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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 PRC with limited liability)

(Stock code: 8251)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
CHANGE OF AUDITORS**

The Board announces that on 30 September 2009, the Company entered into the Acquisition Agreement with Mr. Zhu, pursuant to which the Company agreed to acquire 20% equity interest in Taihua from Mr. Zhu at a consideration of RMB12,691,775 (or approximately HK\$14,341,706).

As one of the relevant percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition, when aggregate with the Previous Acquisition, is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under the GEM Listing Rules.

The Company, prior to the Acquisition, held 80% equity interest in Taihua. As Mr. Zhu is a director of Taihua and a holder of 20% equity interest in Taihua before the Acquisition, he is a connected person of the Company under Rule 20.11 of the GEM Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition.

The Board announces that PwC have tendered their resignation as the auditors of the Company on 30 September 2009. The Board shall seek the approval of Shareholders at the SGM to appoint BDO as the new auditors of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting..

* For identification purposes only

A circular containing, among other things, (i) details of the Acquisition; (ii) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the Acquisition; (iii) the advice from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition; (iv) appointment of new auditors of the Company; and (v) a notice of the SGM will be dispatched to the Shareholders as soon as practicable.

THE ACQUISITION AGREEMENT

Date

30 September 2009

Parties

- (1) Mr. Zhu as vendor
- (2) The Company as purchaser

Taihua is a subsidiary of the Company. Before the Acquisition, Mr. Zhu and the Company hold 20% and 80% equity interest in Taihua respectively. Mr. Zhu is also a director of Taihua. As such, Mr. Zhu is a connected person of the Company under Rule 20.11 of the GEM Listing Rules.

Assets to be acquired

20% equity interest in Taihua

Consideration

The Company agrees to pay RMB12,691,775 (or approximately HK\$14,341,706) to Mr. Zhu for his 20% equity interest in Taihua which is to be settled in cash according to the following installments:

- (a) payment of RMB4,000,000 (or approximately HK\$4,520,000) within 10 days from signing of the Acquisition Agreement;
- (b) payment of RMB4,000,000 (or approximately HK\$4,520,000) within 10 days from the date of the circular regarding the Acquisition to be dispatched by the Company to the Shareholders; and

- (c) payment of the balance of consideration of RMB4,691,775 (or approximately HK\$5,301,706) within 10 days from the date of passing resolutions to approve the Acquisition at the SGM, but on the condition that Mr. Zhu has collected all the outstanding receivables of Taihua (being RMB3,583,341 as at the date of the Acquisition Agreement) by then. If Mr. Zhu is unable to collect all the outstanding receivables of Taihua by the 10th day from the date of passing resolutions to approve the Acquisition at the SGM, then the Company will only be required to pay an amount equal to the sum of RMB1,108,434 (being the difference between the balance of consideration of RMB4,691,775 and the outstanding receivables of Taihua of RMB3,583,341 as at the date of the Acquisition Agreement) and the amount of receivables of Taihua collected by Mr. Zhu. For the remaining balance of consideration, whenever Mr. Zhu has collected any outstanding receivables of Taihua, the Company will pay an equivalent amount to Mr. Zhu, until the remaining balance of consideration has been fully paid.

The consideration for the Acquisition and the terms of the Acquisition Agreement were reached based on arm's length negotiations among the Company and Mr. Zhu with reference to the net asset value of Taihua as at 31 August 2009, which is RMB63,458,875.

Completion

The completion of the Acquisition is conditional upon the fulfillment of the following:—

- (a) the approval by the Stock Exchange of this announcement and the circular regarding the Acquisition to be dispatched by the Company to the Shareholders;
- (b) the passing of resolutions to approve the Acquisition by the Shareholders at the SGM; and
- (c) the approval by the relevant PRC governmental authorities, if required.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Board considers the prospect of fuel oil business is in general positive. Prior to the signing of the Acquisition Agreement, the Group holds 80% equity interest in Taihua. After the completion of the Acquisition, Taihua will become a wholly-owned subsidiary of the Company. The Acquisition will enable the Company to fully control Taihua.

The Directors, excluding the independent non-executive Directors, consider that the terms of the Acquisition Agreement are fair and reasonable and are negotiated on an arm's length basis and on normal commercial terms, and the entering into of the Acquisition Agreement by the Company is in the interests of the Company and its shareholders as a whole. The independent non-executive Directors will provide their view on the Acquisition upon receiving advice from the Independent Financial Adviser, and their view and recommendation to the independent board committee and the Independent Shareholders will be included in the circular to be issued by the Company to the Shareholders in relation to the Acquisition.

INFORMATION ABOUT TAIHUA

Taihua is a limited liability company established in the PRC on 23 March 2007. Prior to the signing of the Acquisition Agreement, Taihua was beneficially held as to 20% by Mr. Zhu and 80% by the Company. Taihua is principally engaged in the trading of fuel oil business in the PRC.

The financial statements of Taihua are prepared in accordance with PRC GAAP. The audited net asset value of Taihua amounted to approximately RMB69,537,000 (or approximately HK\$78,577,000) as at 31 December 2008 and approximately RMB7,167,000 (or approximately HK\$8,099,000) as at 31 December 2007. The audited financial information of Taihua for the period ended 31 December 2008 and 31 December 2007 is as follows:

	1 January 2008 to 31 December 2008	23 March 2007 (being the date of Taihua's establishment) to 31 December 2007
	<i>RMB</i>	<i>RMB</i>
Profit before taxation	9,906,000	2,167,000
Profit after taxation	7,369,000	2,167,000

Taihua is accounted for as a subsidiary of the Company and its accounts are consolidated in the financial statements of the Company prior to the Acquisition. After completion of the Acquisition, the accounts of Taihua will remain consolidated in the financial statement of the Company.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in asphalt trade, fuel oil trade, road and bridge construction and provision of logistic service in the PRC. The Group offers “one-stop” solutions to customers ranging from procurement, storage and delivery of asphalt and fuel oil. The Group’s asphalt and fuel oil trading business geographically covers the downstream region of Yangtze River and some inland provinces. Its logistics services cover vehicle transportation, waterway transportation, inland water transportation and the storage of asphalt and fuel oil products. As for the road and bridge construction business, the Group has construction contract tier 1 qualifications and municipal utility contract tier 1 qualifications. The H shares of the Company are listed on GEM.

IMPLICATION UNDER THE GEM LISTING RULES

The Acquisition will aggregate with the Previous Acquisition under the GEM Listing Rules. As one of the relevant percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition, when aggregate with the Previous Acquisition, is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under the GEM Listing Rules.

The Company, prior to the Acquisition, holds 80% equity interest in Taihua. As Mr. Zhu is a director of Taihua and a holder of 20% equity interest in Taihua before the Acquisition, he is a connected person of the Company under Rule 20.11 of the GEM Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition.

CHANGE OF AUDITORS

The Board announces that PwC have tendered their resignation as the auditors of the Company on 30 September 2009 as PwC and the Company could not reach a consensus on the audit fee for the financial year ending 31 December 2009. According to the articles of association of the Company, the Board shall seek the approval of the Shareholders at the SGM to appoint BDO as the new auditors of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting.

The Board and the audit committee of the Company have confirmed that there is no matter in connection with the resignation of PwC that needs to be brought to the attention of the Shareholders or creditors of the Company. PwC have also confirmed in their letter of resignation that there is no matter in connection with their resignation that needs to be brought to the attention of the Shareholders or creditors of the Company.

PwC have not commenced any audit work on the financial statements of the Company and its subsidiaries for the financial year ending 31 December 2009. The Company would like to thank PwC for their professional services over the past years and look forward to working with BDO.

GENERAL

A circular containing, among other things, (i) details of the Acquisition; (ii) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the Acquisition; (iii) the advice from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition; (iv) appointment of new auditors of the Company; and (v) a notice of the SGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

“Acquisition”	the acquisition by the Company of 20% equity interest in Taihua from Mr. Zhu in accordance with the terms of the Acquisition Agreement
“Acquisition Agreement”	agreement dated 30 September 2009 entered into between Mr. Zhu as vendor and the Company as purchaser in relation to the Acquisition
“Board”	the board of Directors
“BDO”	BDO Limited
“Company”	上海棟華石油化工股份有限公司(Shanghai Tonva Petrochemical Co., Ltd.) (Stock Code: 8251), a joint stock company established in the PRC with limited liability and the H Shares of which are listed on GEM
“Directors”	the directors of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out 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) and the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“H Share(s)”	overseas-listed foreign invested share(s) of the Company with a nominal value of RMB0.10 each
“Independent Shareholders”	Shareholders other than those who are required under the GEM Listing Rules to abstain from voting on the resolution to be proposed at the SGM to approve the Acquisition
“Mr. Zhu”	Mr. Zhu Zhijian (朱志鑒), a director of Taihua, who holds 20% equity interest in Taihua prior to the signing of the Acquisition Agreement
“PRC”	The People’s Republic of China
“PRC GAAP”	accounting principles generally accepted in the PRC
“Previous Acquisition”	the acquisition by the Company of 9% equity interest in Taihua from Mr. Zhu in accordance with the terms of an acquisition agreement entered into between Mr. Zhu as vendor and the Company as purchaser dated 30 April 2009, and the details of which are set out in the announcement of the Company dated 30 April 2009
“PwC”	PricewaterhouseCoopers
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened to consider, if thought fit, to approve the Acquisition and change of auditors of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taihua”	上海泰華石油化工有限公司(Shanghai Taihua Petrochemical Limited), a limited liability company established in the PRC on 23 March 2007
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.13. No representation is made that any amounts in RMB could have been or could be converted at those rates or at any other rates.

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

Shanghai, the PRC, 30 September 2009

As at the date of this announcement, the Board comprises 6 executive Directors: Qian Wenhua, Lu Yong, Jin Xiaohua, Mo Luojiang, Zhang Jinhua and Li Hongyuan; 2 non-executive Directors: Hsu Chun-min and Ho Man; and 3 independent non-executive Directors: Zhu Shengfu, Li Li and Ye Mingzhu.

This announcement, 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, (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.

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 posting and on the website of the Company at <http://www.tonva.com>.