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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)

(I) CONNECTED TRANSACTIONS
(II) CAPITALISATION OF SHAREHOLDERS' LOANS
(III) SUBSCRIPTION OF NEW SHARES

CAPITALISATION AGREEMENT

On 28 November 2012, the Company entered into the Capitalisation Agreement with Mr. Chan and Mr. Yue, pursuant to which Mr. Chan and Mr. Yue have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 200,000,000 new Shares and 366,973,177 new Shares respectively at a subscription price of HK\$0.10 per Share.

As at the date of the Capitalisation Agreement, the Company was indebted to each of Mr. Chan and Mr. Yue in the sum of HK\$26,375,207 and HK\$36,697,317.70 respectively. The Shareholders' Loans are interest-free and unsecured. The subscription price payable by each of Mr. Chan and Mr. Yue under the Capitalisation Agreement will be satisfied by capitalising the entire amount of the Shareholders' Loans due from the Company to Mr. Chan and Mr. Yue.

The Capitalisation Shares represent (i) approximately 10.33% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 9.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares; and (iii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares and the Subscription Shares.

Completion of the Capitalisation is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Capitalisation” in this announcement.

SUBSCRIPTION AGREEMENT

On 28 November 2012, the Company entered into the Subscription Agreement with Mr. Chan pursuant to which Mr. Chan has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 200,000,000 new Shares at a subscription price of HK\$0.10 per Share.

The Subscription Shares represent (i) approximately 3.64% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 3.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 3.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Capitalisation Shares.

Completion of the Subscription is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Subscription” in this announcement.

The net proceeds from the Subscription of approximately HK\$19,850,000 are intended to be used (i) as to approximately HK\$10,000,000 for the repayment of loans of the Group; and (ii) as to approximately HK\$9,850,000 for the general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

Mr. Chan (the chairman of the Company) and Mr. Yue are executive Directors. The Capitalisation and the Subscription therefore constitute connected transactions on the part of the Company under Rule 20.13 of the GEM Listing Rules and will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Mr. Chan, Mr. Yue and their respective associates will abstain from voting for the relevant resolutions approving the Capitalisation and the Subscription at the EGM.

The Capitalisation Shares and the Subscription Shares will be issued under the specific mandate to be sought at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares and the Subscription Shares.

The Independent Board Committee comprising three independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Capitalisation and the Subscription are fair and reasonable and whether the Capitalisation and the Subscription are in the interests of the Company and its Shareholders as a whole and to advise on the Independent Shareholders on how to vote, taking into account of the recommendations of the independent financial advisers to be appointed, at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Capitalisation and the Subscription, the letter from the independent financial adviser to the Independent Board Committee on the Capitalisation and the Subscription, the recommendation of the Independent Board Committee to the Independent Shareholders on the Capitalisation and the Subscription together with the notice of EGM will be despatched to the Shareholders on or before 19 December 2012.

CAPITALISATION AGREEMENT

On 28 November 2012, the Company entered into the Capitalisation Agreement with Mr. Chan and Mr. Yue, pursuant to which Mr. Chan and Mr. Yue have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 200,000,000 new Shares and 366,973,177 new Shares respectively at a subscription price of HK\$0.10 per Share.

As at the date of the Capitalisation Agreement, the Company was indebted to each of Mr. Chan and Mr. Yue in the sum of HK\$26,375,207 and HK\$36,697,317.70 respectively. The Shareholders' Loans are interest-free and unsecured. There are no undertakings provided by the Company to capitalise the Shareholders' Loans.

The subscription price payable by each of Mr. Chan and Mr. Yue under the Capitalisation Agreement will be satisfied by capitalising the entire amount of the Shareholders' Loans due from the Company to Mr. Chan and Mr. Yue.

The Capitalisation Shares represent (i) approximately 10.33% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 9.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares; and (iii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares and the Subscription Shares.

The Capitalisation Shares will be allotted and issued pursuant to a specific mandate to be sought from the Independent Shareholders at the EGM.

Subscription Price

The subscription price of HK\$0.10 per Capitalisation Share represents:

- (a) a premium of approximately 47.06% over the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on 27 November 2012, being the Last Trading Day;
- (b) a premium of approximately 41.64% over the average closing price of approximately HK\$0.071 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 39.66% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The subscription price of HK\$0.10 per Capitalisation Share was arrived at after arm's length negotiations between the Company, Mr. Chan and Mr. Yue. The Directors (excluding the independent non-executive Directors whose views will be given upon receipt of the IFA Letter) consider that the subscription price and the terms of the Capitalisation and the Capitalisation Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

Rights

The Capitalisation Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Capitalisation Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

Conditions of the Capitalisation

The Capitalisation is conditional upon the following conditions having been fulfilled:

- (a) the passing by the Independent Shareholders at the EGM the necessary resolutions approving the Capitalisation Agreement and the transactions contemplated thereunder; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Capitalisation Shares.

The conditions of the Capitalisation Agreement cannot be waived by the parties to the Capitalisation Agreement. In the event that the conditions are not fulfilled on or before the Long Stop Date, the Capitalisation Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Capitalisation Agreement save for any antecedent breach of any obligation thereof.

Completion

Completion of the Capitalisation will take place on the third Business Days after the conditions of the Capitalisation are fulfilled.

SUBSCRIPTION AGREEMENT

On 28 November 2012, the Company entered into the Subscription Agreement with Mr. Chan pursuant to which Mr. Chan has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 200,000,000 new Shares at a subscription price of HK\$0.10 per Share.

The Subscription Shares represent (i) approximately 3.64% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 3.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 3.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Capitalisation Shares.

The Subscription Shares will be allotted and issued pursuant to a specific mandate to be sought from the Independent Shareholders at the EGM.

Subscription Price

The subscription price of HK\$0.10 per Subscription Share represents:

- (a) a premium of approximately 47.06% over the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on 27 November 2012, being the Last Trading Day;
- (b) a premium of approximately 41.64% over the average closing price of approximately HK\$0.071 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 39.66% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The subscription price of HK\$0.10 per Subscription Share was arrived at after arm's length negotiations between the Company and Mr. Chan. The Directors (excluding the independent non-executive Directors whose views will be given upon receipt of the IFA Letter) consider that the subscription price and the terms of the Subscription and the Subscription Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

Rights

The Subscription Shares, when issued and allotted, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled:

- (a) the passing by the Independent Shareholders at the EGM the necessary resolutions approving the Subscription Agreement and the transactions contemplated thereunder; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares.

The conditions of the Subscription Agreement cannot be waived by the parties to the Subscription Agreement. In the event that the conditions are not fulfilled on or before the Long Stop Date, the Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement save for any antecedent breach of any obligation thereof.

Completion

Completion of the Subscription will take place on the third Business Days after the conditions of the Subscription are fulfilled.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Capitalisation and the Subscription are as follows:

Name of Shareholders	At the date of this announcement and immediately before completion of the Capitalisation and the Subscription		Immediately after completion of the Capitalisation assuming no completion of the Subscription		Immediately after completion of the Subscription assuming no completion of the Capitalisation		Immediately after completion of the Capitalisation and the Subscription	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Inno Smart (Note 1)	525,000,000	9.56	525,000,000	8.67	525,000,000	9.23	525,000,000	8.39
Black Sea (Note 2)	1,100,000,000	20.04	1,100,000,000	18.16	1,100,000,000	19.33	1,100,000,000	17.58
Mr. Yu Won Kong, Dennis	4,218,000	0.08	4,218,000	0.07	4,218,000	0.07	4,218,000	0.07
Mr. Xu Ziming	419,627,000	7.64	419,627,000	6.93	419,627,000	7.37	419,627,000	6.71
Mr. Chan	-	-	200,000,000	3.30	200,000,000	3.52	400,000,000	6.39
Mr. Yue	-	-	366,973,177	6.06	-	-	366,973,177	5.86
Public Shareholders								
Other public Shareholders	3,441,385,436	62.68	3,441,385,436	56.81	3,441,385,436	60.48	3,441,385,436	55.00
Total	5,490,230,436	100.00	6,057,203,613	100.00	5,690,230,436	100.00	6,257,203,613	100.00

Notes:

- 1 Inno Smart, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned 50% by Mr. Yu Won Kong, Dennis (a former executive Director) and 50% by Mr. Yue Wai Keung (an executive Director).
- 2 Black Sea is a company incorporated in Hong Kong with limited liabilities and is 60% owned by Mr. Chan Wai Lun, Anthony (the Chairman and executive Director) in trust for 北京黑海宏業投資控股有限公司 (for identification purpose only, with English transliteration as “Beijing Black Sea Horizon Investment Holdings Limited”) and 40% by Investia Consultancy Limited which is beneficially and jointly owned as to 50% by Mr. Chan Wai Lun, Anthony and as to 50% by Mr. Chan Kin Wah Daniel who is the son of Mr. Chan Wai Lun Anthony. Beijing Black Sea Horizon Investment Holdings Limited is an enterprise established in the PRC. Investia Consultancy Limited is a company incorporated in British Virgin Islands with limited liabilities.

REASONS FOR THE CAPITALISATION AND SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in fuel oil processing, trading and other related business as well as the distribution of computing software and related products.

In view of the working capital requirements of the Group, the Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening the capital base of the Company.

The Directors also consider that the Capitalisation will enlarge the capital base of the Company and will reduce the gearing level of the Group thereby strengthening the financial position of the Group.

The Directors (excluding the independent non-executive Directors whose views will be given upon receipt of the IFA Letter) consider that the Capitalisation Agreement and the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the parties to the Capitalisation Agreement and the Subscription Agreement and that the terms of the Capitalisation and the Subscription are fair and reasonable and are in the interests of the Shareholders as a whole.

The gross proceeds raised from the Subscription will be HK\$20,000,000. The net proceeds from the Subscription of approximately HK\$19,850,000 are intended to be used (i) as to approximately HK\$10,000,000 for the repayment of loans of the Group; and (ii) as to approximately HK\$9,850,000 for the general working capital of the Group. The net subscription price will be about HK\$0.099 per Subscription Share.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Except for the fund raising activities as mentioned below, the Board confirms that there has not been any fund raising exercise made by the Company in the twelve months immediately preceding the date of this announcement.

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 was used for the general working capital purposes of the Group.

GEM LISTING RULES IMPLICATION

Mr. Chan (the chairman of the Company) and Mr. Yue are executive Directors. The Capitalisation and the Subscription therefore constitute connected transactions on the part of the Company under Rule 20.13 of the GEM Listing Rules and will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Mr. Chan, Mr. Yue and their respective associates will abstain from voting for the relevant resolutions approving the Capitalisation and the Subscription at the EGM.

The Independent Board Committee comprising three independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Capitalisation and the Subscription are fair and reasonable and whether the Capitalisation and the Subscription are in the interests of the Company and its Shareholders as a whole and to advise on the Independent Shareholders on how to vote, taking into account of the recommendations of the independent financial advisers to be appointed, at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Capitalisation and the Subscription, the letter from the independent financial adviser to the Independent Board Committee on the Capitalisation and the Subscription, the recommendation of the Independent Board Committee to the Independent Shareholders on the Capitalisation and the Subscription together with the notice of EGM will be despatched to the Shareholders on or before 19 December 2012.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Black Sea”	Black Sea Horizon Investment Holdings Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holidays) on which the licensed banks are generally open for business in Hong Kong during their normal business hours

“Capitalisation”	the subscription of the Capitalisation Shares at HK\$0.10 per Capitalisation Share by Mr. Chan and Mr. Yue under the Capitalisation Agreement by capitalising the entire amount of the Shareholders’ Loans
“Capitalisation Agreement”	the conditional subscription agreement dated 28 November 2012 and entered into between the Company, Mr. Chan and Mr. Yue in relation to the Capitalisation
“Capitalisation Shares”	an aggregate number of 566,973,177 new Shares: (i) as to 200,000,000 new Shares to be subscribed by Mr. Chan; and (ii) as to 366,973,177 new Shares to be subscribed by Mr. Yue pursuant to the Capitalisation Agreement
“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 the GEM board of the Stock Exchange
“Directors”	directors (including the independent non-executive directors) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company to consider, and if thought fit, to approve, among other matters, the Capitalisation Agreement and the Subscription Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“IFA Letter”	the letter from the independent financial adviser to the Independent Board Committee on the Capitalisation and the Subscription
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Capitalisation and the Subscription
“Independent Shareholders”	Shareholders other than Mr. Chan, Mr. Yue and their respective associates
“Inno Smart”	Inno Smart Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Last Trading Day”	27 November 2012, being the last trading day of the Shares on the Stock Exchange prior to the entering into of the Capitalisation Agreement and the Subscription Agreement
“Long Stop Date”	28 February 2013 or such other date as may be agreed by the relevant parties under the Capitalisation Agreement or the Subscription Agreement as the case may be
“Mr. Chan”	Mr. Chan Wai Lun Anthony, an executive Director and chairman of the Company
“Mr. Yue”	Mr. Yue Wai Keung, an executive Director
“PRC”	the People’s Republic of China
“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)
“Shareholders’ Loans”	part of the shareholder’s loan indebted by the Company to Mr. Chan in the aggregate sum of HK\$20,000,000 and the entire shareholder’s loan indebted by the Company to Mr. Yue in the aggregate sum of HK\$36,697,317.70 as at the date of this announcement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares at HK\$0.10 per Subscription Share by Mr. Chan under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 28 November 2012 and entered into between the Company and Mr. Chan in relation to the Subscription
“Subscription Shares”	an aggregate number of 200,000,000 new Shares to be subscribed by Mr. Chan pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the board of directors of
Ruifeng Petroleum Chemical Holdings Limited
Chan Wai Lun, Anthony
Chairman

Hong Kong, 28 November 2012

As at the date of this announcement, the executive Directors are Mr. Chan Wai Lun Anthony (Chairman), 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.