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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)

BUSINESS AND FINANCIAL POSITION OF THE GROUP

This announcement is made by the board of directors (the “**Board**”) of Ruifeng Petroleum Chemical Holdings Limited (the Company, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

To keep the shareholders of the Company (the “**Shareholders**”) and the public informed of the Group’s business operation and financial position, the Board would like to provide the Shareholders and the public with the summary of preliminary unaudited financial information of the Group for the two financial years ended 31 December 2013 (the “**Two Financial Years**”), which were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited management accounts of the Group for the Two Financial Years, and is not based on any data or information that has been audited or reviewed by its auditors. The relevant financial information is pending for further review by the Company, its auditors and, if applicable, valuers and will be subject to changes resulting from, among others, further review by the Company, the outcome of the negotiation between the Company and its creditors as well as any adjustments that might be proposed by the auditors.

UNAUDITED INCOME STATEMENT

	For the year ended 31 December 2013 (HK\$'000)	For the year ended 31 December 2012 (HK\$'000)
Revenue	3,842	4,374
Cost of sales	<u>—</u>	<u>(2)</u>
Gross Profit	3,842	4,372
Other income and expenses	440	(226)
Expenses	(41,356)	(115,085)
Impairment of investment in Foshan Ruifeng	<u>—</u>	<u>(871,070)</u>
(Loss) before income tax	(37,074)	(982,009)
Income tax	<u>—</u>	<u>—</u>
(Loss) for the year attributable to equity holders of the Company	(37,074)	(982,009)
Other comprehensive income:		
Exchange translation differences	<u>83</u>	<u>4,975</u>
Total comprehensive (loss) attributable to equity holders of the Company for the year	<u><u>(36,991)</u></u>	<u><u>(977,034)</u></u>

UNAUDITED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2013 <i>(HK\$'000)</i>	As at 31 December 2012 <i>(HK\$'000)</i>
Non-current assets		
Property, plant and equipment	6	9
Available-for-sale financial assets	—	171
	<hr/>	<hr/>
Total non-current assets	6	180
Current Assets		
Inventories	—	473
Trade and other receivables	726,494	720,006
Cash and cash equivalents	1,860	2,221
	<hr/>	<hr/>
Total current assets	728,354	722,700
Current liabilities		
Loans and other borrowings	(67,800)	(67,800)
Trade and other payables	(486,189)	(470,813)
Amount due to directors	(8,921)	(58,524)
	<hr/>	<hr/>
Total current liabilities	(562,910)	(597,137)
Total liabilities	<hr/>	<hr/>
	(562,910)	(597,137)
TOTAL NET ASSETS	<hr/> <hr/>	<hr/> <hr/>
	165,450	125,743
EQUITY		
Share capital	(62,572)	(54,902)
Reserves	(102,878)	(70,841)
	<hr/>	<hr/>
Total equity attributable to:		
Equity holders of the Company	(165,450)	(125,743)
Non-controlling interests	—	—
	<hr/>	<hr/>
TOTAL EQUITY	<hr/> <hr/>	<hr/> <hr/>
	(165,450)	(125,743)

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue for the two years ended 31 December 2012 and 2013 represented the revenue of the Group recorded from Thinsoft Pte. Ltd., an indirect wholly-owned subsidiary engaging in the distribution of computer user software and related products in Singapore.

During the process of preparing the consolidated management accounts of the Company, it had come to the attention of the Board that the Group lost control of Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd (“**Foshan Ruifeng**”) during the financial year ended 31 December 2012. As summarized and disclosed in the announcement of the Company dated 17 February 2014, the 31 litigation cases brought about by banks, suppliers and money lenders in respect of Foshan Ruifeng had been concluded. Judgements were granted in favour of the plaintiffs, whereas Foshan Ruifeng and the co-defendants were ordered to repay the loans. Therefore, all the relating bank accounts have been frozen, supervised and under the control of court and bank creditors. Also, all the inventories, property, plant and equipment of Foshan Ruifeng, including land and buildings located in PRC, had been pledged to secure bank loans. These pledged assets have been put under the control of court as well.

In view that the operation and financial management of Foshan Ruifeng is controlled by the court, the Group therefore deconsolidated Foshan Ruifeng and accordingly Foshan Ruifeng’s subsidiaries (collectively, the “**Deconsolidated Group**”) from the Group’s financial statements since the financial year ended 31 December 2012 (the “**Deconsolidation**”).

Foshan Ruifeng is the principal asset of China Base International Limited (“**China Base**”), an existing indirect wholly-owned subsidiary of the Company and the immediate holding company of Foshan Ruifeng before the Deconsolidation. Taking into account of the Deconsolidation, the Group assessed the recoverability of China Base’s investment in the Deconsolidated Group and decided to impair approximately HK\$871.1 million, which represented the investment cost of China Base in Foshan Ruifeng, in the year ended 31 December 2012 (the “**Impairment**”).

The total comprehensive loss attributable to equity holders of the Company for the year 31 December 2012 was mainly due to the loss recorded by the Company from the Impairment.

To rejuvenate the Group’s business in fuel oil processing and storage in China, the Group has since 2014 entered into fuel oil processing contract(s) and conducted oil processing business by itself and began to record revenue from this business segment for the year ending 31 December 2014.

Information in relation to liquidity and financial resources

For the two years ended 31 December 2013, the Group financed its operations and liabilities mainly by the loans from third parties (“**Creditors**”) and its directors (“**Director(s)**”). During the period under review and prior to the suspension in trading of the Company’s shares (“**Shares**”) on 2 April 2013, some of the Creditors and two Directors subscribed for new Shares by way of capitalization of their loans and in cash. During the two years ended 31 December 2012 and 2013, the Company capitalised total debts of approximately HK\$275.4 million and approximately HK\$56.7 million, respectively, and raised HK\$20 million cash in the year ended 31 December 2013 from the aforesaid issuance of new Shares. Subsequent to the aforesaid capitalization of loans, the two Directors continued to provide financial support to the Group.

Prior to the Deconsolidation, for the purpose of supporting the operations of the Deconsolidated Group, the Company had guaranteed certain debts and liabilities of the Deconsolidated Group (the “**Guarantees**”). As at the date of this announcement, the Company is still in the process of ascertaining the contingent liabilities of the Company in respect of the Guarantees.

OUTLOOK

The Board is considering a restructuring plan of the Group and any possible action(s) that can be taken by the Group towards resumption in trading of the shares of the Company on the Stock Exchange, which will include but not limited to sourcing of white knight and conducting restructuring of its debts and capital. In view that the Group is the subject of certain litigations and there is uncertainty on its contingent liabilities in respect of the Guarantees, the sourcing process of white knight may take a longer time but should there be any material progress, further announcement will be made by the Company as and when appropriate.

APPRECIATION

The Board is grateful for the perseverance and resilience of the staff of the Group in such a difficult time and give thanks to all of them for their unswerving efforts. The Board also takes this opportunity to express hearty gratitude to all Shareholders, investors and business partners for their patience, understanding and continued support during the adverse period of time.

SUSPENSION OF TRADING

As disclosed in the announcements of the Company dated 2 April 2013 and 25 September 2013, trading in its shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2013 until the conditions of the Stock Exchange as disclosed in the Company’s announcement dated 25 September 2013 are satisfied. Trading of the shares of the Company will remain suspended until further notice.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the Shares.

By Order of the Board
Ruifeng Petroleum Chemical Holdings Limited
Chan Wai Lun, Anthony
Chairman

Hong Kong, 19 September 2014

As at the date of this announcement, the Directors of the Company are: executive Directors Mr. Chan Wai Lun, Anthony (Chairman) and Mr. Yue Wai Keung (Chief Executive Officer); non-executive Director Mr. Chan Kwan Pak; and independent non-executive Directors Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Dr. Lam Lee G.

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 enquires, 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.