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RPC 瑞豐石化

Ruifeng Petroleum Chemical Holdings Limited
瑞豐石化控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8096)

**DEED OF SETTLEMENT
AND
ISSUE OF NEW SHARES**

The Board announces that on 5 June 2012 (after trading hours), the Company has entered into a Deed of Settlement with the Creditor pursuant to which the Creditor requested the full and final settlement of the Loan by capitalizing the principal amount of HK\$30,000,000 by means of issuing and allotting the Loan Settlement Shares to the Creditor.

The Loan Settlement Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 7 May 2012.

The Loan Settlement Shares amount to 138,000,000 new Shares, representing approximately 2.8% of the issued share capital of the Company as at the date of this announcement and approximately 2.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares.

DEED OF SETTLEMENT

Date: 5 June 2012 (after trading hours)

Parties:

Debtor: The Company

Creditor: Modern Profit Development Limited, a company incorporated in Hong Kong with limited liability, an independent third party not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Modern Profit Development Limited is a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules). At the date of this announcement, Modern Profit Development Limited did not hold any Shares.

Information of the Loan and the issue of the Loan Settlement Shares

The Loan is owed to Modern Profit Development Limited. Pursuant to the Deed of Settlement, Modern Profit Development Limited requested the full and final settlement of the Loan by capitalization of the outstanding principal of the Loan, which amounts to HK\$30,000,000, by the issue and allotment of the Loan Settlement Shares to Modern Profit Development Limited. The Company agreed to issue the Loan Settlement Shares on or before 30 June 2012, or such later date as agreed by the Company and Modern Profit Development Limited for the full and final settlement of the Loan pursuant to the Deed of Settlement. The repayment date of the Loan is 1 July 2012.

The Loan Settlement Shares to be allotted to Modern Profit Development Limited, being 138,000,000 new Shares, represents approximately 2.8% of the issued share capital of the Company as at the date of this announcement and approximately 2.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares.

The Loan Settlement Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Loan Settlement Shares.

Conditions of the Deed of Settlement

Completion of the issue of the Loan Settlement Shares is conditional upon the grant of the listing of, and permission to deal in, the Loan Settlement Shares by the Listing Committee of GEM (and such listing and permission not subsequently revoked prior to the delivery of valid and definitive share certificate(s) representing the Loan Settlement Shares to HKSCC).

General mandate to issue the Loan Settlement Shares

The Loan Settlement Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under General Mandate is 970,363,723 Shares. As at the date of this announcement, the Company has allotted and issued 112,000,000 Shares pursuant to the General Mandate. The remaining balance of 858,363,723 Shares under the existing General Mandate is sufficient for the allotment and issue of the Loan Settlement Shares. The Company has not repurchased any Shares within the 30 days prior to the date of this announcement.

Issue Price for the issue of Loan Settlement Shares

The Loan Settlement Shares will be issued under 2 tranches, one of which is in respect of 48,000,000 Loan Settlement Shares to be issued at the price of HK\$0.25 per Loan Settlement Share; whereas the other tranche is in respect of 90,000,000 Loan Settlement Shares to be issued at the price of HK\$0.20 per Loan Settlement Share.

The Issue Price of HK\$0.25 in respect of the 48,000,000 Loan Settlement Shares represents:–

- (i) a premium of approximately 20.77% to the closing price of HK\$0.207 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of the Deed of Settlement; and
- (ii) a premium of approximately 23.76% to the average closing price of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of this announcement.

The Issue Price of HK\$0.20 in respect of the 90,000,000 Loan Settlement Share represents:–

- (i) a discount of approximately 3.38% to the closing price of HK\$0.207 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of the Deed of Settlement; and
- (ii) a discount of approximately 0.99% to the average closing price of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of this announcement.

The Issue Price was arrived at after arm's length negotiations between the Company and the Creditors with reference to the recent trading prices of the Shares as shown above. The Directors consider the Issue Price and the terms and conditions of the Deed of Settlement fair and reasonable and in the interests of the Company and Shareholders as a whole.

Application for listing

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

Shareholding Structure of the Company

The shareholding structure of the Company immediately before completion of the issue of the Loan Settlement Shares and immediately after completion of the issue of the Loan Settlement Shares are and will be as follows:–

Shareholders	Existing shareholding (as at the date of this announcement)		Shareholding immediately after the Loan Settlement Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Inno Smart (note 1)	775,000,000	15.6%	775,000,000	14.2%
Yu, Won Kong Dennis	4,218,000	0.1%	4,218,000	0.1%
Black Sea (note 2)	1,100,000,000	22.2%	1,100,000,000	20.2%
Xu Ziming	664,020,000	13.4%	664,020,000	12.2%
Public Shareholders				
Ms. Huang			114,915,156	2.1%
Ms. Cao			100,310,992	1.8%
Mr. Dong			132,540,756	2.4%
Modern Profit Development Limited			138,000,000	2.5%
Other public Shareholders	<u>2,420,580,617</u>	<u>48.7%</u>	<u>2,420,580,617</u>	<u>44.5%</u>
Total	<u>4,963,818,617</u>	<u>100.0%</u>	<u>5,449,585,521</u>	<u>100.0%</u>

Note:

1. Inno Smart Group Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned 50% by Mr. Yu Won Kong, Dennis (an executive Director) and 50% by Mr. Yue Wai Keung (an executive Director).
2. Black Sea Horizon Investment Holdings Limited (“Black Sea”), a company incorporated in Hong Kong with limited liability, is beneficially owned as to 60% by Ms. Zhao Shu Min, and the remaining 40% is beneficially and jointly owned by Mr. Chan Wai Lun Anthony (the chairman and executive Director) and Chan Kin Wah Daniel.

Reasons for entering into the Deed of Settlement

The Deed of Settlement serves to convert the outstanding principal and interest of the Loan into equity capital of the Company and, therefore, can reduce the amount of borrowings of the Group and improve its financial position in an efficient and effective manner. The Directors are of the opinion that it is in the interest of the Company to preserve as much liquidity as possible in order to strengthen the Group's financial position and secure a sustainable business growth. Since Modern Profit Development Limited is positive with the petroleum chemical industry and is willing to accept the Loan Settlement Shares for the settlement of the Loan, the Directors consider that it is for the benefit of the Company as a whole.

Fund raising activities of the Company in the past twelve-month period

Date of completion announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
13 October 2011	Placing of 60,000,000 new shares	Approximately HK\$40.8 million	Approximately HK\$29.0 million of which will be used to finance the potential acquisition of the 70% of equity interest in Zhoushan Boke Power Co Ltd. Remaining balance of approximately HK\$11.8 million will be used for general working capital.	Approximately HK\$29.0 million was used for the repayment of loans of the Group and approximately HK\$11.8 million has been used for general working capital of the Group.

Date of completion announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
6 December 2011	Placing of 232,000,000 new shares	Approximately HK\$56.4 million	For the general working capital of the Company.	Approximately HK\$53.8 million was used for the repayment of loans of the Group and approximately HK\$2.6 million was used for the general working capital of the Group.
13 February 2012	Placing of 43,627,000 new shares	Approximately HK\$9.65 million	Approximately HK\$6 million will be used for the repayment of loans. Remaining balance of Approximate HK\$3.65 million will be used for the general working capital purposes of the Group.	Approximately HK\$6 million was used for the repayment of loans. Remaining balance of Approximate HK\$3.65 million was used for the general working capital purposes of the Group.
13 May 2012	Placing of 112,000,000 new shares	Approximately HK\$21.74 million	Approximately HK\$17.74 million will be used for the repayment of loans. Remaining balance of Approximate HK\$4.0 million will be used for the general working capital purposes of the Group.	Approximately HK\$17.74 million was used for the repayment of loans. Remaining balance of Approximate HK\$4.0 million will be used for the general working capital purposes of the Group.

DEFINITIONS

“Board”	the board of Directors from time to time
“Company”	Ruifeng Petroleum Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected persons”	has the meaning ascribed thereto under the GEM Listing Rules
“Creditor”	Modern Profit Development Limited, a company incorporated in Hong Kong with limited liability, an independent third party not connected with the Company and its connected persons
“Deed of Settlement”	deed of settlement dated 5 June 2012 and entered into by the Company and the Creditor in relation to the capitalization of the Loan
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 7 May 2012
“Group”	the Company and all of its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules

“Issue Price”	the issue price of HK\$0.25 per Loan Settlement Share in respect of 48,000,000 Loan Settlement Shares and the issue price of HK\$0.20 per Loan Settlement Share in respect of 90,000,000 Loan Settlement Shares
“Loan”	Loan owed by the Company to Modern Profit Development Limited for a principal amount of HK\$30,000,000
“Loan Settlement Shares”	138,000,000 new shares to be issued and allotted to Modern Profit Development Limited for full and final settlement of the Loan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Ruifeng Petroleum Chemical Holdings Limited
Yu Won Kong Dennis
Executive Director

Hong Kong, 5 June 2012

As at the date of this announcement, the executive Directors are Mr. Chan Wai Lun Anthony (Chairman), Mr. Yu Won Kong Dennis, Mr. Yue Wai Keung and Mr. Guo Jing Sheng; the non-executive Director is Mr. Chan Kwan Pak; and the independent non-executive Directors are Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Li Wing Sum, Steven.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM Website at www.hkgem.com for a minimum period of seven days from the day of its publication and on the website of the Company at www.ruifengholdings.com.