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 2011

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 2011 together with the comparative audited figures for 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Turnover	*3*	**3,220,685**	2,475,024
Cost of sales		**(3,028,723)**	(2,292,260)
Gross profit		**191,962**	182,764
Other income and gains	*4*	**37,714**	27,177
Distribution costs		**(13,611)**	(17,254)
Administrative expenses		**(93,394)**	(62,196)
Share of losses of associates		**(680)**	(192)
Finance costs	*5*	**(29,009)**	(28,078)
Profit before income tax expense	*6*	**92,982**	102,221
Income tax expense	*7*	**(3,501)**	(22,144)
Profit for the year		**89,481**	80,077
Other comprehensive income			
Exchange differences on translating foreign operations		**(635)**	(481)
Total comprehensive income for the year		**88,846**	79,596

	Notes	2011 RMB'000	2010 RMB'000
Profit attributable to:			
– Owners of the Company		**71,722**	66,972
– Non-controlling interests		**17,759**	13,105
		89,481	80,077
Total comprehensive income attributable to:			
– Owners of the Company		**71,087**	66,491
– Non-controlling interests		**17,759**	13,105
		88,846	79,596
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	*8*	**0.077**	0.072
– Diluted	*8*	**0.077**	0.072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Assets			
Non-current assets			
Payments for leasehold land held for own use under operating leases		**9,041**	9,245
Property, plant and equipment		**150,213**	175,116
Construction in progress		**–**	1,645
Intangible assets		**148,440**	148,512
Interests in associates		**42,177**	47,241
Available-for-sale financial asset		**800**	800
Trade and other receivables	*10*	**269,473**	225,462
Deferred tax assets		**3,847**	10,473
Total non-current assets		**623,991**	618,494
Current assets			
Inventories		**66,489**	59,534
Amounts due from customers for contract work		**33,738**	46,986
Trade and other receivables	*10*	**1,419,309**	1,085,690
Restricted bank deposits		**89,570**	47,054
Cash and cash equivalents		**218,545**	89,155
Tax recoverable		**1,734**	2,579
		1,829,385	1,330,998
Assets classified as held for sale		**10,466**	–
Total current assets		**1,839,851**	1,330,998
Total assets		**2,463,842**	1,949,492
Liabilities			
Current liabilities			
Trade and other payables	*11*	**712,457**	568,451
Amounts due to customers for contract work		**17,927**	16,114
Borrowings		**1,000,480**	605,029
Current tax liabilities		**19,639**	33,844
Total current liabilities		**1,750,503**	1,223,438
Net current assets		**89,348**	107,560
Total assets less current liabilities		**713,339**	726,054

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Non-current liabilities			
Borrowings		**–**	35,000
Deferred tax liabilities		**22,127**	34,981
Total non-current liabilities		**22,127**	69,981
Total liabilities		**1,772,630**	1,293,419
NET ASSETS		**691,212**	656,073
Capital and reserves attributable to owners of the Company			
Share capital		**93,619**	93,619
Reserves		**504,969**	454,174
Equity attributable to owners of the Company		**598,588**	547,793
Non-controlling interests		**92,624**	108,280
TOTAL EQUITY		**691,212**	656,073

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, except for non-current assets classified as held for sale which are measured at lower of their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy and fair value less costs to sell.

(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 HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

HKFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's trade receivables represents the Group's maximum exposure to credit risk in respect of these financial assets as at 31 December 2011 and 2010. The prior year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

2. ADOPTION OF HKFRSs – Continued

(a) Adoption of new/revised HKFRSs – effective 1 January 2011 – continued

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that there is no change on the Group's related party disclosures. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(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.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
Amendments to HKAS 32 and HKFRS 7	Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[5]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2013 and 2014, as appropriate
5 Effective for annual periods beginning on or after 1 January 2015

2. ADOPTION OF HKFRSs – Continued

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

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

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, classification 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.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implentation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

2. ADOPTION OF HKFRSs – Continued

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

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Amendments to HKAS 32 and HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

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:

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

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 2011 are as follows:

	Road and bridge construction *RMB'000*	Sale of fuel oil *RMB'000*	Sale of asphalt *RMB'000*	Provision of logistic services *RMB'000*	Group *RMB'000*
Total segment revenue *(note i)*	920,354	1,837,500	403,412	63,952	3,225,218
Inter segment revenue	–	(340)	–	(4,193)	(4,533)
Reportable segment revenue from external customers	920,354	1,837,160	403,412	59,759	3,220,685
Reportable segment profit	54,727	24,155	10,408	191	89,481
Interest income	12,259	129	276	33	12,697
Finance costs	380	23,399	5,138	92	29,009
Share of profits/(losses) of associates	–	–	685	(1,365)	(680)
Capital expenditures *(note ii)*	7,368	68	277	3,946	11,659
Depreciation of property, plant and equipment	9,902	119	4,319	6,840	21,180
Gain/(loss) on disposal of property, plant and equipment and construction in progress	767	–	(58)	(452)	257
Loss on disposal of an associate	–	–	1,032	–	1,032
Amortisation of intangible assets	16	–	56	–	72
Amortisation of payments for leasehold land held for own use under operating leases	37	–	167	–	204
(Impairment loss)/reversal of impairment loss on trade and other receivables, net	(22,797)	–	4,709	1,153	(16,935)
Impairment loss on property, plant and equipment	–	–	–	2,127	2,127
Impairment loss on construction in progress	–	–	1,645	–	1,645
Income tax (credit)/expense	(5,685)	3,469	3,739	1,978	3,501
Interests in associates	–	–	28,301	13,876	42,177
Reportable segment assets	1,453,789	368,985	545,275	95,793	2,463,842
Reportable segment liabilities	1,159,849	383,423	225,859	3,499	1,772,630

3. SEGMENT INFORMATION – Continued

(a) Operating segments – continued

For the year ended 31 December 2010 are as follows:

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

Notes:

(i) Included in revenue from sale of fuel oil segment and road and bridge construction segment were agency service income of RMB16,323,000 (2010: Nil) and subcontracting income of RMB40,280,000 (2010: Nil) respectively.

(ii) 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.

3. SEGMENT INFORMATION – Continued

(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 2011 and 2010.

(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

	2011	2010
	RMB'000	*RMB'000*
Dividend income from available-for-sale financial asset	**17,500**	14,000
Interest income	**12,697**	636
Government grants	**539**	455
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	**6,978**	3,416
	37,714	27,177

5. FINANCE COSTS

	2011 RMB'000	2010 RMB'000
Interest expense on borrowings wholly repayable within five years	**53,588**	30,914
Interest expense on discounted commercial notes	**10,130**	4,122
Others	**3,688**	2,910
Total finance costs	**67,406**	37,946
Less: amount capitalised *(note)*	**(38,397)**	(9,868)
	29,009	28,078

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 6.39% (2010: 5.28%) to expenditure on qualifying assets.

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	2011 RMB'000	2010 RMB'000
Amortisation of intangible assets	**72**	72
Amortisation of payments for leasehold land held for own use under operating leases	**204**	204
Auditor's remuneration	**3,088**	2,455
Cost of inventories recognised as expenses	**2,149,298**	1,564,456
Depreciation of property, plant and equipment	**21,180**	24,990
Impairment loss/(reversal of impairment loss) on trade and other receivables, net	**16,935**	(7,449)
Gain on disposal of property, plant and equipment and construction in progress	**(257)**	(647)
Reversal of provision of legal claim	**–**	(8,523)
Operating lease rental expenses in respect of		
– Land and buildings	**3,327**	5,976
– Transportation facilities	**1,134**	1,186
– Machinery and others	**10,372**	11,852
Loss on disposal of an associate	**1,032**	–
Staff costs	**56,992**	50,854
Impairment loss on property, plant and equipment	**2,127**	3,200
Impairment loss on construction in progress	**1,645**	–

7. INCOME TAX EXPENSE

The amount of income tax expense/(credit) in the consolidated statement of comprehensive income represents:

	2011	2010
	RMB'000	*RMB'000*
Current income tax		
PRC enterprise income tax		
– tax for the year	**29,560**	23,808
– over provision in respect of prior years, net *(note)*	**(19,901)**	(483)
Hong Kong profits tax		
– tax for the year	**70**	–
Deferred tax	**(6,228)**	(1,181)
	3,501	22,144

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 24% (2010: 22%) on their assessable profit for the year ended 31 December 2011. Such tax rate will gradually increase to 25% in 2012.

Besides, the Company's subsidiaries, 江蘇蘇中油運有限公司 and 上海神華物流(東台)有限公司, are treated as small-scale companies for PRC EIT purpose and their EIT is charged at 2.5% (2010: 2.5%) of their revenue.

Profits of other subsidiaries established in the PRC are subject to EIT at 25% (2010: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (2010: 16.5%).

Note:

For the years ended 31 December 2006 and 2007, the Group's non-wholly owned subsidiary, 南通路橋工程有限公司("Nantong Road and Bridge") provided an EIT provision of approximately RMB20.2 million for the timing difference of revenue recognition.

During the year ended 31 December 2011, the Group received the final tax assessment notice from local tax bureau and concluded that the EIT arising from the timing difference of revenue recognition is RMB1.5 million. In the opinion of the directors, the assessment made by the local tax bureau is final and no additional EIT shall be demanded. Accordingly, the over provision of RMB18.7 million was credited to the consolidated statement of comprehensive income.

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.

	2011	2010
Profit attributable to owners of the Company (RMB'000)	**71,722**	66,972
Weighted average number of ordinary shares in issue (thousands)	**936,190**	936,190
Basic earnings per share (RMB per share)	**0.077**	0.072

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 2011 and 2010.

9. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Interim, declared and paid – Nil (2010: RMB0.011 per share)	**–**	10,298
Final, proposed – Nil (2010: RMB0.022 per share)	**–**	20,596
	–	30,894

10. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**1,021,153**	771,980
Commercial notes receivable	**127,324**	151,089
Retention sum for construction contracts	**356,972**	251,774
Total trade and notes receivables *(note a)*	**1,505,449**	1,174,843
Prepayments and deposits	**220,924**	147,693
Other receivables	**35,372**	30,256
Amounts due from associates *(note b)*	**5,715**	20,103
	1,767,460	1,372,895
Less: Impairment losses	**(78,678)**	(61,743)
	1,688,782	1,311,152
Classified as:		
Non-current assets	**269,473**	225,462
Current assets	**1,419,309**	1,085,690
	1,688,782	1,311,152

Notes:

(a) As at 31 December 2011, trade receivables of RMB50,000,000 (2010: RMB102,517,000) were pledged as security for the Group's borrowings.

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

10. TRADE AND OTHER RECEIVABLES – Continued

The ageing analysis of trade and notes receivables based on invoice date and before impairment loss is as follows:

	2011	2010
	RMB'000	*RMB'000*
Road and bridge construction *(note (a))*		
Less than 6 months	**420,250**	244,206
6 months to less than 1 year	**117,366**	79,923
1 year to less than 2 years	**294,063**	374,485
2 years to less than 3 years	**68,538**	21,464
3 years and over	**5,755**	11,863
	905,972	731,941
Sale of fuel oil and asphalt and provision of logistic services *(note (b))*		
Less than 31 days	**262,720**	251,524
31 to 60 days	**115,876**	52,692
61 to 90 days	**61,522**	38,894
91 days to less than 1 year	**108,563**	79,770
1 year to less than 2 years	**42,875**	9,659
2 years to less than 3 years	**1,711**	2,570
3 years and over	**6,210**	7,793
	599,477	442,902
	1,505,449	1,174,843

Notes:

(a) Substantially all customers of road and bridge construction are PRC government-related corporations which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates. The terms of some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 2 years) after completion of the contract.

(b) For sale of fuel oil and asphalt 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. Normally the general credit period is ranging from 0 to 90 days.

11. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**300,472**	291,883
Notes payable	**204,887**	173,162
	505,359	465,045
Amount due to an associate *(note)*	**2,449**	1,969
Deposits received	**110,030**	38,683
Other payables	**83,400**	54,931
Accruals	**11,219**	7,823
	712,457	568,451

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:

	2011	2010
	RMB'000	*RMB'000*
Road and bridge construction:		
Less than 6 months	**324,917**	195,082
6 months to less than 1 year	**8,325**	23,523
1 year to less than 2 years	**26,312**	67,514
2 years to less than 3 years	**19,198**	8,579
3 years and over	**6,971**	6,814
	385,723	301,512
Sale of fuel oil and asphalt and provision of logistic services:		
Less than 31 days	**3,073**	66,496
31 to 60 days	**40,000**	27,015
61 to 90 days	**65,255**	51,450
91 days to less than 1 year	**10,539**	17,721
1 year to less than 2 years	**693**	648
2 years to less than 3 years	**–**	198
3 years and over	**76**	5
	119,636	163,533
	505,359	465,045

12. EVENT AFTER THE REPORTING PERIOD

On 3 February 2012, the Company's subsidiary, Nantong Road and Bridge, signed an agreement with People's Government of Chong Chuan District of Nantong City to acquire a payment for leasehold land held for own use under operating lease in an amount of RMB8,612,000 to build new premises for own use. The consideration shall be paid in full not later than 10 May 2012.

Business Review

2011 was the first year of the "Twelfth Five-Year Plan", witnessing the most complex and volatile economic environment both at home and abroad. The United States of America was plagued with sluggish economic growth, while the debt crisis in Eurozone continued to get worse. Though maintaining a good momentum of economic growth, China faced an increasing number of uncertainties. In an environment of opportunities and challenges and with dedicated efforts of our staffs, the Company maintained a solid growth in overall operating results. In a market environment which is well-supported by policies of the "Twelfth Five-Year Plan" and boosted by domestic economy, the Group is very confident on future business developments.

On the back of our increasingly mature business operations, the Group adjusted our business structure in an effective and timely manner in response to market changes during the reporting period. Meanwhile, the Group optimized resource allocation among our major business segments, so as to guarantee smooth product supply services and sufficient available funds. The Group recorded significant growth both in turnover and profit after tax during the period, 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 to leverage the opportunities brought forth by the "Twelfth Five-Year Plan" while continue to capture opportunities of China's vigorous infrastructure development and consolidate its three core businesses, i.e. the road and bridge construction, fuel oil trading and asphalt trading businesses. Therefore, the year 2012 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 11.7% over last year to approximately RMB89,481,000 (2010: approximately RMB80,077,000). The steady rise in profit is mainly attributable to a year-on-year increase of 30.1% in turnover during the reporting period. The fuel oil trading business, being one of the three major business segments of the Group, recorded a significant growth in turnover, accounting for more than half of the Group's turnover in 2011 (approximately 57.0%) and thus became one of the Group's major sources of revenue. Profit attributable to owners of the Company increased by 7.1% over last year to approximately RMB71,722,000 (2010: RMB66,972,000). This positive data of continuous growth reflects the Group's overall performance in business operations in 2011, bringing a good foundation for the development of the Group in the year ahead.

Business overview and major factors affecting the profit

During the reporting period, in spite of the continuing tight monetary policy in China, with our effective management, extensive experiences, advanced technology and equipments in construction and leveraging on our overall strength and resource advantage, the Company made steady progress in the construction of all road and bridge construction projects on hand while actively participated in market competition, and succeeded in bidding for a number of large road or bridge construction projects. During the reporting period, the Group achieved stable growth in the road and bridge construction business, which recorded an income of approximately RMB920,354,000, representing an increase of 21.3% over last year.

The fuel oil trading business recorded a significant growth in 2011. The Group implemented a policy for lower margins but quick turnover for the business and therefore has successfully developed many quality customers of that business and increased the Group's market competitiveness, which drove the increase in the Group's overall profits. During the reporting period, the Group's fuel oil sales volume grew by 88.8% over last year and its turnover increased by 132.3% year on year to approximately RMB1,837,160,000. All these have proved that, in face of a complex and volatile market environment, the quality business portfolio and timely-adjusted sales strategy adopted by the Company and the strategic adjustment made by the Group from time to time were successful and effective.

During the reporting period, due to the tightening of monetary policy, the asphalt business declined. Turnover of the Group's asphalt trading business for the year ended 31 December 2011 amounted to approximately RMB403,412,000, representing a decrease of approximately 53.3% from 2010. Another reason for the decline in the business over last year was good sales performance of the asphalt trading business in 2010 driven by the Shanghai World Expo, while it returned to normal level in 2011 since no such similar large project was held in the areas where we operated. Taking this into consideration, we believed that the operation of the business was in good condition with the gross margin of the business at 7.4%.

As for the logistics business, the Company successfully secured several major customers for our transportation and storage businsses in 2011. In addition, the Company further improved the operation management of the logistics business. As a result, the logistics business brought greater contribution to the Group over last year. The turnover of the logistics business recorded a slight decline of 3.1% as compared with the same period of last year, but since the cost of sales decreased by approximately 12.4% over last year, the logistics business achieved a gross profit of approximately RMB11,060,000, representing an increase of approximately 83.2% over last year.

PROSPECT

Driven by the State's Twelfth Five-Year Plan, it is expected that the road and bridge construction business will achieve stable growth. As of 31 December 2011, the construction contracts of the Group signed but not yet recognized as revenue amounted to approximately RMB700 million, most of which will be completed within the next 15 months. With the commencement of construction for projects such as Shanghai Disneyland Park and the coastal development projects in Northern Jiangsu province, we are confident to win the bidding of more projects. The Group has confidence in achieving good development in road and bridge construction business in the coming year.

The fuel oil trading business has reached a certain scale and has secured a herd of mature major customers. With the gradual enhancement of bargaining power and continuous expansion of business scale, we believe that the business will maintain sustainable growth. Therefore, the Company will continue to actively explore markets in Shanghai and the neighboring provinces and cities to constantly expand our customer base and improve our market competitiveness as well as to explore and achieve additional potential market shares, so as to be better positioned for the Group's future developments.

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. Also with the launch of the Shanghai Disneyland project in the future, the Group therefore believes that the asphalt trading business will maintain steady growth. Meanwhile, leveraging on the existing scale of business, the Company will also continue to expand its customer base and enhance its market competitiveness to endeavour to increase the business's contribution of profit in the Company.

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

PROFIT FOR THE YEAR

For the year ended 31 December 2011, the Group recorded profit attributable to shareholders for the year of approximately RMB71,722,000 (2010: approximately RMB66,972,000), representing an increase of approximately 7.1% over last year.

OTHER INCOME AND GAINS

Other income and gains increased from approximately RMB27,177,000 for the year ended 31 December 2010 to approximately RMB37,714,000 for the year ended 2011. The increase in the other income and gains was mainly due to the interest income of approximately RMB10,183,000 (2010: Nil) for a deposit from customer in the road and bridge construction segment in the amount of RMB84,864,000 (2010: Nil).

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2011, the administrative expenses increased by approximately 50.2% to approximately RMB93,394,000. The increase in administrative expenses was mainly because the Group has made approximately RMB18,882,000 discount provision for balances of trade receivables on road and bridge construction business segment according to the accounting standards. It is due to the increase in the income in road and bridge construction business and the upfloat of discount rate this year affected by the PRC market's benchmark lending rate. There was reversal of such provision of approximately RMB3,967,000 last year.

Distribution Costs

For the year ended 31 December 2011, the distribution costs were approximately RMB13,611,000, which decreased by approximately 21.1% as compared with the previous year. The decrease in distribution costs was mainly because the decrease in sales of asphalt which reduced the relative distribution costs arising thereof for the year.

Finance Costs

The finance costs for the year was approximately RMB29,009,000, representing a year-on-year increase of approximately 3.3%. The increase in finance costs was mainly due to higher overall gearing ratio resulting from the increase in funding requirements arising from the development of fuel oil business and road and bridge construction projects.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets Value

As at 31 December 2011, the Group had current assets of approximately RMB1,839,851,000 (2010: approximately RMB1,330,998,000). The current assets comprised: cash and cash equivalents amounting to approximately RMB218,545,000 (2010: approximately RMB89,155,000), restricted bank deposits of approximately RMB89,570,000 (2010: approximately RMB47,054,000), tax recoverable amounting to approximately RMB1,734,000 (2010: approximately RMB2,579,000), trade and other receivables of approximately RMB1,419,309,000 (2010: approximately RMB1,085,690,000), amounts due from customers for contract work of approximately RMB33,738,000 (2010: approximately RMB46,986,000), inventories of approximately RMB66,489,000 (2010: approximately RMB59,534,000) and assets classified as held for sale of approximately RMB10,466,000 (2010: Nil). The Group had current liabilities of approximately RMB1,750,503,000 (2010: approximately RMB1,223,438,000). The current liabilities comprised: borrowings of approximately RMB1,000,480,000 (2010: approximately RMB605,029,000), trade and other payables of approximately RMB712,457,000 (2010: approximately RMB568,451,000), amounts due to customers for contract work of approximately RMB17,927,000 (2010: approximately RMB16,114,000) and current income tax liabilities of approximately RMB19,639,000 (2010: approximately RMB33,844,000). As at 31 December 2011, the net current asset value was RMB89,348,000 (2010: approximately RMB107,560,000).

Working Capital

As at 31 December 2011, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB308,115,000 (2010: approximately RMB136,209,000). The net cash generated from financing activities was approximately RMB306,744,000 (2010: The net cash used in financing activities was approximately RMB33,218,000).

Borrowings

As at 31 December 2011, the Group did not have any long-term borrowings (2010: approximately RMB35,000,000) and had short-term borrowings of approximately RMB1,000,480,000 (2010: approximately RMB605,029,000). All of the Group's borrowings were denominated in RMB.

Charges of Assets

As at 31 December 2011, no payments for leasehold land held for own use under operating leases were pledged (2010: approximately RMB7,671,000) as security for the Group's borrowings.

As at 31 December 2011, property, plant and equipment with a net book value of approximately RMB24,947,000 (2010: approximately RMB14,961,000) were pledged as security for the Group's borrowings.

As at 31 December 2011, trade receivables of approximately RMB50,000,000 (2010: approximately RMB102,517,000) were pledged as security for the Group's borrowings.

As at 31 December 2011, the Group had restricted bank deposits of approximately RMB89,570,000 (2010: RMB47,054,000) as collateral for the issuance of commercial notes , performance bonds and bid bonds to customers.

Debt to Asset Ratio

The debt to asset ratio as at 31 December 2011 was approximately 71.9% (2010: approximately 66.3%) 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 2011.

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 Directors 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 2011 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 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited 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

In order to ensure sufficient cash for the business development in 2012, the Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2011 (2010: RMB0.022 per share). No interim dividend was paid during 2011 (2010: RMB0.011 per share). The Board has considered paying a cash dividend when appropriate in the future according to the actual cash position of the Company to reward the support of shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15 May 2012 to Friday, 15 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the Annual General Meeting to be held on Friday, 15 June 2012, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 14 May 2012.

ANNUAL REPORT

The 2011 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website http://www.tonva.com in due course.

By order of the Board
Qian Wenhua
Chairman

Shanghai, the PRC, 15 March 2012

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: Li Li, 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.