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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)

SETTLEMENT DEEDS
AND
PROPOSED ISSUE OF SHARES UNDER GENERAL MANDATE

The Board announces that on 17 February 2012 (after trading hours), the Company has entered into (i) the First Deed of Settlement with Mr. Huang, pursuant to which Mr. Huang requested the full and final settlement of the First Loan by capitalization of the First Loan (the aggregate outstanding principal amount together with accrued interest up to the date of this announcement amounted in aggregate to RMB20,187,800 (approximately HK\$24,871,370)) to the capital of the Company by the issue and allotment of the First Batch Settlement Shares to Mr. Huang; and (ii) the Second Deed of Settlement with Mr. Li, pursuant to which Mr. Li requested the full and final settlement of the Second Loan by capitalization of the Second Loan (the aggregate outstanding principal amount together with accrued interest up to the date of this announcement amounted in aggregate to RMB5,715,068 (approximately HK\$7,040,964)) to the capital of the Company by the issue and allotment of the Second Batch Settlement Shares to Mr. Li.

The issue of the Loan Settlement Shares is not subject to Shareholders' approval as the Loan Settlement Shares will be issued under the General Mandate.

The First Batch Settlement Shares to be allotted to Mr. Huang, being 113,671,707 new Shares, will be issued under the General Mandate, representing approximately 2.84% of the issued share capital of the Company as at the date of this announcement and approximately 2.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares and, subject to the completion of the Subscription, the Subscription Shares, as defined in the Subscription Announcement.

The Second Batch Settlement Shares to be allotted to Mr. Li, being 32,179,910 new Shares, will be issued under the General Mandate, representing approximately 0.80% of the issued share capital of the Company as at the date of this announcement and approximately 0.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares and, subject to the completion of the Subscription, the Subscription Shares, as defined in the Subscription Announcement.

The Loan Settlement Shares, in aggregate being 145,851,617 new Shares representing approximately 3.65% of the issued share capital of the Company as at the date of this announcement and approximately 3.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares and, subject to the completion of the Subscription, the Subscription Shares, as defined in the Subscription Announcement.

I. FIRST DEED OF SETTLEMENT

Date : 17 February 2012 (after trading hours)

Parties : Debtor : the Company

Creditor : Mr. Huang, an independent third party not connected with the Company and its connected persons (as defined under the Listing Rules)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Huang is Independent Third Party of the Company and its connected persons. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries at the date of this announcement, Mr. Huang does not hold any Shares.

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

The First Loan originally owed by the Debtors. Pursuant to the First Deed of Settlement, Mr. Huang requested the full and final settlement of the First Loan by capitalization of the First Loan (the aggregate outstanding principal amount together with accrued interest up to the date of this announcement amounted in aggregate to RMB20,187,800 (approximately HK\$24,871,370) to the capital of the Company by the issue and allotment of the First Batch Settlement Shares to Mr. Huang. The Company agreed to take up the payment obligations of the Debtors and issue of the First Batch Settlement Shares on or before 31 March 2012, or such later date as agreed by the Company and Mr. Huang for full and final settlement of the First Loan pursuant to the First Deed of Settlement.

The First Batch Settlement Shares to be allotted to Mr. Huang, being 113,671,707 new Shares, will be issued under the General Mandate, representing approximately 2.84% of the issued share capital of the Company as at the date of this announcement and approximately 2.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares and, subject to the completion of the Subscription, the Subscription Shares, as defined in the Subscription Announcement.

Condition of the First Deed of Settlement

Completion of the capitalization of the First Loan and issue of the First Batch Settlement Shares are conditional upon the fulfillment of all the following conditions:

- (i) the granting of the listing of and permission to deal in the First Batch Settlement Shares by the Listing Committee of GEM; and
- (ii) the Company having received the approval from the Shareholders, if necessary, at the EGM to approve the allotment and issuance of First Batch Settlement Shares.

II. SECOND DEED OF SETTLEMENT

Date : 17 February 2012 (after trading hours)

Parties : Debtor : the Company

Creditor : Mr. Li, an independent third party not connected with the Company and its connected persons (as defined under the Listing Rules)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li is Independent Third Party of the Company and its connected persons. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries at the date of this announcement, Mr. Li does not hold any Shares.

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

The Second Loan originally owed by Foshan Ruifeng. Pursuant to the Second Deed of Settlement, Mr. Li requested the full and final settlement of the Second Loan by capitalization of the Second Loan (the aggregate outstanding principal amount together with accrued interest up to the date of this announcement amounted in aggregate to RMB5,715,068 (approximately HK\$7,040,964) to the capital of the Company by the issue and allotment of the Second Batch Settlement Shares to Mr. Li. The Company agreed to take up the payment obligations of Foshan Ruifeng and issue of the Second Batch Settlement Shares on or before 31 March 2012, or such later date as agreed by the Company and Mr. Li for full and final settlement of the Second Loan pursuant to the Second Deed of Settlement.

The Second Batch Settlement Shares to be allotted to Mr. Li, being 32,179,910 new Shares, will be issued under the General Mandate, representing approximately 0.80% of the issued share capital of the Company as at the date of this announcement and approximately 0.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Settlement Shares and, subject to the completion of the Subscription, the Subscription Shares, as defined in the Subscription Announcement.

Condition of the Second Deed of Settlement

Completion of the capitalization of the Second Loan and issue of the Second Batch Settlement Shares are conditional upon the fulfillment of all the following conditions:

- (iii) the granting of the listing of and permission to deal in the Second Batch Settlement Shares by the Listing Committee of GEM; and
- (iv) the Company having received the approval from the Shareholders, if necessary, at the EGM to approve the allotment and issuance of Second Batch Settlement Shares.

General mandate to issue 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.

The issue of the Loan Settlement Shares is not subject to Shareholders' approval as the Loan Settlement Shares will be allotted and issued under the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 737,852,360 Shares. Assuming the Subscription, as defined in the Subscription Announcement, has been completed, the Company has allotted and issued 335,672,000 Shares pursuant to the General Mandate. The remaining balance of 402,180,360 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 last 30 days prior to the date of this announcement.

Issue Price for issue of the Loan Settlement Shares

The Issue Price for issue of each Loan Settlement Share is HK\$0.2188 which represents:–

- (i) a discount of approximately 17.43% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on 17 February 2012, being the last trading day of the Shares immediately before the date of the Settlement Deeds; and
- (ii) a discount of approximately 19.85% to the average closing price of approximately HK\$0.273 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 Mr. Huang with reference to the prevailing market prices of the Shares as shown above. The Issue Price was also arrived at after arm's length negotiations between the Company, and Mr. Li with reference to the prevailing market prices of the Shares as shown above. The Directors consider the Issue Price and the terms and conditions of the Settlement Deeds are 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, assuming the Placing and the Subscription have been completed, are and will be as follows:–

Shareholders	Existing shareholding (as at the date of this announcement)		Shareholding immediately after the Placing and the Subscription		Shareholding immediately after the Placing, the Subscription and the issue of Loan Settlement Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
	Inno (<i>note</i>)	1,875,000,000	46.9%	1,875,000,000	46.4%	1,875,000,000
Yu, Won Kong Dennis	4,218,000	0.1%	4,218,000	0.1%	4,218,000	0.1%
Public Shareholders						
The Placees	–	–	43,672,000	1.1%	43,672,000	1.0%
Mr. Huang	–	–	–	–	113,671,707	2.7%
Mr. Li	–	–	–	–	32,179,910	0.8%
Other public Shareholders	<u>2,119,057,000</u>	<u>53.0%</u>	<u>2,119,057,000</u>	<u>52.4%</u>	<u>2,119,057,000</u>	<u>50.6%</u>
Total	<u><u>3,998,275,000</u></u>	<u><u>100.0%</u></u>	<u><u>4,041,947,000</u></u>	<u><u>100.0%</u></u>	<u><u>4,187,798,617</u></u>	<u><u>100.0%</u></u>

Note:

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 (the Chairman and an executive Director) and 50% by Mr. Yue Wai Keung (an executive Director).

Reasons for entering into the of Settlement Deeds

The Settlement Deeds serve 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 working capital 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 Mr. Huang and Mr. Li are positive with the petroleum chemical industry and are willing to accept the Loan Settlement Shares for full and final settlement of the Loan, the Directors consider that it is for the benefit of the Company.

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

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of completion announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
18 February 2011	Placing of the three-year zero coupon convertible bonds up to an aggregate principal amount of HK\$444,500,000	Approximately HK\$433 million	To fund the acquisition of fuel oil processing and related business completed on 31 December 2010 and working capital.	The entire amount of the net proceeds has been used to fund the acquisition of fuel oil processing and related business completed on 31 December 2010 and working capital.
14 March 2011	Placing of an aggregate of 145,000,000 unlisted warrants	Approximately HK\$174,000,000 (in the event all unlisted warrants are exercised in full)	For future investment opportunities and further business development and general working capital of the Group.	The warrant subscription price of approximately to HK\$261,000 has been used to fund the Group's working capital. As at the date of this announcement, no warrants have been exercised.
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 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.
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.

The Company has proposed to conduct the following fund raising activities, which is not yet completed, in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
13 February 2012	Placing of 43,672,000 new shares	expected to be approximately HK\$9.65 million	(i) Approximately HK\$6 million will be used for the repayment of loans of the Group; and (ii) Approximately HK\$3.65 million will be used for the general working capital purposes of the Group.	Not applicable

As completion of the capitalization of the Loan is subject to the fulfillment of condition precedents which are detailed in this announcement, the capitalization of loan and the issue of the Loan Settlement Shares may or may not be proceeded. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“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 person(s)”	has the meaning ascribed to it under the GEM Listing Rules and “connected” shall be construed accordingly
“Debtors”	collectively Foshan Suida, Foshan Beili, Foshan Ruifeng and Foshan Suifeng

“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Shareholders, if necessary, to be convened by the Company to consider and approve the issue of Loan Settlement Shares
“First Batch Settlement Shares”	113,671,707 new Shares to be issued and allotted to Mr. Huang for full and final settlement of the First Loan
“First Deed of Settlement”	Deed of Settlement dated 17 February 2012 and entered into by the Company and Mr. Huang in relation to the capitalization of the First Loan
“First Loan”	loan and the accrued interest originally owed by the Debtors to Mr. Huang for an aggregate amount of RMB20,187,800 (approximately HK\$24,871,370)
“Foshan Beili”	佛山市倍力燃料倉儲有限公司 (Foshan Beili Fuel Storage Co. Ltd) is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Foshan Ruifeng”	佛山市瑞豐石化燃料有限公司 (Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd) is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Foshan Suida”	佛山市穗達燃料有限公司 (Foshan Suida Fuel Co. Ltd) is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Foshan Suifeng”	佛山市穗豐石化能源有限公司 (Foshan Suifeng Fossil Fuel Co. Ltd) is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary 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 which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 27 April 2011 for issue and allot up to 737,852,360 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date thereof;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 of the Company in accordance with the GEM Listing Rule
“Inno”	Inno Smart Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Issue Price”	the issue price of HK\$0.2188 per Loan Settlement Share
“Loan”	collectively the First Loan and the Second Loan
“Loan Settlement Shares”	collectively the First Batch Settlement Shares and the Second Batch Settlement Shares
“Mr. Huang”	Mr. Huang Shaobin (黃紹斌), the creditor of the First Loan, an independent third party not connected with the Company and its connected persons (as defined under the Listing Rules)
“Mr. Li”	Mr. Li Jian Ming (李建明), the creditor of the Second Loan, an independent third party not connected with the Company and its connected persons (as defined under the Listing Rules)
“Placee”	has the meaning ascribed to it in the Subscription Announcement
“Placing”	has the meaning ascribed to it in the Subscription Announcement

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan”	loan and the accrued interest originally owed by Foshan Ruifeng to Mr. Li for an aggregate amount of RMB5,715,068 (approximately HK\$7,040,964)
“Second Batch Settlement Shares”	32,179,910 new Shares to be issued and allotted to Mr. Li for full and final settlement of the Second Loan
“Second Deed of Settlement”	Deed of Settlement dated 17 February 2012 and entered into by the Company and Mr. Li in relation to the capitalization of the Second Loan
“Settlement Deeds”	collectively the First Deed of Settlement and the Second Deed of Settlement
“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
“Subscription”	has the meaning ascribed to it in the Subscription Announcement
“Subscription Announcement”	The announcement, dated 13 February 2012, issued by the Company in respect of the placing of existing shares and subscription of new shares under General Mandate
“HK\$” or “HK dollars”	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
Chairman

Hong Kong, 17 February 2012

As at the date of this announcement, the board comprises Mr. Yu Won Kong Dennis and Mr. Yue Wai Keung as executive directors; Mr. Chan Kwan Pak as non-executive director; Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Yeung Chi Hung as independent non-executive directors.

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 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 at least 7 days from the date of its posting and on the website of the Company at www.thinsoftinc.com.

Unless otherwise stated, the conversion of RMB into HK\$ is based on the exchange rate of RMB\$1.00 = HK\$1.232.