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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 incorporated in the People's Republic of China with limited liability)

(Stock code: 1103)

**MAJOR TRANSACTION RELATING TO THE DISPOSAL OF
ACCOUNT RECEIVABLE**

THE DISPOSAL

The Board is pleased to announce that on 25 July 2014, after the trading hours, the Company entered into the Disposal Agreement with the Purchaser, whereby the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Account Receivable at the consideration of RMB490,956,960 (equivalent to approximately HK\$619,342,000), which the Disposal Agreement became effective on the same date. Completion of the Disposal Agreement also took place on 25 July 2014.

Since certain applicable percentage ratios for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. As no Shareholders have any material interest in the Disposal, it is expected that no Shareholders will be required to abstain from voting at the general meeting of the Company, if required to be convened, in respect of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder.

On 25 July 2014, the Company received written shareholders' approval, approving the Disposal from Mr. Li, Mr. Qian and Shenzhen Dasheng, being a closely allied group of Shareholders holding a total of approximately 51.27% of the entire issued share capital of the Company. As a result, no general meeting is required to be convened for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules and the condition to the Disposal has been satisfied.

A circular containing, amongst other things, further details of the Disposal, the financial information of the Group and other general information of the Company is expected to be despatched to the Shareholders on or before 15 August 2014.

* *For identification purposes only*

The Board is pleased to announce that on 25 July 2014 after trading hours the Company has entered into the Disposal Agreement with the Purchaser, an Independent Third Party, whereby the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Account Receivable at the consideration of RMB490,956,960 (equivalent to approximately HK\$619,342,000), which the Disposal Agreement became effective on the same date. Completion of the Disposal Agreement also took place on 25 July 2014.

THE DISPOSAL AGREEMENT

Date

25 July 2014 (after trading hours)

Parties

Vendor : The Company

Purchaser : Shanghai Hao Chang Industrial Corporation Limited* (上海浩昌實業有限公司)

Consideration and payment terms

The Consideration for the Disposal of RMB490,956,960 (equivalent to approximately HK\$619,342,000) has been determined after arm's length negotiations among the parties to the Disposal Agreement with reference to the face value of the Account Receivable as at 25 July 2014, the possibility of the collection of the Account Receivable and the proximity of the receipt of money by the Company.

The Consideration shall be satisfied by the Purchaser in the following manner:—

- (a) a partial payment of RMB100,000,000 (equivalent to approximately HK\$126,150,000) shall be paid in cash by the Purchaser to the Company upon signing of the Disposal Agreement and prior to 10 August 2014;
- (b) a further partial payment of RMB100,000,000 (equivalent to approximately HK\$126,150,000) shall be paid in cash by the Purchaser to the Company prior to 31 August 2014; and
- (c) the remaining balance of RMB290,956,960 (equivalent to approximately HK\$367,042,000) shall be paid in cash by the Purchasers to the Company prior to 31 October 2014.

Account Receivable to be disposed of

Pursuant to the Disposal Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Account Receivable. The Account Receivable is owed by Shanghai Tongye, a customer of the Company, incurred from in the Company's ordinary and usual course of business.

Condition precedent

Completion of the Disposal Agreement is conditional upon satisfaction of obtaining the necessary approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders of the Company in accordance with the Listing Rules. The said condition has been satisfied on 25 July 2014 by obtaining a written shareholders' approval, the details of which are set out in the paragraph headed "LISTING RULES IMPLICATION OF THE DISPOSAL" below.

Completion

Completion of the Disposal Agreement shall take place on the date on which the notices of change of ownership of Account Receivable to Shanghai Tongye and the Guarantor respectively in accordance with the terms and conditions of the Disposal Agreement, which have already completed on 25 July 2014.

Late Fee and termination

If the Purchaser fails to pay the Consideration in the manner as set out in the paragraph headed "Consideration and payment terms" above, the Purchaser shall pay to the Company a late fee as penalty, being 0.1% of the then duly payable outstanding amount. If the payable amount has been overdue for more than 60 days, then the Company has the right to terminate the Disposal Agreement unilaterally.

Information of the Company

The Group is principally engaged in road and bridge construction business and fuel oil and asphalt trading business.

Information of the Purchaser

The Purchaser is a company incorporated in the PRC which is engaged in chemical products business in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

It is estimated that, upon Completion, the Group will record a loss before taxation of approximately RMB25,840,000 (equivalent to approximately HK\$32,597,000), which is calculated on the basis of the consideration less the face value of the Account Receivable. The actual loss arising from the Disposal is subject to the final tax impact on the Disposal and accordingly may be different from the above amount.

As at the date of this announcement, the Group is principally engaged in road and bridge construction business and fuel oil and asphalt trading business in the PRC. The Directors believe that the Disposal represents a good opportunity for the Group to strengthen the Group's current liquidity position by exchanging the account receivable to cash in a more predictable timeframe. Moreover, the sale proceeds from the Disposal could enhance the Group's working capital position as well as providing additional capital resources for the Group to make further investment on other potential profitable projects should suitable opportunities arise. As at the date of this announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggered the disclosure obligation on the part of the Company pursuant to the Listing Rules. Therefore, the Directors consider the Disposal is in line with the Group's overall business strategy.

The Directors also consider that the terms and conditions of the Disposal are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION OF THE DISPOSAL

Since certain applicable percentage ratios for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. As no Shareholders have any material interest in the Disposal, it is expected that no Shareholders will be required to abstain from voting at the general meeting of the Company, if required to be convened, in respect of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder.

Mr. Li, Mr. Qian and Shenzhen Dasheng are in aggregate interested in 480,000,000 Shares, representing approximately 51.27% of the existing issued share capital of the Company as at the date of this announcement, have given a written shareholder's approval to the Disposal in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As such, no Shareholders' meeting will be held to approve the Disposals pursuant to Rule 14.44 of the Listing Rules. The number of Shares held by such Shareholders is as follows:

Name of Shareholders	Number of Shares	% of the Issued Share Capital of the Company
Mr. Li	37,690,500	4.03%
Mr. Qian	195,529,500	20.88%
Shenzhen Dasheng	246,780,000	26.36%
Total:	<u>480,000,000</u>	<u>51.27%</u>

A circular containing, amongst other things, further details of the Disposal, the financial information of the Group and other general information of the Company is expected to be despatched to the Shareholders on or before 15 August 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Account Receivable”	the debt owed by Shanghai Tongye to the Company in the total sum of RMB516,796,800 (equivalent to approximately HK\$651,939,000), being the account receivable of the Company
“Board”	the board of Directors
“Company”	Shanghai Tonva Petrochemical Co. Ltd.* (上海棟華石油化工股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	consideration of the Disposal amounted to RMB490,956,960 (equivalent to approximately HK\$619,342,000)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Account Receivable by the Company to the Purchaser pursuant to the Disposal Agreement

“Disposal Agreement”	the agreement for transfer of debt dated 25 July 2014 entered into between the Company and the Purchaser in relation to the Disposal
“Domestic Share(s)”	the ordinary domestic share(s) of the Company with a nominal value of RMB 0.10 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	the guarantor for all of the liabilities of Shanghai Tongye in respect of the Account Receivable, who is an Independent Third Party
“H Share(s)”	the 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Hongyuan* (李鴻源), a Domestic Shareholder holding in aggregate 37,690,500 Domestic Shares as at the date of this announcement
“Mr. Qian”	Mr. Qian Wenhua* (錢文華), a Domestic Shareholder holding in aggregate 195,529,500 Domestic Shares as at the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Shanghai Hao Chang Industrial Corporation Limited* (上海浩昌實業有限公司), a company incorporated in the PRC, being the purchaser of the Disposal Agreement

“Shanghai Tongye”	Shanghai Tongye Coal Chemical Group Corporation Limited* (上海同業煤化集團有限公司), a customer of the Company, a company incorporated in the PRC, being the debtor, of the total sum of RMB516,796,800 (equivalent to approximately HK\$651,939,000) owed to, the Company, and an Independent Third Party
“Share(s)”	the Domestic Shares and H Shares
“Shareholder(s)”	holders of the Domestic Shares and H Shares
“Shenzhen Dasheng”	Shenzhen Dasheng Agricultural Group Co. Ltd.* (深圳市大生農業集團有限公司), a company incorporated in the PRC and a Domestic Shareholder holding in aggregate 246,780,000 Domestic Shares as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *The English translation in this announcement is for reference only. The official names are in Chinese.*

By Order of the Board
Shanghai Tonva Petrochemical Co., Ltd.
Lan Huasheng
Chairman

Shanghai, PRC, 25 July 2014

As at the date of this announcement, the Board comprises 3 executive directors: Mr. Lan Huasheng, Mr. Mo Luojiang and Mr. Wang Liguu; 1 non-executive director: Mr. Chan Cheuk Wing Andy; and 3 independent non-executive directors: Mr. Chung Cheuk Ming, Ms. Pan Min and Mr. Zhou Jianhao.

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.2615 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.