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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)

**UNAUDITED FINANCIAL INFORMATION FOR
THE YEAR ENDED 31 DECEMBER 2014
AND
UPDATE ON RECENT DEVELOPMENT OF
SUSPENSION OF TRADING**

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).

**UNAUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31
DECEMBER 2014 AFTER THE EXCLUSION OF THE DECONSOLIDATED
GROUP**

Reference is made to (i) the Company’s announcement dated 19 September 2014 in respect of, among others, the loss of control and deconsolidation of Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd (“**Foshan Ruifeng**”) and its subsidiaries (the “**Deconsolidated Group**”) from the Group’s financial statements since the financial year ended 31 December 2012; and (ii) its announcement dated 13 March 2015 in respect of the delay in the publication of the audited results and annual report for the year ended 31 December 2014 (the “**Announcements**”). Unless otherwise specified, terms used herein shall have the same meaning as those defined in the Announcements.

In order to keep the shareholders of the Company (the “**Shareholders**”) and the public informed of the Group’s business operation and financial position, the board of directors (the “**Directors**”) of the Company (the “**Board**”) would like to provide the Shareholders and the public with the preliminary unaudited financial information of the Group (after the exclusion of the Deconsolidated Group) for the year ended 31 December 2014 together with the unaudited comparative figures for the year 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 (“**HKFRSs**”).

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 the 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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

| | | As at 31 December 2014 <i>(HK\$'000)</i> | As at 31 December 2013 <i>(HK\$'000)</i> |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 4.1 | <u>3</u> | <u>6</u> |
| Total non-current assets | | 3 | 6 |
| Current Assets | | | |
| Trade receivables | 4.2 | 264 | 148 |
| Deposits, prepayments and other receivables | 4.3 | 726,535 | 726,346 |
| Cash and cash equivalents | 4.4 | <u>1,869</u> | <u>1,860</u> |
| Total current assets | | 728,668 | 728,354 |
| Current liabilities | | | |
| Loans and other borrowings | 4.6 | 31,528 | 67,800 |
| Trade payables | 4.5 | 7,621 | 7,384 |
| Accruals and other payables | 4.7 | 477,590 | 478,805 |
| Amount due to directors | | <u>69,713</u> | <u>8,921</u> |
| Total current liabilities | | 586,452 | 562,910 |
| Total assets less current liabilities | | <u>142,219</u> | <u>165,450</u> |
| TOTAL NET ASSETS | | 142,219 | 165,450 |
| EQUITY | | | |
| Share capital | | 62,572 | 62,572 |
| Reserves | | <u>79,647</u> | <u>102,878</u> |
| Total equity attributable to: | | | |
| Equity holders of the Company | | 142,219 | 165,450 |
| Non-controlling interests | | <u>—</u> | <u>—</u> |
| TOTAL EQUITY | | <u>142,219</u> | <u>165,450</u> |

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

| | | Year ended 31 December 2014 <i>(HK\$'000)</i> | Year ended 31 December 2013 <i>(HK\$'000)</i> |
|--|--------------|--|--|
| | <i>Notes</i> | | |
| Revenue | 4.8 | 4,824 | 3,842 |
| Cost of sales | | <u>(1,192)</u> | <u>–</u> |
| Gross Profit | | 3,632 | 3,842 |
| Other income | 4.8 | 3,430 | 710 |
| Other expenses | | (243) | (270) |
| Selling and distribution costs | | (531) | (259) |
| Administrative expenses | | (20,007) | (27,116) |
| Finance costs | | <u>(9,420)</u> | <u>(13,981)</u> |
| (Loss) before income tax | | (23,139) | (37,074) |
| Income tax | | <u>–</u> | <u>–</u> |
| (Loss) for the year attributable to equity holders of the Company | | <u>(23,139)</u> | <u>(37,074)</u> |
| Other comprehensive income: | | | |
| Exchange translation differences | | 282 | 83 |
| Total comprehensive (loss) attributable to equity holders of the Company for the year | | <u>(22,857)</u> | <u>(36,991)</u> |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Capital reserves <i>HK\$'000</i> | Foreign currency translation reserve <i>HK\$'000</i> | Share- based payment reserve <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Total equity <i>HK\$'000</i> |
|-----------------------------------|-------------------------------------|-------------------------------------|--|--|--|--|------------------------------------|
| Balance at 1 January 2014 | 62,572 | 1,198,604 | 7,246 | 5,058 | 374 | (1,108,404) | 165,450 |
| Comprehensive loss for the year | - | - | - | - | - | (23,139) | (23,139) |
| Total other comprehensive income | - | - | - | 282 | - | - | 282 |
| Total comprehensive income/(loss) | - | - | - | 282 | - | (23,139) | (22,857) |
| Release on lapse of share options | - | - | - | - | (374) | - | (374) |
| Balance at 31 December 2014 | <u>62,572</u> | <u>1,198,604</u> | <u>7,246</u> | <u>5,340</u> | <u>-</u> | <u>(1,131,543)</u> | <u>142,219</u> |

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

| | <i>Notes</i> | 2014 <i>(HK\$'000)</i> | 2013 <i>(HK\$'000)</i> |
|---|--------------|----------------------------------|---------------------------|
| Cash flows from operating activities | | | |
| (Loss) before tax | | (23,139) | (37,074) |
| Adjustment for: | | | |
| Finance costs | | 9,420 | 13,981 |
| Depreciation of property, plant and equipment | | 3 | 3 |
| Interest paid | | (9,249) | (6,937) |
| Write off available-for-sale financial asset | | – | 171 |
| Write off inventory | | – | 473 |
| | | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | | (22,965) | (29,383) |
| Change in working capital: | | | |
| (Increase) in trade receivables | | (116) | (17) |
| (Increase) in prepayments, deposits and other receivables | | (189) | (6,471) |
| Increase in trade payable | | 237 | 7,054 |
| (Decrease)/increase in other payables and accruals | | (1,215) | 21,279 |
| Increase in amount due to directors | | 60,792 | 7,094 |
| | | <hr/> | <hr/> |
| Cash generated from operations | | 59,509 | 28,939 |
| Net cash flows from/(used in) operating activities | | 36,544 | (444) |
| Financial activities: | | | |
| Repayment of loans | | (36,817) | – |
| Cash (used in) financing activities | | (36,817) | – |
| Net decrease in cash and cash equivalents | | (273) | (444) |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Cash and cash equivalents at beginning of year | | 1,860 | 2,221 |
| Effect of exchange rate changes | | 282 | 83 |
| Cash and cash equivalents at end of year | <i>4.4</i> | 1,869 | 1,860 |
| | | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Overview of the Company

Ruifeng Petroleum Chemical Holdings Limited (the “**Company**”) is an investment holding company. The principal activities of the Company and its subsidiaries (together the “**Group**”) are fuel oil processing and storage and the development and distribution of computer software solutions and related products and services. Commencing from 2014, the Company also directly accepts oil processing and storage orders from customers for directing to its subsidiaries or others which have facilities to executive such orders.

The Company is listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Ruifeng Petroleum Chemical Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 13/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong and the address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. These unaudited consolidated financial information are presented in units of Hong Kong dollars, unless otherwise stated.

2. Basis of Preparation

These unaudited consolidated financial statements of the Group (after the exclusion of the Deconsolidated Group) have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Reference is made to the announcement of the Company dated 19 September 2014, the, the Group has 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**”).

3. Significant Accounting Policies

Book-keeping Bases and Measurement Principles

The Company adopts the accrual basis as the basis of book-keeping in accounting. All those income realized and expenses incurred during the year are stated as income and expenses for the year whether they are settled or not. Those income and expenses not come under the year are not stated as income and expenses for the year even they are settled during the year.

Foreign Currency Translation

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Measurement and Depreciation Methods for Fixed Assets

The fixed assets of the Group are mainly office equipment, which are accounted for at costs on acquisition. Costs on acquisition comprise the purchase price, import tariff, relevant expenses like transportation and insurance, and all necessary outgoings to bring the fixed assets to the anticipated conditions for use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, if any, using the straight line method as follows:

| | |
|--------------------------|---------|
| – Furniture and fixtures | 5 years |
|--------------------------|---------|

Financial asset

Financial assets of the Group within the scope of HKAS 39 are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include trade receivables, prepayments, deposits and other receivables, financial assets at fair value through profit or loss, and cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in the income statement. The loss arising from impairment is recognised in the income statement.

Financial liabilities

Financial liabilities of the Group within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised costs, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals, amounts due to directors and derivative financial instruments. Financial liabilities subsequently measured at fair value through profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Principle of Revenue Recognition

For the year ended 31 December 2014, the Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

- (i) the software segment – provision of computer software solutions and related services;
- (ii) the fuel oil segment – provision of fuel oil processing and storage services.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (ii) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

4. Major Items in Accounting Statements

4.1 *Property, plant and equipment*

| | Furniture and fixtures <i>(HK\$'000)</i> |
|--------------------------------|--|
| Cost | |
| 1 January and 31 December 2014 | 12 |
| Accumulated depreciation | |
| 1 January 2014 | (6) |
| Charge for the year | (3) |
| 31 December 2014 | (9) |
| Carrying value | |
| 31 December 2014 | <u>6</u> |
| 31 December 2013 | <u>3</u> |

4.2 Trade receivable

At 31 December 2014 and 2013, the ageing analysis of trade receivables based on invoice date was as follows:

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|--------------|--|--|
| 0-30 days | 140 | – |
| 31-60 days | – | – |
| 61-90 days | 71 | – |
| Over 90 days | 53 | 148 |
| | <hr/> | <hr/> |
| Total | 264 | 148 |

4.3 Deposits, prepayments and other receivables

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|--------------------------------------|--|--|
| Other receivable | 84 | 4 |
| Amount due from deconsolidated group | 726,451 | 726,342 |
| | <hr/> | <hr/> |
| Total | 726,535 | 726,346 |

4.4 Cash and cash equivalents

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|--------------------------|--|--|
| Cash on hand | 758 | 357 |
| Cash at bank | 740 | 1,116 |
| Short-term bank deposits | 371 | 387 |
| | <hr/> | <hr/> |
| Total | 1,869 | 1,860 |

4.5 Trade payables

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|--------------|--|--|
| 0-30 days | 22 | 159 |
| 31-60 days | – | 16 |
| 61-90 days | 709 | 12 |
| Over 90 days | <u>6,890</u> | <u>7,197</u> |
| Total | <u><u>7,621</u></u> | <u><u>7,384</u></u> |

4.6 Loans and other borrowings

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|----------------------------|--|--|
| Loans and other borrowings | <u><u>31,528</u></u> | <u><u>67,800</u></u> |

The loans and other borrowings are secured by personal guarantee of director(s).

4.7 Accrual and other payables

| | As at 31 December 2014 (HK\$'000) | As at 31 December 2013 (HK\$'000) |
|----------------|--|--|
| Staff payable | 29,395 | 19,173 |
| Accruals | 41,676 | 53,113 |
| Other payables | <u>406,519</u> | <u>406,519</u> |
| Total | <u><u>477,590</u></u> | <u><u>478,805</u></u> |

4.8 Revenue and other income

| | 2014 <i>(HK\$'000)</i> | 2013 <i>(HK\$'000)</i> |
|------------------------------|---------------------------|---------------------------|
| Revenue | | |
| – Oil processing and storage | 1,403 | – |
| – IT software | 3,421 | 3,842 |
| Other income | <u>3,430</u> | <u>710</u> |
| Total | <u><u>8,254</u></u> | <u><u>4,552</u></u> |

4.9 Loss before tax

| | 2014 <i>(HK\$'000)</i> | 2013 <i>(HK\$'000)</i> |
|-------------------------------------|---------------------------|---------------------------|
| Salaries and directors remuneration | 16,149 | 19,911 |
| Legal and professional fee | 2,192 | 3,240 |
| Foreign exchange losses, net | <u><u>–</u></u> | <u><u>101</u></u> |

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

Restructuring of the Group

Reference is made to the announcements dated 1 April 2015 and 4 May 2015 (the “**MOU Announcements**”). Unless the context otherwise requires, terms used in this section shall have the same meanings as those defined in the MOU Announcements.

Since the suspension in trading in the shares of the Company (the “**Shares**”) on 2 April 2013, the Board has been working hard to work out a restructuring plan and taking any possible action(s) that can be taken by the Group towards resumption in trading of the Shares.

As disclosed in the MOU Announcements, as part of the resumption plan of the Company, the Proposed Acquisition will allow the Group enter into a new business arena and open up a new income stream to the Group. It is currently expected that the resumption proposal for the restructuring of the Group will involve, among others, fund raising activities, disposal of Foshan Ruifeng, the transactions under the Director’s Debt Capitalisation Agreements and the Promissory Notes Restructuring Agreements and capitalisation of other indebtedness of the Group. Further announcements on the proposed restructuring of the Group will be made by the Company as and when appropriate.

Hong Kong litigations

- a. Re: Xu Ziming (HCA 450/2013). Reference is made to the announcement of the Company dated 8 May 2015 where it was disclosed that summary judgment was granted against the Company. The Company has decided and will lodge an appeal while maintaining discussions with Mr. Xu for a mutually acceptable solution to settle the dispute.
- b. Reference is made to the announcement of the Company dated 21 May 2015 where it was disclosed that 廣東省佛山市人民檢察院 (the People’s Procuratorate of Foshan, Guangdong Municipality*) has served an indictment dated 29 April 2015 on Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd., an indirectly wholly owned subsidiaries of the Company, (“**Foshan Ruifeng**”) and three of its former senior management employees for alleged dishonest acts (the “**Indictment**”). Foshan Ruifeng is seeking legal advice in respect of the Indictment. In any event, Foshan Ruifeng will contest the case vigorously and strive for the most favorable judgment for Foshan Ruifeng.

- c. Re: Industry and Commerce Bank of China, Foshan Nanhai Branch (“**ICBC**”) (HCMP 2378/2014): Reference is made to the announcement of the Company dated 27 May 2015 where it was disclosed that ICBC has registered the judgment of the 19 June 2012 PRC court for execution in Hong Kong. Notice of the Registration was served on the Company and China Base International Ltd., (“**China Base**”) an indirectly wholly owned subsidiary of the Company and the parent of Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd. (“**Foshan Ruifeng**”) Both the Company and China Base, among other corporations and individuals, were named as co-defendants in their capacity of guarantors to debts owing by Foshan Ruifeng to ICBC. The Company and China Base have decided to make application to the High Court of Hong Kong to set aside the Registration while maintaining discussions with ICBC to settle the dispute.

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, 29 May 2015

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

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.