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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: 1103)

**PLACING OF NEW H SHARES UNDER GENERAL MANDATE
AND
APPLICATION TO THE CSRC IN RELATION TO THE CONVERSION OF
THE ENTIRE ISSUED NON-LISTED DOMESTIC SHARES TO H SHARES**

Financial Adviser

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 2 May 2013 (after trading hours), the Company and the Placing Agent entered into the conditional Placing Agreement pursuant to which the Placing Agent has conditionally agreed to endeavour to procure not less than six Placees to subscribe for and purchase of an aggregate of up to 70,000,000 new H Shares at a price of HK\$0.80 per Placing Share.

The 70,000,000 Placing Shares are to be allotted and issued under the General Mandate, representing (i) approximately 15.34% and 7.48%, respectively, of the existing issued H Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.30% and 6.96%, respectively, of the issued H Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before the completion of the Placing.

* For identification purposes only

The Placing Price of HK\$0.80 represents (i) a premium of approximately 37.9% to the closing price of HK\$0.58 per H Share as quoted on the Stock Exchange on 2 May 2013, being the date of the Placing Agreement; (ii) a premium of approximately 36.5% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 2 May 2013; and (iii) a premium of approximately 36.5% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including 2 May 2013.

The Placing Price may be subject to amendment, to be determined by the Company and the Placing Agent, based on then market conditions but in any event shall not be more than HK\$0.80 per H Share and not less than HK\$0.65 per H Share.

The Placing is conditional and subject to conditions as set out below under the heading “Conditions of the Placing”.

Assuming the Placing Price is HK\$0.80, the maximum net proceeds of approximately HK\$54.2 million from the Placing are intended to be used as general working capital of the Group.

APPLICATION TO THE CSRC IN RELATION TO THE CONVERSION OF THE ENTIRE ISSUED NON-LISTED DOMESTIC SHARES TO H SHARES AND TO BE LISTED ON THE STOCK EXCHANGE

The Board wishes to announce that the Company has submitted an application to the CSRC in relation to the Conversion of the Domestic Shares, together with the application for the approval of the Placing.

Upon obtaining all necessary approvals, registrations or consents from relevant regulatory authorities including but not limited to the CSRC regarding the Conversion of the Domestic Shares, the Company will make an application to the Stock Exchange to grant the listing of, and permission to deal in, the relevant H Shares to be converted from Domestic Shares. It is expected that upon fulfillment of relevant filings and administrative procedures by the Company and Domestic Shareholders, all existing Domestic Shares will be converted into H Shares on a one-for-one basis and rank pari passu in all respects among themselves and with the existing H Shares in issue.

Shareholders and potential investors should note that Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. The proposed Conversion of the Domestic Shares is subject to the approvals from the relevant regulatory authorities. As the Placing and the Conversion of the Domestic Shares may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 2 May 2013 (after trading hours), the Company and the Placing Agent entered into the conditional Placing Agreement pursuant to which the Placing Agent has conditionally agreed, subject to market conditions, to endeavour to procure not less than six Placees to subscribe for and purchase of an aggregate of up to 70,000,000 new H Shares at a price of HK\$0.80 per Placing Share.

THE PLACING AGREEMENT

Date

2 May 2013 (after trading hours)

Parties

- (1) The Company; and
- (2) The Placing Agent.

The Placing

Pursuant to the Placing Agreement, the Placing Agent agreed to act as the agent for the Company to endeavour to procure professional, institutional and/or other investors to subscribe for and purchase of an aggregate of 70,000,000 Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, the Placing Agent and its associates are Independent Third Parties.

Placees

The Placing Agent agrees to endeavour to place the Placing Shares to not less than 6 Placees who and whose ultimate beneficial owners are to be Independent Third Parties. It is not expected that any individual Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Number of Placing Shares

The 70,000,000 Placing Shares to be allotted and issued will utilise part of the General Mandate, representing (i) approximately 15.34% and 7.48%, respectively, of the existing issued H Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.30% and 6.96%, respectively, of the issued H Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before the completion of the Placing.

The aggregate nominal value of the Placing Shares will be RMB7,000,000 (equivalent to approximately HK\$8,750,000).

Placing Price

The Placing Price of HK\$0.80 per H Share represents:

- (i) a premium of approximately 37.9% to the closing price of HK\$0.58 per H Share as quoted on the Stock Exchange on 2 May 2013, being the date of the Placing Agreement;
- (ii) a premium of approximately 36.5% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 2 May 2013; and
- (iii) a premium of approximately 36.5% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including 2 May 2013.

The Placing Price was determined by the Company after taking into account recent market price of the H Shares, the prospect of the Company, the book value of the Company and the current market conditions. The Directors are of the opinion that the terms of the Placing Agreement (including the placing commission and the Placing Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole. The Placing Price may be subject to amendment, to be determined by the Company and the Placing Agent, based on then market conditions but in any event shall not be higher than HK\$0.80 per H Share and not less than HK\$0.65 per H Share. In the event that the Placing Price has been amended to HK\$0.65, the amended Placing Price represents:

- (i) a premium of approximately 12.1% to the closing price of HK\$0.58 per H Share as quoted on the Stock Exchange on 2 May 2013, being the date of the Placing Agreement;
- (ii) a premium of approximately 10.9% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 2 May 2013; and
- (iii) a premium of approximately 10.9% to the average closing price of HK\$0.586 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including 2 May 2013.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing H Shares in issue on the date of allotment and issue of Placing Shares.

Condition of the Placing

The Completion is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares); and R13.28
(14)
- (ii) the approvals issued by the CSRC regarding the Placing.

If any of such conditions are not fulfilled by 5:00 p.m. on 30 June 2013, or such later date as the Company and the Placing Agent may agree, the Placing Agreement and the obligations of the Company and the Placing Agent thereunder shall cease and terminate at that time.

Completion

Subject to the conditions mentioned above and the Placing Agreement is not terminated in accordance with the terms thereof, the completion of the Placing shall take place on the Closing Date or as soon as practicable thereafter or such other time and/or date as the Placing Agent and the Company may agree in writing.

Shareholders and potential investors should note that Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

General Mandate to Issue the Placing Shares

The Placing Shares are to be allotted and issued under the General Mandate and the issue of the Placing Shares will not be subject to further Shareholders' approval. According to the General Mandate, the Directors are authorised to allot, issue and deal with each of the H Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding RMB9,123,800 (equivalent to approximately HK\$11,404,750) H Shares and RMB9,600,000 (equivalent to approximately HK\$12,000,000) Domestic Shares, respectively. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. The aggregate nominal value of the Placing Shares will be RMB7,000,000 (equivalent to approximately HK\$8,750,000). The Placing Shares to be allotted and issued will utilise approximately 76.72% of the General Mandate for H Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement. R13.29
(11)(12)

Reasons of the Placing

The Directors have considered various ways of fund raising activities and are of the opinion that the Placing will enlarge the shareholder bases and capital bases of the Company and strengthen its financial position. Accordingly, the Directors consider that the Placing is in the interests of the Company and its Shareholders as a whole. R13.28(6)

Use of Proceeds

Based on the Placing Price, assuming there is no adjustment in the Placing Price, the maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission, legal fees and levies) of approximately HK\$54.2 million from the Placing is intended to be used as general working capital of the Group. The net price (after deducting all applicable costs and expenses, including commission, legal fees and levies) raised per H Share upon completion of the Placing will be approximately HK\$0.77 per Placing Share. If the Placing Price is adjusted to HK0.65, the net proceeds of approximately HK\$44.0 million will be intended to be used as general working capital of the Group.

Equity Fund Raising Activities in the Past 12 Months

The Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

Application for Listing

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the relevant Placing Shares.

APPLICATION TO THE CSRC IN RELATION TO THE CONVERSION OF THE ENTIRE ISSUED NON-LISTED DOMESTIC SHARES TO H SHARES AND TO BE LISTED ON THE STOCK EXCHANGE

The Board wishes to announce that the Company has submitted an application to the CSRC in relation to the Conversion of the Domestic Shares, together with the application for the approval of the Placing.

As at the date of this announcement, there are a total of 480,000,000 issued Domestic Shares which are not listed but deposited in the CSDCC in the PRC. The Domestic Shares have the same rights and obligations as those of the H Shares. In accordance with the Articles of Association of the Company as amended and approved by the Shareholders, H Shareholders and Domestic Shareholders on the extraordinary general meeting, the class meeting of the H Shareholders and the class meeting of the Domestic Shareholders held on 29 April 2013, respectively, subject to the completion of registration by relevant regulatory authority in the PRC, no Shareholders' approval for the Conversion of the Domestic Shares is required.

Upon obtaining all necessary approvals, registrations or consents from relevant regulatory authorities including but not limited to the CSRC regarding the Conversion of the Domestic Shares, the Company will make an application to the Stock Exchange to grant the listing of, and permission to deal in, the relevant H Shares to be converted from Domestic Shares. It is expected that upon fulfilment of relevant filings and administrative procedures by the Company and Domestic Shareholders, all existing Domestic Shares will be converted into H Shares on a one-for-one basis and rank pari passu in all respect among themselves and with the existing H Shares in issue.

Further announcements will be issued by the Company regarding updates of the Conversion of Domestic Shares. The Company will also inform the Domestic Shareholders about the relevant procedure for the Conversion of Domestic Shares as and when appropriate.

Shareholding Structure

Set out below is the shareholding structure of the Company as at the date of this announcement, immediately after completion of the Placing but before the Conversion of the Domestic Shares, and immediately after the completion of the Placing and the Conversion of the Domestic Shares assuming all existing Domestic Shares are converted to H Shares.

Class of Shares	As at the date of this announcement (Number of Shares)	% of total issued Domestic Shares or H Shares (as the case may be)	% of total issued Shares	Immediately after the Placing assuming all Placing Shares are placed but before the Conversion of the Domestic Shares	% of total issued Domestic Shares or H Shares (as the case may be)	% of total issued Shares	Immediately after the completion of the Placing and the Conversion of the Domestic Shares assuming all existing Domestic Shares are converted to H Shares	% of total issued Domestic Shares or H Shares (as the case may be)	% of total issued Shares
				(Number of Shares)			(Number of Shares)		
DOMESTIC SHARES									
Total Issued Domestic Shares	480,000,000	100.00	51.27	480,000,000	100.00	47.70	–	–	–
H SHARES									
Placees	–	–	–	70,000,000	13.30	6.96	70,000,000	6.96	6.96
Other public H Shareholders	456,190,000	100.00	48.73	456,190,000	86.70	45.34	456,190,000	45.34	45.34
H Shares converted from Domestic Shares	–	–	–	–	–	–	480,000,000	47.70	47.70
Total Issued H Shares	456,190,000	100.00	48.73	526,190,000	100.00	52.30	1,006,190,000	100.00	100.00
TOTAL ISSUED SHARES	936,190,000		100.00	1,006,190,000		100.00	1,006,190,000		100.00

Shareholders and potential investors should note that the proposed Conversion of the Domestic Shares is subject to the approvals from the relevant regulatory authorities. As the Conversion of the Domestic Shares may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Closing Date”	the date falling three Business Days immediately after the date on which all the conditions set out in the Placing Agreement shall have been fulfilled, or such other date as the Company and the Placing Agent may agree in writing
“Company”	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 PRC with limited liability, whose H shares are listed on the Stock Exchange
“Completion”	completion of the obligation of parties on the Closing Date with respect to the Placing pursuant to the Placing Agreement
“connected person(s)”	has the meaning as defined in the Listing Rules
“Conversion of the Domestic Shares”	the proposed conversion of the entire issued non-listed Domestic Shares to H Shares and to be listed on the Stock Exchange
“CSDCC”	中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Limited*)
“CSRC”	China Securities Regulatory Committee
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of the Company with a nominal value of RMB0.10 each in the share capital of the Company
“Domestic Shareholders”	the holders of the Domestic Share(s)

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 15 June 2012, pursuant to which the Directors are authorised to allot, issue and deal with each of the H Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H Shares and Domestic Shares, respectively
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are listed on the Stock Exchange and are subscribed for and traded in Hong Kong Dollars
“H Shareholders”	the holders of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollar” or HK\$	the lawful currency of Hong Kong
“Independent Third Party”	a third party or parties, together with its beneficial owner(s) (if any) which are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for and purchase of any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placement of Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Anglo Chinese Securities, Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 2 May 2013 entered into between the Company and the Placing Agent in respect of the Placing

“Placing Price”	HK\$0.80 per Placing Share which may be subject to amendment but in any event shall not be higher than HK\$0.80 per H Share and not less than HK\$0.65 per H Share.
“Placing Shares”	an aggregate of up to 70,000,000 new H Shares to be allotted and issued pursuant to the Placing under the General Mandate
“PRC”	The People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this announcement, translations of RMB into HK\$ are made for illustration purposes only at the exchange rate of RMB1 to HK\$1.25. This announcement has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

** English names are translated for identification purposes only*

By Order of the Board
Shanghai Tonva Petrochemical Co., Ltd.
Qian Wenhua
Chairman

Shanghai, 2 May 2013

As at the date of this announcement, the Board comprises 2 executive Directors: Qian Wenhua and Li Hongyuan; 1 non-executive Director: Chan Cheuk Wing Andy; and 3 independent non-executive Directors: Chung Cheuk Ming, Pan Min and Zhou Jianhao.