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)

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of Shanghai Tonva Petrochemical Co., Ltd. (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Shanghai Tonva Petrochemical Co., Ltd. (the "Company"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

* *For identification only*

The board of directors (the "Board") of Shanghai Tonva Petrochemical Co., Ltd. (the "Company") is pleased to present the consolidated results (the "Consolidated Results") of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2010 together with the comparative audited figures for 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Turnover	3	**2,475,024**	1,581,550
Cost of sales		**(2,292,260)**	(1,396,535)
Gross profit		**182,764**	185,015
Other income and gains	4	**27,177**	8,594
Distribution costs		**(17,254)**	(23,889)
Administrative expenses		**(62,196)**	(110,560)
Share of (losses)/profits of associates		**(192)**	7,752
Finance costs	6	**(28,078)**	(32,680)
Profit before income tax expense	5	**102,221**	34,232
Income tax expense	7	**(22,144)**	(21,646)
Profit for the year		**80,077**	12,586
Other comprehensive income			
Exchange differences on translating foreign operations		**(481)**	(78)
Total comprehensive income for the year		**79,596**	12,508

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Profit attributable to:			
– Owners of the Company		**66,972**	2,268
– Non-controlling interests		**13,105**	10,318
		80,077	12,586
Total comprehensive income attributable to:			
– Owners of the Company		**66,491**	2,190
– Non-controlling interests		**13,105**	10,318
		79,596	12,508
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	*8*	**0.072**	0.002
– Diluted	*8*	**0.072**	0.002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Assets			
Non-current assets			
Payments for leasehold land held for own use under operating leases		**9,245**	9,449
Property, plant and equipment		**175,116**	195,200
Construction in progress		**1,645**	2,808
Intangible assets		**148,512**	148,584
Interests in associates		**47,241**	47,433
Available-for-sale financial asset		**800**	800
Trade and other receivables	*10*	**225,462**	245,914
Deferred tax assets		**10,473**	9,493
Total non-current assets		**618,494**	659,681
Current assets			
Inventories		**59,534**	161,393
Tax recoverable		**2,579**	–
Amounts due from customers for contract work		**46,986**	86,791
Trade and other receivables	*10*	**1,085,690**	868,122
Restricted bank deposits		**47,054**	54,668
Cash and cash equivalents		**89,155**	93,426
		1,330,998	1,264,400
Assets classified as held for sale		**–**	5,184
Total current assets		**1,330,998**	1,269,584
Total assets		**1,949,492**	1,929,265
Liabilities			
Current liabilities			
Trade and other payables	*11*	**568,451**	603,686
Amounts due to customers for contract work		**16,114**	8,660
Bank borrowings		**605,029**	568,237
Current tax liabilities		**33,844**	32,013
Total current liabilities		**1,223,438**	1,212,596
Net current assets		**107,560**	56,988
Total assets less current liabilities		**726,054**	716,669

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Non-current liabilities			
Bank borrowings		**35,000**	100,000
Deferred tax liabilities		**34,981**	35,182
Total non-current liabilities		**69,981**	135,182
Total liabilities		**1,293,419**	1,347,778
NET ASSETS		**656,073**	581,487
Capital and reserves attributable to owners of the Company			
Share capital		**93,619**	93,619
Reserves		**273,785**	264,135
Retained earnings		**180,389**	134,602
Equity attributable to owners of the Company		**547,793**	492,356
Non-controlling interests		**108,280**	89,131
TOTAL EQUITY		**656,073**	581,487

NOTES:

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(a) Adoption of new/revised HKFRSs – effective 1 January 2010 – Continued

HKAS 27 (revised), "Consolidated and Separate Financial Statements"

The revised standard, applies prospectively for annual periods beginning on or after 1 July 2009, requires the effects of all transactions with non-controlling interest (previously minority interest) to be recognised within equity if there is no loss in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group has accounted for the acquisition of additional equity interests in a subsidiary according to the revised standard.

Furthermore, losses of non-wholly owned subsidiary are attributed to the owners of the Company and non-controlling interest even if that results in a deficit balances. Losses prior to 1 January 2010 were not re-allocated between owners of the Company and non-controlling interests. Adoption of this revised standard had no impact on the Group's financial statements for the current year.

HKAS 17 (Amendment), "Leases"

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease and concluded that the classification of such land leases as operating leases continues to be appropriate.

HK Interpretation 5 – "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

The interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

Adoption of this interpretation has no impact on classification of the Group's term loans as they have no such repayment on demand clause.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [2&3]
Amendments to HKAS 32	Classification of Rights Issues[1]
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[5]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in the consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Group is in the process of making an assessment of the potential impact of other new and revised HKFRSs and the directors so far concluded that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The four reportable segments are as follows:

- Sale of asphalt;
- Sale of fuel oil;
- Provision of logistic services; and
- Road and bridge construction

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

3. SEGMENT INFORMATION – Continued

(a) Operating segments

For the year ended 31 December 2010 are as follows:

	Sale of asphalt *RMB'000*	Sale of fuel oil *RMB'000*	Provision of logistic services *RMB'000*	Road and bridge construction *RMB'000*	Group *RMB'000*
Total segment revenue	**863,551**	**790,945**	**64,854**	**758,875**	**2,478,225**
Inter segment revenue	**–**	**–**	**(3,201)**	**–**	**(3,201)**
Reportable segment revenue from external customers	**863,551**	**790,945**	**61,653**	**758,875**	**2,475,024**
Reportable segment profit/(loss)	**38,110**	**7,608**	**(5,239)**	**39,598**	**80,077**
Interest income	**344**	**–**	**17**	**275**	**636**
Finance costs	**9,409**	**3,309**	**48**	**15,312**	**28,078**
Share of (losses)/profits of associates	**(218)**	**–**	**26**	**–**	**(192)**
Capital expenditures (note)	**1,288**	**16**	**2,894**	**14,626**	**18,824**
Depreciation of property, plant and equipment	**4,482**	**116**	**8,915**	**11,477**	**24,990**
(Loss)/gain on disposal of property, plant and equipment and construction in progress	**(209)**	**–**	**–**	**856**	**647**
Gain on disposal of assets classified as held for sale	**790**	**–**	**–**	**–**	**790**
Amortisation of intangible assets	**56**	**–**	**–**	**16**	**72**
Amortisation of payments for leasehold land held for own use under operating leases	**167**	**–**	**–**	**37**	**204**
Reversal of/(impairment of) trade and other receivables, net	**1,364**	**–**	**(1,732)**	**7,817**	**7,449**
Impairment loss of property, plant and equipment	**–**	**–**	**3,200**	**–**	**3,200**
Income tax expense	**5,728**	**1,825**	**1,920**	**12,671**	**22,144**
Interests in associates	**32,000**	**–**	**15,241**	**–**	**47,241**
Reportable segment assets	**526,140**	**142,976**	**119,115**	**1,161,261**	**1,949,492**
Reportable segment liabilities	**297,346**	**75,506**	**8,527**	**912,040**	**1,293,419**

3. SEGMENT INFORMATION – Continued

(a) Operating segments – Continued

For the year ended 31 December 2009 are as follows:

	Sale of asphalt *RMB'000*	Sale of fuel oil *RMB'000*	Provision of logistic services *RMB'000*	Road and bridge construction *RMB'000*	Group *RMB'000*
Total segment revenue	896,126	319,055	60,241	485,528	1,760,950
Inter segment revenue	(146,491)	(25,230)	(7,679)	–	(179,400)
Reportable segment revenue from external customers	749,635	293,825	52,562	485,528	1,581,550
Reportable segment profit/(loss)	8,313	4,754	(19,363)	18,882	12,586
Interest income	418	–	–	333	751
Finance costs	13,503	1,867	51	17,259	32,680
Share of profits of associates	7,049	–	703	–	7,752
Capital expenditures (note)	843	225	1,252	15,679	17,999
Depreciation of property, plant and equipment	4,800	79	9,753	11,971	26,603
(Loss)/gain on disposal of property, plant and equipment and construction in progress	(10)	–	(10,765)	750	(10,025)
Amortisation of intangible assets	57	–	–	8,863	8,920
Amortisation of payments for leasehold land held for own use under operating leases	198	–	–	41	239
(Impairment of)/reversal of trade and other receivables, net	(8,347)	–	194	(26,016)	(34,169)
Income tax expense	2,145	1,381	345	17,775	21,646
Interests in associates	32,218	–	15,215	–	47,433
Reportable segment assets	598,730	120,766	140,849	1,068,920	1,929,265
Reportable segment liabilities	400,479	61,028	8,988	877,283	1,347,778

Note: The amounts represent capital expenditure on payments for leasehold land held for own use under operating leases, property, plant and equipment, construction in progress and intangible assets.

(b) Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the years ended 31 December 2010 and 2009.

(c) Geographical information

All the Group's revenue from external customers are derived from customers located in the People's Republic of China (the "PRC").

All the Group's non-current assets are located in the PRC.

4. OTHER INCOME AND GAINS

	2010	2009
	RMB'000	*RMB'000*
Dividend income from available-for-sale financial asset	**14,000**	3,779
Government grants	**455**	1,777
Interest income	**636**	751
Gain on disposal of property, plant and equipment and construction in progress	**647**	–
Gain on disposal of subsidiary	**–**	1,948
Gain on disposal of assets classified as held for sale	**790**	–
Reversal of impairment loss on trade and other receivables, net	**7,449**	–
Gain from disposal of short term investment (fair value through profit or loss)	**431**	–
Others	**2,769**	339
	27,177	8,594

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	2010	2009
	RMB'000	*RMB'000*
Amortisation of intangible assets	**72**	8,920
Amortisation of payments for leasehold land held for own use under operating leases	**204**	239
Auditor's remuneration	**2,455**	2,431
Cost of inventories recognised as expenses	**1,564,456**	957,957
Depreciation of property, plant and equipment	**24,990**	26,603
(Reversal of)/impairment loss of trade and other receivables, net	**(7,449)**	34,169
(Gain)/loss on disposal of property, plant and equipment and construction in progress	**(647)**	10,025
Reversal of provision of legal claim	**(8,523)**	–
Operating lease rental expenses in respect of		
– Land and buildings	**5,976**	6,735
– Transportation facilities	**1,186**	2,464
– Machinery and others	**11,852**	10,775
Staff costs	**50,854**	44,563
Impairment loss of property, plant and equipment	**3,200**	–

6. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest expense on bank borrowings wholly repayable within five years	**30,914**	22,865
Interest expense on discounted commercial notes	**4,122**	8,067
Others	**2,910**	2,690
Total finance costs	**37,946**	33,622
Less: amount capitalised *(note)*	**(9,868)**	(942)
	28,078	32,680

Note: Borrowing costs capitalised during the year arose on the general borrowings during the year and are calculated by applying a capitalisation rate of approximately 5.28% (2009: 5%) to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2010	2009
	RMB'000	*RMB'000*
Current income tax		
PRC enterprise income tax		
– tax for the year	**23,808**	17,375
– (over)/under provision in respect of prior years	**(483)**	16
Hong Kong profits tax		
– over provision in respect of prior years	**–**	(105)
Deferred tax	**(1,181)**	4,360
	22,144	21,646

The Company and one of its subsidiaries, 上海神華物流有限公司 ("Shanghai Shenhua"), are incorporated in Pudong New Area of Shanghai. Pursuant to the implementation guidance of the new Enterprise Income Tax Law ("EIT Law"), the Company and Shanghai Shenhua are subject to Enterprise Income Tax ("EIT") at 22% (2009: 20%) on their assessable profit for the year ended 31 December 2010. Such tax rate will gradually increase to 24% and 25% in 2011 and 2012.

Besides, the Company's subsidiaries, 江蘇蘇中油運有限公司 ("Suzhong Shipping") and 上海神華物流(東台)有限公司 ("Shenhua Dongtai"), are treated as small-scale companies for PRC EIT purpose are charged at 2.5% (2009: 3.3%) of their revenue.

Profits of other subsidiaries established in the PRC are subject to EIT at 25% (2009: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (2009: 16.5%).

8. EARNINGS PER SHARE

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

	2010	2009
Profit attributable to owners of the Company (RMB'000)	**66,972**	2,268
Weighted average number of ordinary shares in issue (thousands)	**936,190**	936,190
Basic earnings per share (RMB per share)	**0.072**	0.002

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2010 and 2009.

9. DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Interim, declared and paid - RMB0.011 (2009: Nil per share)	**10,298**	–
Final, proposed - RMB0.022 (2009: Nil per share)	**20,596**	–
	30,894	–

The final dividend for 2010 proposed after the end of the reporting period is subject to shareholders' approval in the forthcoming general meeting. The proposed dividends are not reflected as a dividend payable in the financial statements for the year ended 31 December 2010.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**771,980**	680,934
Commercial notes receivable	**151,089**	151,723
Retention sum for construction contracts	**251,774**	181,564
	1,174,843	1,014,221
Less: Impairment losses	**(61,743)**	(69,192)
	1,113,100	945,029
Prepayments and deposits	**147,693**	135,313
Other receivables	**30,256**	31,467
Amounts due from associates *(note (b))*	**20,103**	2,227
	1,311,152	1,114,036
Classified as:		
Non-current assets	**225,462**	245,914
Current assets	**1,085,690**	868,122
	1,311,152	1,114,036

Notes:

(a) As at 31 December 2010, trade receivables of RMB102,517,000 (2009: RMB448,623,000) were pledged as security for the Group's bank borrowings.

(b) These amounts are interest-free, unsecured and repayable on demand.

10. TRADE AND OTHER RECEIVABLES – Continued

The ageing analysis of trade receivables, commercial notes receivable and retention sum for construction contracts based on invoice date and before impairment loss is as follows:

	2010	2009
	RMB'000	*RMB'000*
Sale of asphalt and fuel oil and provision of logistic services *(note (a))*		
Less than 31 days	**251,524**	118,847
31 to 60 days	**52,692**	71,527
61 to 90 days	**38,894**	50,189
91 days to less than 1 year	**79,770**	88,075
1 year to less than 2 years	**9,659**	14,809
2 years to less than 3 years	**2,570**	13,819
3 years and over	**7,793**	5,045
	442,902	362,311
Road and bridge construction *(note (b))*		
Less than 6 months	**244,206**	311,686
6 months to less than 1 year	**79,923**	97,393
1 year to less than 2 years	**374,485**	225,298
2 years to less than 3 years	**21,464**	10,888
3 years and over	**11,863**	6,645
	731,941	651,910
	1,174,843	1,014,221

Except for the average credit period on road and bridge construction is negotiated on individual basis in accordance with contract terms, a credit period ranging from 0 to 60 days is granted to customers of sale of asphalt and fuel oil and provision of logistic services.

Notes:

(a) For sale of asphalt and fuel oil and provision of logistic services, the credit terms granted to individual customers vary on a customer by customer basis which is determined by management with reference to the creditability of respective customers.

(b) Substantially all customers of road and bridge construction are PRC government related corporations. Settlement of trade receivables is made in accordance with the terms specified in the contracts with the customers.

11. TRADE AND OTHER PAYABLES

	2010 *RMB'000*	2009 *RMB'000*
Trade payables	**291,883**	269,228
Notes payable	**173,162**	169,611
	465,045	438,839
Amount due to an associate *(note)*	**1,969**	6,631
Deposits received	**38,683**	100,190
Other payables	**54,931**	48,647
Accruals	**7,823**	9,379
	568,451	603,686

Note: These amounts are interest-free, unsecured and repayable on demand.

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of reporting period based on invoice date:

	2010 *RMB'000*	2009 *RMB'000*
Sale of asphalt and fuel oil and provision of logistic services:		
Less than 31 days	**66,496**	61,764
31 to 60 days	**27,015**	8,889
61 to 90 days	**51,450**	27,700
91 days to less than 1 year	**17,721**	34,980
1 year to less than 2 years	**648**	813
2 years to less than 3 years	**198**	81
3 years and over	**5**	–
	163,533	134,227
Road and bridge construction:		
Less than 6 months	**195,082**	208,409
6 months to less than 1 year	**23,523**	50,550
1 year to less than 2 years	**67,514**	31,962
2 years to less than 3 years	**8,579**	9,634
3 years and over	**6,814**	4,057
	301,512	304,612
	465,045	438,839

12. EVENTS AFTER THE REPORTING PERIOD

On 1 March 2011, the Group announced that the directors proposed to transfer the listing of the Company's H shares from GEM to Main Board of The Stock Exchange of Hong Kong Limited pursuant to Chapter 9A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

BUSINESS REVIEW

In 2010, China's overall economic developed rapidly. The ongoing process of urbanization and the State's Eleventh Five-Year Plan led to significant growth in domestic infrastructure projects, enabling rapid developments in all of the Company's four major business segments, namely the asphalt and fuel oil trading businesses, the road and bridge construction business and the logistic service business. In a market environment which is well-supported by policies and boosted by domestic economy, the Group is filled with confidence towards future business developments.

On the back of the Group's increasingly mature business operations, the Company recorded significant growth both in turnover and profit after tax during the reporting period. Under this great opportunity, in order to drive the trading liquidity of the Company's H shares in the future and to improve the Company's corporate image and the exposure among public investors (including institutional investors), our Board of Directors has formally proposed for the transfer of listing of the Company's H shares from the Growth Enterprise Market to the Main Board recently. It is believed that the transfer of listing, once completed, will benefit the Group's future growth and business developments.

The Group implements a business strategy with focus on the asphalt and fuel oil trading businesses and the road and bridge construction business alongside the development of the logistic service business. During the reporting period, the Group achieved the goals of adjusting the proportions of its four major businesses and increasing revenue growth, hence laying a solid foundation for the development of the Group in the year ahead. In the coming year, the Group will actively develop the road and bridge construction business with opportunity brought forth by the Twelfth Five-Year Plan while continuously adjusting its business strategy, capturing opportunities of China's vigorous infrastructure development and consolidating its core business operations such as the asphalt and fuel oil trading businesses. Therefore, the year 2011 will be a year full of opportunities to the Group.

Results of the Year

During the reporting period, the Group's profit after tax increased by 536.2% over last year to approximately RMB80,077,000 (2009: approximately RMB12,586,000). The sharp rise in profit is mainly attributable to an year-on-year increase of 56.5% in turnover during the reporting period. The fuel oil trading business, being a less important source of profit of the Group in last year, recorded a significant growth in turnover, accounting for 32.0% of the Group's turnover in 2010 and thus became one of the Group's major sources of revenue. Profit attributable to owners of the Company increased by approximately 2,852.9% over last year to approximately RMB66,972,000 (2009: approximately RMB2,268,000). This promising data reflects the Group's performance and achievements in various business operations in 2010, bringing a good start to the Group in the year ahead.

Business overview and major factors affecting the profit

The asphalt trading business grew steadily. Turnover of the Group's asphalt trading business for the year ended 31 December 2010 amounted to approximately RMB863,551,000, representing an increase of 15.2% from 2009, and the Group's average asphalt sales price increased by approximately 31.8% over last year.

The fuel oil trading business became a highlight of the Group in 2010 due to its significant growth in turnover and sales volume. With the implementation of a policy for lower margins but quick returns at the business and the surge in costs in the overall industry, the Group maintained its fuel oil gross margin at low levels so as to win more orders so that the business would grow rapidly and thus the Group's market share in the fuel oil trading business would be expanded. During the reporting period, the Group's fuel oil sales volume grew by approximately 124.1% over last year and the turnover from fuel oil trading business increased by approximately 169.2% year on year to approximately RMB790,945,000. All these have proved that the Group's strategy for lower margins but quick returns was effective.

As for the logistics businesses, the Group performed well in 2010. Driven by the Shanghai World Expo and the recovery in the river and truck transport markets in China, the revenue from logistics businesses grew steadily by 17.3% over last year. Moreover, at the end of 2010, the Group concluded storage agreements with industry-leading customers which bring a steady income of approximately RMB14 million to the Group's logistics business.

The Company's road and bridge construction business developed rapidly during the reporting period. Nantong Highway, a non-wholly owned subsidiary of the Group, made a relatively significant share of contributions to the turnover of the Group for the year. During the reporting period, the Group recorded a turnover of approximately RMB758,875,000 from this business segment, representing an increase of approximately 56.3% over last year. This is mainly attributable to the national policy in PRC to focus on road construction development which helped the road and bridge constructions business win many projects in recent years, leading to an increase in income in this business segment.

PROSPECT

Looking into 2011, driven by the State's Twelfth Five-Year Plan, it is expected that the domestic demand for asphalt will rise continuously on the increase in infrastructure projects. Therefore, the Group believes that the asphalt trading business will maintain growth momentum and the Company will continue to develop new customers to maintain the business's contribution of profit in the Company.

In an environment where global oil prices are hovering at high levels overall, the Group will continue to implement lower margins but quick returns for fuel oil trading business strategy and increase turnover ratio the business so as to capture opportunities arising from fluctuations in oil price to achieve bigger market share and better positioned for the Group's future developments.

The road and bridge construction business will be the top priority in the Group's 2011 development plans. Driven by the State's Twelfth Five-Year Plan, there will be a huge increase in infrastructure projects going forward. At Nantong Highway, a subsidiary of the Group, the amount of road and bridge construction projects under or pending construction reached RMB1 billion at the end of 2010 and it won two new projects with a total contract value of over RMB300 million was accepted in early March 2011, with the majority of these projects to be completed within the next 18 months, laying a solid foundation for the turnover and earnings from road and bridge construction segment. The Group believes that the road and bridge construction business will develop rapidly in the coming year and the Company will continue to maintain the volume of orders and strive to develop more customers, hence enabling sustainable profit growth.

For the logistic service businesses, the Group will continue to improve service quality so as to satisfy the development of asphalt trading business and fuel oil trading business, hence optimizing enterprise management, attracting more quality customers and enhancing the Group's image and position in the industry.

The Group's earnings basis has expanded from the original single asphalt trading into businesses including asphalt trading, fuel oil trading, logistic service and road and bridge construction. Among these business segments, the earnings of fuel oil trading and road and bridge construction businesses have caught up with that of asphalt trading business. The Group will leverage its advantages to actively explore new market opportunities, maximize the synergies of the four major business operations and improve the profitability, hence bringing continuous and steady investment returns to the shareholders.

PROFIT FOR THE YEAR

For the year ended 31 December 2010, the Group recorded profit attributable to shareholders for the year of approximately RMB66,972,000 (2009: approximately RMB2,268,000), representing a sharp increase of 2,852.9% over last year.

INVESTMENT INCOME

Investment income increased from approximately RMB3,779,000 for the year ended 31 December 2009 to approximately RMB14,000,000 for the year ended 31 December 2010. The increase in the investment income was mainly due to the increase in cash dividend income received from the available-for-sale financial asset of the Group.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2010, the administrative expenses decreased by 43.7% to RMB62,196,000. The sharp decline in administrative expenses was mainly because in 2009 there was a loss on the book value of approximately RMB10,577,000 due to disposal of an ocean carrier and specific provision on trade receivables of approximately RMB7,736,000, whereas no such type of specific provision was incurred in this year. Also, interest income of approximately RMB26,878,000 received from the project owners derived from Nantong Highway's two build and transfer ("BT") projects was recognized according to the accounting standards, which was offset by the recognition of the discounted value incurred of approximately RMB27,641,000 in the administrative expenses. Such expense was relatively small this year.

DISTRIBUTION COSTS

For the year ended 31 December 2010, the distribution costs were approximately RMB17,254,000, which decreased by 27.8% as compared with the previous year. The decrease in distribution costs was mainly because the Group purchased majority of asphalt domestically which reduced distribution costs arising from overseas purchases for the year.

FINANCE COSTS

The finance costs for the year was approximately RMB28,078,000, representing an year-on-year decrease of 14.1%. The decline in finance costs was mainly due to the decreased borrowings of the Group.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets Value

As at 31 December 2010, the Group had current assets of approximately RMB1,330,998,000 (2009: approximately RMB1,269,584,000). The current assets comprised: cash and cash equivalents amounting to approximately RMB89,155,000 (2009: approximately RMB93,426,000), restricted bank deposits of approximately RMB47,054,000 (2009: approximately RMB54,668,000), tax recoverable amounting to approximately RMB2,579,000 (2009: nil), trade and other receivables of approximately RMB1,085,690,000 (2009: approximately RMB868,122,000), amount due from customers for contract work of approximately RMB46,986,000 (2009: approximately RMB86,791,000), inventories of approximately RMB59,534,000 (2009: approximately RMB161,393,000) and no asset classified as held for sale (2009: approximately RMB5,184,000). The Group had current liabilities of approximately RMB1,223,438,000 (2009: approximately RMB1,212,596,000). The current liabilities comprised: bank borrowings of approximately RMB605,029,000 (2009: approximately RMB568,237,000), trade and other payables of approximately RMB568,451,000 (2009: approximately RMB603,686,000), amount due to customers for contract work of approximately RMB16,114,000 (2009: approximately RMB8,660,000) and current tax liabilities of approximately RMB33,844,000 (2009: approximately RMB32,013,000). As at 31 December 2010, the net current asset value was RMB107,560,000 (2009: approximately RMB56,988,000).

Working Capital

As at 31 December 2010, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB136,209,000 (2009: approximately RMB148,094,000). The net cash used in financing activities was approximately RMB33,218,000 (2009: The net cash generated from financing activities was approximately RMB260,446,000).

Borrowings

As at 31 December 2010, the Group had long-term borrowings of approximately RMB35,000,000 (2009: approximately RMB100,000,000) and short-term borrowings of approximately RMB605,029,000 (2009: approximately RMB568,237,000). All of the Group's borrowings were RMB bank loans.

Charges of Assets

As at 31 December 2010, payments for leasehold land held for own use under operating leases with a net book value of approximately RMB7,671,000 (2009: approximately RMB7,838,000) were pledged as security for the Group's bank borrowings.

As at 31 December 2010, property, plant and equipment with a net book value of approximately RMB14,961,000 (2009: nil) were pledged as security for the Group's bank borrowings.

As at 31 December 2010, trade receivables of approximately RMB102,517,000 (2009: approximately RMB448,623,000) were pledged as security for the Group's bank borrowings.

Debt to Asset Ratio

The debt to asset ratio as at 31 December 2010 was approximately 66.3% (2009: approximately 69.9%) which was calculated as total liabilities divided by total assets.

Foreign Currency Risk

The Group operates mainly in the PRC, but sources its products both domestically and from overseas. It is exposed to various foreign currency exposures, primarily with respect to United States Dollars (USD) and Hong Kong Dollars (HKD). Foreign currency risk arises from future commercial transactions, recognized assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Group does not use financial derivative instruments to hedge its currency risk, but closely monitor the fluctuation of the rates of these foreign currencies against Renminbi.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules for the year ended 31 December 2010.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises the three independent non-executive Director and one non-executive Director. The chairman of the audit committee is Mr. Li Li.

The audit committee has reviewed the Group's consolidated results for the year ended 31 December 2010 and is of the opinion that the preparation of the results have complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary results announcement.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

DIVIDEND

The Board of Company recommended the payment of a final dividend of RMB0.022 per share (2009: nil) amounting in total to approximately RMB20,596,000 (2009: nil), which is proposed to be payable on or before 29 July 2011 to shareholders of the Company in respect of year ended 31 December 2010.

The Board has declared and paid an interim dividend of RMB0.011 per share amounting in total to approximately RMB10,298,000 for the three months ended 31 March 2010. There was no interim dividend during 2009.

DISTRIBUTION OF FINAL DIVIDEND

Distribution of the final dividend is subject to approval by the shareholders of the Company to distribute the final dividend for the year ending 31 December 2010 at the annual general meeting of the Company to be held on 31 May 2011. According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividend payable to holders of the domestic shares of the Company will be made and paid in Renminbi, whereas dividend payable to holders of the H shares of the Company will be declared in Renminbi but paid in Hong Kong dollars. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of the final dividends.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

Holders of H shares whose names are on the Company's register of members of H shares (the "H Shares Register") on Saturday, 30 April 2011 (the "Record Date") will be entitled to the final dividend.

In order to determine the entitlement of the holders of H shares for the final dividend, the H Shares Register will be closed from Saturday, 30 April 2011 to Tuesday, 31 May 2011, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for the final dividend, holders of H shares shall ensure that all transfer documents together with the relevant share certificates are lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 April 2011.

WITHHOLDING OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS

According to the Enterprise Income Tax Law of the People's Republic of China and the Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (collectively, the "Tax Law") which came into effect in 2008, as from 1 January 2008, any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay enterprise income tax at the rate of 10% for such shareholder. As such, the Company as a Chinese domestic enterprise is required to withhold for payment a sum equivalent to 10% of the final dividend payable to holders of H-shares of the Company who are non-resident enterprises (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-PRC resident enterprise shareholders) and whose names are registered on the H-shares Register on the Record Date.

The term "non-resident enterprise(s)" shall have the same meaning as defined under the Tax Law and the relevant rules and regulations when used in this announcement.

No deduction or withholding of enterprise income tax will be made in respect of the final dividend payable to any natural person shareholders listed on the H-shares Register on the Record Date. If any resident enterprise (as defined in the Tax Law) listed on the H-shares Register which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not wish to have the 10% enterprise income tax to be withheld by the Company, it shall lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that it is a resident enterprise no later than 4:30 p.m. on Friday, 29 April 2011.

Investors should read this announcement carefully. The Company has no obligation and will not be responsible for confirming the identities of any shareholders and the Company will withhold for payment the enterprise income tax strictly in accordance with the Tax Law and the relevant rules and regulations and adhere strictly to the information set out in the Company's register of members on the Record Date.

The Company assumes no liability in respect of and will not deal with any dispute over or any claim arising from the inaccurate determination of the status of shareholders or the mechanism of withholding the enterprise income tax.

ANNUAL REPORT

The 2010 annual report containing all the information required by the Listing Rules will be published on the GEM website at http://www.hkgem.com and the Company's website http://www.tonva.com in due course.

By order of the Board
Qian Wenhua
Chairman

Shanghai, the PRC, 23 March 2011

As at the date of this announcement, the Board comprises 6 executive directors: Qian Wenhua, Lu Yong, Zhang Jinhua, Jin Xiaohua, Li Hongyuan and Mo Luojiang; 2 non-executive directors: Chan Cheuk Wing Andy Hsu Chun-min; and 3 independent non-executive directors: LiLi, Ye Ming Zhu and Zhu Shengfu.

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.