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

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8251

FIRST QUARTERLY REPORT 2010

* *For identification purposes only*

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

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

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

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

HIGHLIGHTS

1. The Group's turnover for the 3 months ended 31 March 2010 was approximately RMB562,240,000 (3 months ended 31 March 2009: approximately RMB275,680,000). A growth of approximately 103.9% was recorded year-on-year.

2. Profit attributable to the owners of the Company for the 3 months ended 31 March 2010 was approximately RMB15,263,000 (3 months ended 31 March 2009: approximately RMB13,456,000). A growth of approximately 13.4% was recorded year-on-year.

3. The Board declared an interim dividend of RMB10,298,090 at RMB0.011 per share for the 3 months ended 31 March 2010 (3 months ended 31 March 2009: Nil). Distribution of the interim dividend is subject to the authorization to the Board by the shareholders of the Company to distribute interim dividend and special dividend for the year ending 31 December 2010 at the annual general meeting of the Company to be held on 20 May 2010.

The board of Directors (the "Board") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months ended 31 March 2010 together with comparative unaudited figures for the corresponding periods in 2009.

UNAUDITED CONSOLIDATED RESULTS

	Note	For the three months ended 31 March 2010 RMB'000	2009 RMB'000
Revenue	*2*	**562,240**	275,680
Cost of sales		**(501,930)**	(227,538)
Gross profit		**60,310**	48,142
Other income and gains	*2*	**37**	4,335
Distribution costs		**(3,190)**	(4,497)
Administrative expenses		**(23,417)**	(14,657)
Operating profit		**33,740**	33,323
Finance costs		**(7,511)**	(6,421)
Share of losses of associates		**(3,627)**	(101)
Profit before income tax expenses		**22,602**	26,801
Income tax expenses	*3*	**(7,254)**	(7,601)
Profit for the period		**15,348**	19,200
Profit attributable to:			
– Owners of the Company		**15,263**	13,456
– Minority interests		**85**	5,744
		15,348	19,200
Earning per share for profit attributable to owners of the Company during the period **(Expressed in RMB per share)**	*4*	**0.016**	0.014
Dividends	*5*	**10,298**	–

MOVEMENT TO AND FROM CONSOLIDATED RESERVES – UNAUDITED

	Capital reserve RMB'000	Statutory common reserve fund RMB'000	Other reserve RMB'000	Currency Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2009	221,766	28,767	17,912	(5,262)	143,662	406,845
Currency translation difference	–	–	–	5	–	5
Profit for the period	–	–	–	–	13,456	13,456
Balance at 31 March 2009	221,766	28,767	17,912	(5,257)	157,118	420,306
Balance at 1 January 2010	221,766	29,797	17,912	(5,340)	134,602	398,737
Currency translation difference	–	–	–	(57)	–	(57)
Profit for the period	–	–	–	–	15,263	15,263
Balance at 31 March 2010	221,766	29,797	17,912	(5,397)	149,865	413,943

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

2. REVENUE

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

	For the three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Revenue:		
Sales of asphalt	**177,457**	111,798
Sales of fuel oil	**163,570**	32,469
Logistic services	**11,602**	5,701
Road and bridge constructions	**209,611**	125,712
	562,240	275,680
Other income and gains:		
Dividend income from unlisted investments	**–**	3,778
Subsidy income	**–**	240
Interest income	**11**	4
Others	**26**	313
	37	4,335
Total revenues	**562,277**	280,015

3. TAXATION

	For the three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
PRC enterprise income tax	7,254	7,497
Hong Kong profit tax	–	104
	7,254	7,601

The Company and one of its subsidiaries, Shanghai Shenhua Logistics Company Limited ("Shanghai Shenhua"), are incorporated in Pudong New Area of Shanghai. Pursuant to the implementation guidance of the new CIT Law ("EIT Law"), the Company and Shenhua Logistics are subject to Enterprise Income Tax ("EIT") 22% (for the three months ended 31 March 2009: 20%) on their assessable profit for the three months ended 31 March 2010. Such tax rate will gradually increase to 25% in a two-year period from 2011 to 2012.

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

Profits of others subsidiaries established in the PRC are subject to EIT at 25% (for the three months ended 31 March 2009: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profit tax of 16.5% (for the three months ended 31 March 2009: 16.5%).

4. EARNINGS PER SHARE

The calculation of the earnings per share for the three months ended 31 March 2010 is based on the profit attributable to owners of the Company of approximately RMB15,263,000 (for the three months ended 31 March 2009: RMB13,456,000) and the number of 936,190,000 shares (three months ended 31 March 2009: 936,190,000 shares).

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

5. DIVIDEND

The Board declared an interim dividend of RMB10,298,090 at RMB0.011 per share for the 3 months ended 31 March 2010 (3 months ended 31 March 2009: Nil). Distribution of the interim dividend is subject to the authorization to the Board by the shareholders of the Company to distribute interim dividend and special dividend for the year ending 31 December 2010 at the annual general meeting of the Company to be held on 20 May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

The global economy began to pick up in the first quarter in 2010 alongside with a gradual recovery in market confidence. In responding to the market changes, the Group made strategic adjustments to its four major business segments in 2009 which had attained satisfactory achievements. Performance of the Group's fuel oil trading business improved substantially with the gradual recovery of market demand and the newly-developed marine fuel oil business was growing steadily. Benefiting from the road and bridge construction projects for the Shanghai World Expo, the Group's asphalt trading business recorded notable improvement in performance. The logistics business resumed positive revenue growth due to cost reduction upon disposal of an asphalt ocean carrier and created synergies with the road and bridge construction business, reflecting the Group's vision in the pursuit of development amidst stability. For the three months ended 31 March 2010, the Group's turnover amounted to approximately RMB562,240,000, representing a sharp increase of 103.9% when compared with the corresponding period of last year. Gross profit was approximately RMB60,310,000, representing an increase of 25.3% when compared with the corresponding period of last year.

Business Operations

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

Asphalt Trading Business

For the three months ended 31 March 2010, the Group's turnover for asphalt trading business was approximately RMB177,457,000 (for the three months ended 31 March 2009: approximately RMB111,798,000), representing an increase of 58.7% when compared with the corresponding period of last year. The revenue from the asphalt trading business accounted for approximately 31.6% of the Group's total turnover.

Gross margin of the asphalt trading business increased to approximately 17.3% in the review period from approximately 10.6% in the corresponding period of last year. For the three months ended 31 March 2010, the Group's gross profit amounted to approximately RMB30,619,000 (for the three months ended 31 March 2009: approximately RMB11,853,000), representing an increase of 158.3% when compared with the corresponding period of last year.

Given that the majority of the road construction projects for the Shanghai World Expo were completed in the first quarter of 2010, the market demand for asphalt in Shanghai grew significantly when compared to the corresponding period in previous year. Accordingly, the Group's asphalt sales volume rose by 34.9% in the review period when compared to the previous year; whereas the average selling price per tonne and the average gross profit per tonne increased by 17.6% and 91.5% respectively over the previous year. Upon completion of the road construction projects for the Shanghai World Expo in April 2010, asphalt demand from the Shanghai region is expected to slow down and the gross margin of the Group's asphalt trading business for the year will be back to normal as in the previous year.

Fuel Oil Trading Business

For the three months ended 31 March 2010, the Group's turnover for fuel oil trading business was approximately RMB163,570,000 (for the three months ended 31 March 2009: approximately RMB32,469,000), representing an increase of 403.8% when compared with the corresponding period of last year. The revenue from fuel oil trading business contributed approximately 29.1% to the Group's total turnover in the review period.

For the three months ended 31 March 2009, gross profit of the fuel oil trading business was approximately RMB5,370,000 (for the three months ended 31 March 2009: approximately RMB5,250,000), representing a year-on-year increase of approximately 2.2%; whereas gross margin decreased to 3.3% from 16.2% in the corresponding period of last year.

The substantial increase in the revenue from fuel oil trading business was mainly attributable to the very poor market sentiment from the financial crisis in the corresponding period of last year. However, in light of the gradual market recovery early this year, coupled with the expansion of the new marine fuel oil business at the end of 2009, the sales volume of fuel oil for this quarter increased by 144.3% over that in the corresponding period of last year. Nevertheless, as the marine fuel oil business is still at the preliminary stage of development, the gross margin is relatively low in order to capture market share. It is believed that the gross margin will resume back to the 5% level as in the previous years as the marine fuel oil business achieves steady growth. The purchase of some fuel oil inventory at low costs at the end of 2008 resulted in a higher gross margin in the corresponding period of last year.

Logistics Business

For the three months ended 31 March 2010, the Group's turnover for logistics service was approximately RMB11,602,000 (for the three months ended 31 March 2009: approximately RMB5,701,000), representing an increase of 103.5% when compared with the corresponding period of last year. The revenue from logistics business attributed to approximately 2.1% of the Group's total turnover in the review period.

Gross margin for the logistics business increased from 5.3% in the corresponding period of last year to 16.6% in the review period. For the three months ended 31 March 2010, gross profit of the logistics business was approximately RMB1,927,000, representing an increase of approximately 531.8% when compared with the corresponding period of last year.

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

Road and Bridge Construction Business

For the three months ended 31 March 2010, the Group's turnover for road and bridge construction business was approximately RMB209,611,000 (for the three months ended 31 March 2009: approximately RMB125,712,000), representing a year-on-year increase of approximately 66.7%. The revenue from road and bridge construction business attributed to approximately 37.3% of the Group's total turnover in the review period.

For the three months ended 31 March 2010, gross profit of the Group's road and bridge construction business was approximately RMB22,394,000 (for the three months ended 31 March 2009: approximately RMB30,732,000), representing a decrease of approximately 27.1% when compared with the corresponding period of last year; whereas gross margin decreased from 24.4% to 10.7%.

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

Other Income and Gains

For the three months ended 31 March 2010, the Group's other income and gains was approximately RMB37,000 (for the three months ended 31 March 2009: approximately RMB4,335,000), representing a decrease of approximately 99.1% when compared with the corresponding period of last year. The decrease was mainly due to the dividend income from unlisted investment received by the Group amounting to approximately RMB3,778,000 in the corresponding period of last year; whereas no such income was recorded in the period this year.

Distribution Costs

The Group's distribution costs for the three months ended 31 March 2010 were approximately RMB3,190,000 (for the three months ended 31 March 2009: approximately RMB4,497,000), representing a decrease of approximately 29.1% from the corresponding period of last year. The decrease was mainly attributable to the fact that no payment of distribution costs for overseas procurement was required as the Group's asphalt was mainly procured domestically during the period.

Administrative Expenses

The Group's administrative expenses for the three months ended 31 March 2010 were approximately RMB23,417,000 (for the three months ended 31 March 2009: approximately RMB14,657,000), representing an increase of approximately 59.8% from the corresponding period of last year. The increase was mainly due to the recognition of the provision made for the discounted value of approximately RMB11,000,000 for the construction receivables in accordance with the Hong Kong Accounting Standards in connection with the Group's road and bridge business. Such impairment provision will be reversed in the income statement of the Group upon recovery of the construction receivables.

Profit Attributable to Shareholders

Profit attributable to owners of the Group for the three months ended 31 March 2010 was approximately RMB15,263,000 (for the three months ended 31 March 2009: approximately RMB13,456,000), representing a growth of approximately 13.4% when compared with the corresponding period of last year. The basic and diluted earnings per share for profit attributable to owners of the Company during the period was RMB0.016 (for the three months ended 31 March 2009: approximately RMB0.014), representing an increase of approximately 14.3% when compared with the corresponding period of last year.

Prospects

Given the gradual recovery of the global economy and the coming into effect of the PRC government's policies to "maintain growth" implemented in response to the financial crisis, coupled with the subsequent commencement a number of major highway infrastructure projects proposed in the RMB4 trillion bailout plan of the PRC government, it is time for the infrastructure industry to reap the rewards. The Group believes that the global economic environment will still face opportunities and challenges in the near term. However, the Group will continue to actively meet the challenges and capture growth opportunities in order to maintain sustainable and steady development of the Company's operations.

After experiencing substantial growth brought forth by the market recovery in the first quarter, the Group will continue to capture the market momentum to maintain positive growth of its fuel oil trading business. Meanwhile, the newly-developed marine fuel oil business will be gradually expanded and its products will be diversified, allowing the fuel oil business to grow steadily in an effort to make greater contribution to the performance of the Group. As for the logistics business, its business will grow more healthily and steadily upon disposal of an asphalt ocean carrier. Furthermore, the Group will still place its focus of development on asphalt trading as well as road and bridge construction businesses. In improving the business management of existing customers, we will strive to secure more orders and enhance the Group's service quality to maintain a sound quality customer basis with a view to establishing a solid foundation for the Group's future development.

The Group strongly believes that, through closely monitoring the market changes, Tonva will constantly improve itself to be well-positioned in such complex market environment to achieve steady growth and is committed to maximizing the synergies among the four major business segments in order to generate more returns for the shareholders.

DISCLOSURE OF INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

At 31 March 2010, the interests of long or short position of the Directors, chief executives and supervisors of the Company (the "Supervisors") in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) was required, (a) to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept therein, pursuant to section 352 of the SFO; or (c) to notify to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors referred to in Rule 5.46 of the GEM Listing Rules are as follows:

Long position in the shares of the Company:

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

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

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

At 31 March 2010, the persons or company (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 338 of the SFO and who were directly and/or indirectly deem to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

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

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

Notes:

1. Liu Huiping is the wife of Qian Wenhua.

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

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the period ended 31 March 2010.

AUDIT COMMITTEE

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

The audit committee has reviewed the Group's unaudited consolidated financial statements for the three months ended 31 March 2010, and was of an opinion that the preparation of such results complied with the applicable accounting and reporting standards and that adequate disclosures have been made.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

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

By order of the Board
Qian Wenhua
Chairman

Shanghai, the PRC, 11 May 2010

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