ("EIT Law"), the Company and Shenhua Logistics are subject to Enterprise Income Tax ("EIT") 22% (for the nine months ended 30 September 2009: 20%) on their assessable profit for the nine months ended 30 September 2010. Such tax rate will gradually increase to 25% in a two-year period from 2011 to 2012.

Besides, the Company's subsidiaries, Jiangsu Suzhong Oil Shipping Company Limited ("Suzhong Shipping") and Shanghai Shenhua Logistics (Dongtai) Company Limited ("Shenhua Dongtai"), are treated as small-scale companies for PRC EIT purpose. According to a circular issued by Jiangsu provincial tax bureau in December 2003, the income tax of Suzhong Shipping and Shenhua Dongtai are charged at 3.3% of their revenue.

Profits of others subsidiaries established in the PRC are subject to EIT at 25% (for the nine months ended 30 September 2009: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profit tax of 16.5% (for the nine months ended 30 September 2009: 16.5%).

4. EARNINGS PER SHARE

The calculation of the earnings per share for the three months and nine months ended 30 September 2010 is based on the profit attributable to owners of the Company of RMB12,435,000 and RMB37,670,000, respectively, and the number of 936,190,000 shares (for the three months and nine months ended 30 September 2009: 936,190,000 shares).

Diluted earnings per share have not been calculated as there were no potential dilutive shares during the periods.

5. DIVIDEND

The Board did not recommend an interim dividend for the 9 months ended 30 September 2010 (for the nine months ended 30 September 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

The economy of China was thriving in 2010 as an array of stimulus plans introduced by the Central Government began to take effect, driving steady growth in the four major business segments of the Group. The Group's prospects were looking more promising in a business environment where opportunities were booming. For the nine months ended 30 September 2010, the Group's turnover was approximately RMB1,803,344,000, representing an increase of 61.2% over the corresponding period last year. The substantial increase in the turnover was attributable to the rising revenue from the four segments, of which the fuel oil business posted robust growth that drove up the overall revenue of the Group. Despite certain restrictions imposed on road construction projects in Shanghai during the Shanghai World Expo, asphalt sales in regions other than Shanghai recorded growth compared with that of last year, with sales prices rising significantly, resulting in a steady year-on-year growth of asphalt sales as well. Blessed by the strong growth in the sales of fuel oil and asphalt, revenue from the storage and transport logistics services provided for trading of asphalt and fuel oil had improved as well. As to the road and bridge construction business, the Group strived to secure projects in Jiangsu and its nearby areas in order to improve the market share and economic benefits of the business. As the Group was moving forward the four business segments, it was also seeking for opportunities arising from the economic development in the surrounding areas of Shanghai to achieve synergies of the segments of the Group.

Business Operations

The Group is principally engaged in the sales of asphalt and fuel oil, road and bridge construction and the provision of logistics service in the PRC. Through domestic and overseas procurement, the Group offers one-stop services to its clients from distribution, storage to delivery of asphalt and fuel oil covering the Yangtze River region and some inland regions. The road and bridge construction business further expands the business size of the Group and brings strong profit. It generates synergies for the Group, hence reducing the integrated costs. Meanwhile, the Group is also active in developing logistics services, mainly the provision of storage and transportation services for the asphalt and fuel oil trade, which are beneficial to the Group's domestic distribution of asphalt and fuel oil.

Asphalt Trading Business

For the nine months ended 30 September 2010, the Group's turnover for asphalt trading business was approximately RMB646,358,000 (for the nine months ended 30 September 2009: approximately RMB505,790,000), representing an increase of 27.8% when compared with the corresponding period of last year. The revenue from the asphalt trading business accounted for approximately 35.8% of the Group's total turnover.

Gross margin of the asphalt trading business was approximately 8.1% in the review period and similar to approximately 8.5% in the corresponding period of last year. For the nine months ended 30 September 2010, the Group's gross profit of the asphalt trading business amounted to approximately RMB52,557,000 (for the nine months ended 30 September 2010: approximately RMB43,137,000), representing an increase of 21.8% when compared with the corresponding period of last year.

The Group's asphalt sales volume in the review period is decreased slightly to the corresponding period in previous year; whereas the average selling price per tonne and the average gross profit per tone increased by 47.0% and 40.1% respectively over the previous year.

Fuel Oil Trading Business

For the nine months ended 30 September 2010, the Group's turnover for fuel oil trading business was approximately RMB582,682,000 (for the nine months ended 30 September 2009: approximately RMB209,998,000), representing an increase of 177.5% when compared with the corresponding period of last year. The revenue from fuel oil trading business contributed approximately 32.3% to the Group's total turnover in the review period.

For the nine months ended 30 September 2010, gross profit of the fuel oil trading business was approximately RMB13,355,000 (for the nine months ended 30 September 2009: approximately RMB14,587,000), representing a year-on-year decrease of approximately 8.4%; whereas gross margin decreased to 2.3% from 6.9% in the corresponding period of last year.

The substantial increase in the revenue from fuel oil trading business was mainly attributable to the very poor market sentiment from the financial crisis in the first half of last year. However, in light of the gradual market recovery early this year, coupled with the expansion of the new marine fuel oil business at the end of 2009, the sales volume of fuel oil for this period increased by 118.2% over that in the corresponding period of last year. Nevertheless, as those new business are still at the preliminary stage of development, the gross margin is relatively low in order to capture market share. It is believed that the gross margin will resume back to the 5% level as in the previous years as those new business achieves steady growth.

Logistics Business

For the nine months ended 30 September 2010, the Group's turnover for logistics service was approximately RMB43,239,000 (for the nine months ended 30 September 2009: approximately RMB31,671,000), representing an increase of 36.5% when compared with the corresponding period of last year. The revenue from logistics business attributed to approximately 2.4% of the Group's total turnover in the review period.

Gross margin for the logistics business increased from negative 6.9% in the corresponding period of last year to positive 11.1% in the review period. For the nine months ended 30 September 2010, gross profit of the logistics business was approximately RMB4,815,000 whereas gross loss approximately of RMB2,197,000 when compared with the corresponding period of last year.

The Group's logistics business is principally engaged in the provision of storage and transportation services for the asphalt and fuel oil trade. The increase in the revenue from logistics business is mainly attributable to the substantial increase in sales volume of asphalt and fuel oil and the external service volume in the review period. The Group's disposal of an asphalt ocean carrier at the end of 2009 also successfully reduced the fixed costs of the logistics business and enhanced the utilization rate of another asphalt ocean carrier, hence increasing the positive impact on the gross profit of the logistics business.

Road and Bridge Construction Business

For the nine months ended 30 September 2010, the Group's turnover for road and bridge construction business was approximately RMB531,065,000 (for the nine months ended 30 September 2009: approximately RMB371,438,000), representing a year-on-year increase of approximately 43.0%. The revenue from road and bridge construction business contributed to approximately 29.4% of the Group's total turnover in the review period.

For the nine months ended 30 September 2010, gross profit of the Group's road and bridge construction business was approximately RMB69,090,000 (for the nine months ended 30 September 2009: approximately RMB75,461,000), representing a decrease of approximately 8.4% when compared with the corresponding period of last year; whereas gross margin decreased from 20.3% to 13.0%.

The decrease in profit margin was mainly attributable to the revenue in the corresponding period of last year that included two Build and Transfer ("BT") projects whose gross margins were higher than the average gross margin in the general construction market. Despite that such two BT projects were completed during 2009 and there was neither BT project nor incomplete BT project in the review period, the Group will expand the volume of general projects to maintain the gross profit contribution of the road and bridge construction business.

Other Income and Gains

For the nine months ended 30 September 2010, the Group's other income and gains was approximately RMB16,791,000 (for the nine months ended 30 September 2009: approximately RMB6,778,000), representing an increase of approximately 147.7% when compared with the corresponding period of last year. The increase was mainly due to the dividend income from unlisted investment received by the Group in the first and third quarter amounting to approximately RMB5,600,000 and RMB8,400,000 respectively. There was approximately RMB3,778,000 only in the corresponding period of last year.

Distribution Costs

The Group's distribution costs for the nine months ended 30 September 2010 were approximately RMB13,739,000 (for the nine months ended 30 September 2009: approximately RMB16,095,000), representing a decrease of approximately 14.6% from the corresponding period of last year. The decrease was mainly attributable to the fact that no payment of distribution costs for overseas procurement was required as the Group's asphalt was mainly procured domestically during the period.

Administrative Expenses

The Group's administrative expenses for the nine months ended 30 September 2010 were approximately RMB56,772,000 (for the nine months ended 30 September 2009: approximately RMB45,949,000), representing an increase of approximately 23.6% from the corresponding period of last year. The increase was mainly due to the recognition of the provision made for the discounted value of approximately RMB10,000,000 for the construction receivables in accordance with the Hong Kong Accounting Standards in connection with the Group's road and bridge business. Such impairment provision will be reversed in the income statement of the Group upon recovery of the construction receivables.

Profit Attributable to Shareholders

Profit attributable to owners of the Group for the nine months ended 30 September 2010 was approximately RMB37,670,000 (for the nine months ended 30 September 2009: approximately RMB25,427,000), representing a growth of approximately 48.1% when compared with the corresponding period of last year. The basic and diluted earnings per share for profit attributable to owners of the Company during the period was RMB0.040 (for the nine months ended 30 September 2009: approximately RMB0.027), representing an increase of approximately 48.1% when compared with the corresponding period of last year.

Prospects

China's top priority at present remains to promote economic development, and thus the government has yet an aggressive demand for infrastructures. The Group expects more construction development projects going on in Jiangsu and its nearby areas in line with social development and market demand. Moreover, as road construction projects normally will reach a pinnacle in the second half of the year, and the road construction projects suspended in the first half have already resumed in the second half, it is believed these will generate satisfactory results for the Group in the fourth quarter and throughout the year.

In the fourth quarter, a rise in power plants' demand for fuel oil are anticipated to lead to revenue growth in the Group's fuel oil business. Moreover, the marine fuel oil business, a newly developed business under the fuel oil segment, will witness steady performance. In order to secure and consolidate the existing quality customer base, the Group will appropriately maintain pricing as a competitive advantage.

Asphalt sales in Shanghai will return to normal after the close of the Shanghai World Expo. In addition, there remains strong demand for asphalt due to road works in Jiangsu. By virtue of this, the Group's asphalt sales business remains stable, and the sales volume throughout the year is expected to be similar to that last year. Given a rebound in the prices of asphalt, the sales amount is anticipated to rise year-on-year throughout 2010. The Group plans to increase asphalt reserves in early 2011 when the prices of asphalt slump to hit the bottom to meet demand in the coming year and hence sharpen its competitive edges. As to the road and bridge construction business, since construction projects will be underway in Jiangsu and its nearby areas fully boosted by relevant national policies, it is expected that these road and bridge projects will make a significant contribution to the Group and will become one of the major sources of revenue and profit of the Group in the fourth quarter. As in the past, the Group will capitalize on its strength of offering one-stop trading and logistics services, capture a market share at competitive prices and quicken the pace of development on a secure foundation.

DISCLOSURE OF INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

At 30 September 2010, the interests of long or short position of the Directors, chief executives and supervisors of the Company (the "Supervisors") in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) was required, (a) to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept therein, pursuant to section 352 of the SFO; or (c) to notify to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors referred to in Rule 5.46 of the GEM Listing Rules are as follows:

Long position in the shares of the Company:

Name of Directors	Capacity	Number of shares: Personal interest	Number of shares: Family interest	Total long position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
Qian Wenhua *(Executive Director)*	Beneficial owner	225,706,000 (domestic shares)	35,854,000 *(Note 1)* (domestic Shares)	261,560,000	54.49	27.94
Lu Yong *(Executive Director)*	Beneficial owner	62,618,000 (domestic shares)	–	62,618,000	13.05	6.69
Li Hongyuan *(Executive Director)*	Beneficial owner	50,254,000 (domestic shares)	–	50,254,000	10.47	5.37
Zhang Jinhua *(Executive Director)*	Beneficial owner	15,152,000 (domestic shares)	–	15,152,000	3.16	1.62

Note 1: The 35,854,000 shares are held by Liu Huiping, the wife of Qian Wenhua, and such shares are deemed to be family interests held by Qian Wenhua.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2010, the persons or company (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 338 of the SFO and who were directly and/or indirectly deem to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of Person	Capacity	Number of shares: Personal interest	Number of shares: Family interest	Total long position	Total short position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
Liu Huiping *(Note 1)*	Beneficial owner	35,854,000 (domestic shares)	225,706,000 *(Note 1)* (domestic Shares)	261,560,000	–	54.49	27.94
Yao Peie	Beneficial owner	34,546,000 (domestic shares)	–	34,546,000	–	7.20	3.69
Simosa Oil Co., Ltd (中塑油品股份有限公司)	Beneficial owner	38,498,460 (H Shares)	–	38,498,460	–	8.44	4.11
Calyon Capital Markets Asia B.V.	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Calyon Capital Markets International SA	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Calyon S.A. (previously known as Credit Agricole Indosuez)	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
CLSA B.V.	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69

Name of Person	Capacity	Number of shares: Personal interest	Family interest	Total long position	Total short position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
CLSA Capital Partners Limited (formerly known as CLSA Funds Limited)	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
CLSA Private Equity Management Limited	Investment manager	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Credit Agricole S.A.	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
SAS Rue la Boetie	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Aria Investment Partners III, L.P. ("Aria III")	Interest in a controlled corporation	140,000,000 (H shares)	–	140,000,000 *(Note 2)*	–	30.69	14.95
Babylon Limited	Beneficial owner	140,000,000 (H shares)	–	140,000,000 *(Note 2)*	–	30.69	14.95
Aria Investment Partners II, L.P. ("Aria II")	Interest in a controlled corporation	35,000,000 (H shares)	–	35,000,000 *(Note 2)*	–	7.67	3.74
Mumiya Limited	Beneficial owner	35,000,000 (H shares)	–	35,000,000 *(Note 2)*	–	7.67	3.74

Note 1: Liu Huiping is the wife of Qian Wenhua.

Note 2: Mumiya Limited and Babylon Limited hold 35,000,000 and 140,000,000 H shares of the Company respectively. As Aria II controls more than one-third of the voting power at general meetings of Mumiya Limited, Aria II is deemed to be interested in 35,000,000 H shares held by Mumiya Limited pursuant to the SFO. Aria III controls more than one-third of the voting power at general meetings of Babylon Limited and is thus deemed to be interested in 140,000,000 H shares held by Babylon Limited pursuant to the SFO. As CLSA Private Equity Management Ltd. is the investment manager of Aria II and Aria III, it is deemed to be interested in the 175,000,000 H shares in aggregate pursuant to the SFO. Credit Agricole S.A. controls more than one-third of the voting power at general meetings of Calyon S.A., which in turn controls more than one-third of the voting power at general meetings of Calyon Capital Markets International SA, which in turn controls more than one-third of the voting power at general meetings of Calyon Capital Markets Asia B.V., which in turn controls more than one-third of the voting power at general meetings of CLSA B.V., which in turn controls more than one-third of the voting power at general meetings of CLSA Capital Partners Limited, which in turn controls more than one-third of the voting power at general meetings of CLSA Private Equity Management Ltd. Therefore, Credit Agricole S.A., Calyon S.A., Calyon Capital Markets International SA, Calyon Capital Markets Asia B.V., CLSA B.V. and CLSA Capital Partners Limited are deemed to be interested in the 175,000,000 H shares in aggregate pursuant to the SFO.

Directors' and Supervisors' right to acquire shares or debentures

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the period ended 30 September 2010.

AUDIT COMMITTEE

In compliance with Rules 5.28 to 5.29 of the GEM Listing Rules, the Company established an audit committee with written terms of reference. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, Ms. Ye Mingzhu, Mr. Zhu Shengfu and Mr. Li Li and one non-executive Director, Mr. Chan Cheuk Wing Andy. Mr. Li Li is the chairman of the audit committee.

The audit committee has reviewed the Group's unaudited consolidated financial statements for the nine months ended 30 September 2010, and was of an opinion that the preparation of such results complied with the applicable accounting and reporting standards and that adequate disclosures have been made.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 30 September 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

None of the Directors or the management shareholders and their respective associates (as defined under the GEM Listing Rules) had an interest in a business which competes with the Company or may compete with the business of the Group.

By Order of the Board
Qian Wenhua
Chairman

Shanghai, the PRC, 9 November 2010

As at the date of this announcement, the Board comprises six executive Directors: Qian Wenhua, Lu Yong, Jin Xiaohua, Mo Luojiang, Zhang Jinhua and Li Hongyuan; two non-executive Directors: Hsu Chun-min and Chan Cheuk Wing Andy; three independent non-executive Directors: Zhu Shengfu, Li Li and Ye Mingzhu.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its publication and on the website of the Company at http://www.tonva.com.