THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ruifeng Petroleum Chemical Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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) VERY SUBSTANTIAL ACQUISITION OF 70% OF THE EQUITY INTEREST IN ZHOUSHAN BOKE POWER CO. LTD; (II) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LEASING AGREEMENT; AND (III) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Nuada Limited
Corporate Finance Advisory

A letter from the board of directors of the Company is set out from pages 5 to 28 of this circular. A letter from the independent board committee of the Company is set out on pages 29 to 30 of this circular. A letter from Nuada Limited, containing its advice to the independent board committee and the independent shareholders of the Company is set out from pages 31 to 35 of this circular.

The notice convening the extraordinary general meeting of the Company to be held at 6/F., New Henry House, No. 10 Ice House Street, Central, Hong Kong, on 12 October 2011 at 10:00 a.m. (the "**EGM**") is set out on pages 141 to 143 of this circular. A form of proxy for the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the EGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days and the Company's website at www.thincomputinginc.com or www.thinsoftinc.com from the date of its publication.

25 September 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires the following expressions shall have the following meanings:

"associates"	has the meaning as ascribed to it under the GEM Listing Rules
"April Announcement"	the announcement of the Company dated 19 April 2011
"Beili"	佛山市倍力燃料倉儲有限公司 (Foshan Beili Fuel Storage Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Boke"	舟山博克能源化工有限公司 (Zhoushan Boke Power Co. Ltd.*), a company established in the PRC with limited liability
"Boke Completion Accounts"	the financial statements of Boke which shall be delivered by the Vendor to Suida within three Business Days after the Completion Date.
"Business Day(s)"	any day(s) other than a Saturday, Sunday, statutory holiday or a day which the banks in Hong Kong and in the PRC are closed for business
"Company"	Ruifeng Petroleum Chemical Holdings Limited 瑞豐石化控股有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
"Completion"	completion of the New Acquisition
"Completion Date"	the date of Completion
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Directors"	the directors of the Company

"EGM"	an extraordinary general meeting to be convened by the Company to consider (and if appropriate, to approve), among other matters, the New Share Purchase Agreement, the Leasing Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by Boke after Completion
"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 its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Independent Board Committee"	the board committee of the Company comprising all independent non-executive Directors, namely Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Yeung Chi Hung, formed for the purpose of advising the Independent Shareholders on the terms and transactions contemplated under the Leasing Agreement and the Proposed Annual Caps
"Independent Financial Adviser"	Nuada Limited, a licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Leasing Agreement
"Independent Shareholders"	Shareholders other than the Vendor and its associates, in the event that the Vendor and/or its associates have become Shareholders after the date of this circular
"Latest Practicable Date"	23 September 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Leasing Agreement"	the framework agreement entered into between Boke and Yuye on 22 July 2011 in respect of the lease of oil storage facilities
"New Acquisition"	the acquisition by Suida from the Vendor of 70% of the equity interest in Boke pursuant to the New Share Purchase Agreement
"New Share Purchase Agreement"	the agreement dated 22 July 2011 entered into between Suida and the Vendor in relation to the New Acquisition
"Option"	the option to acquire the entire interest in Yuye which may be exercised on one or more occasions conditionally granted by the Vendor to Suida under the Option Agreement
"Option Acquisition"	the acquisition by Suida from the Vendor of the Option pursuant to the Option Agreement
"Option Agreement"	the option agreement dated 11 April 2011 entered into between the Vendor and Suida, which was terminated under the Termination Agreement
"Original Acquisition"	the proposed acquisition by Suida from the Vendor of the entire equity interest in Boke pursuant to the Original Share Purchase Agreement
"Original Share Purchase Agreement"	the share purchase agreement dated 11 April 2011 entered into between the Vendor and Suida in relation to the Original Acquisition, which was terminated under the Termination Agreement
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Proposed Annual Cap(s)"	the proposed maximum annual aggregate value(s) under the Leasing Agreement not being exempted from the independent Shareholders' approval requirement under the GEM Listing Rules
"RMB"	Renminbi Yuan, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.01 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structure Agreements"	the Structure Agreements as defined in the April Announcement
"Suida"	佛山市穗達燃料有限公司 (Foshan Suida Fuel Co. Ltd.*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
"Suifeng"	佛山市穗豐石化有限公司 (Foshan Suifeng Fossil Fuel Company Limited), a limited company established in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Company
"Termination"	the termination of the Original Share Purchase Agreement pursuant to the New Share Purchase Agreement and the termination of the Option Agreement pursuant to the Termination Agreement
"Termination Agreement"	the agreement dated 22 July 2011 entered into by Suida and the Vendor in relation to the Termination
"Vendor"	舟山瑞運能源有限公司 (Zhoushan Ruiyun Power Co. Ltd.*), a company established in the PRC with limited liability
"Yuye"	浙江省舟山漁業石油有限公司 (Zhejiang Yuye Petroleum Co. Ltd.*), a company established in the PRC with limited liability
"%"	per cent

For the purpose of this circular, translations of RMB into HK$ are made at the rate of HK$1.00 to RMB 0.8415 for illustration only.

* *For identification purpose only*

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)

Executive Directors:
Mr. Yu Won Kong Dennis *(Chairman)*
Mr. Yue Wai Keung

Non-executive Directors:
Mr. Chan Kwan Pak

Independent non-executive Directors:
Dr. Chen Tzyh-Trong
Dr. Lee Chung Mong
Mr. Yeung Chi Hung

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY 1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 818-822, 8th Floor,
Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

25 September 2011

To the Shareholders,

Dear Sir or Madam,

(I) VERY SUBSTANTIAL ACQUISITION OF 70% OF THE EQUITY INTEREST IN ZHOUSHAN BOKE POWER CO. LTD; (II) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LEASING AGREEMENT; AND (III) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 22 July 2011 in relation to, amongst others, (i) termination of the Original Acquisition and the Option Acquisition; (ii) the New Share Purchase Agreement and the transactions contemplated thereunder; and (iii) the Leasing Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with further information in relation to, amongst others, (i) a letter from the Board with its recommendation to the Shareholders in respect of the New Acquisition and the Leasing Agreement, together with all the transactions contemplated thereunder; (ii) the Leasing Agreement and the transactions contemplated thereunder; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in connection with the continuing connected transactions under the Leasing Agreement; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Leasing Agreement and the transactions contemplated thereunder; (v) the financial information of the Group; (vi) the financial information of Boke; (vii) the unaudited pro forma financial information of the Enlarged Group; and (viii) a notice of the EGM.

THE NEW SHARE PURCHASE AGREEMENT

Date 22 July 2011

Parties

The Purchaser: 佛山市穗達燃料有限公司 (Foshan Suida Fuel Co. Ltd.*), an indirect wholly-owned subsidiary of the Company which is owned in equal shares by Beili and Suifeng, each an indirect wholly-owned subsidiary of the Company

The Vendor: 舟山瑞運能源有限公司 (Zhoushan Ruiyun Power Co. Ltd.*)

To the best of the Director's knowledge, information and belief and having made all reasonable enquires:

(i) the Vendor and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and its connected persons;

(ii) the Vendor has no relationship with:

a. the vendors to the very substantial acquisition of the Company in relation to the acquisition of the equity interest in 佛山市瑞豐石化燃料有限公司 (Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd.*), details of which were set out in the announcement and the circular of the Company dated 29 October 2010 and 19 November 2010 respectively; nor

b. any holder of the convertible bonds issued under the specific mandate granted by the Shareholders at the extraordinary general meeting of the Company held on 6 December 2010.

Assets to be acquired

Pursuant to the New Share Purchase Agreement, Suida has conditionally agreed to acquire from the Vendor 70% of the equity interest in Boke. Immediately following Completion, Boke will be held as to 70% by Suida and as to 30% by the Vendor.

Consideration

The consideration for the New Acquisition will be RMB32.90 million (equivalent to approximately HK$39.10 million), which has been/shall be satisfied by cash and settled in the following manner:

(i) RMB9 million (equivalent to approximately HK$10.70 million) which has already been paid to the Vendor as deposit; and

(ii) an amount equivalent to RMB23.90 million (equivalent to approximately HK$28.40 million) minus the deduction as described under the paragraph headed "Consideration adjustment to the consideration for the New Acquisition" below (if any) to be paid to the Vendor within five Business Days after Completion.

Adjustment to the consideration for the New Acquisition

Pursuant to the New Share Purchase Agreement, the consideration for the New Acquisition may be adjusted with reference to the Boke Completion Accounts which shall be delivered by the Vendor to Suida within three Business Days after the Completion Date. Suida is entitled to deduct 70% of the following amount as shown in the Boke Completion Accounts from the consideration for the New Acquisition:

(i) the amount of any bank loans or long term liabilities (excluding any shareholder's loan, if any) incurred by Boke as at the Completion Date which are not shown in the audited financial statements of Boke for the year ended 31 December 2010;

(ii) the amount by which the current liabilities (including payables and current liabilities and debts incurred in the ordinary course of business) of Boke exceeds its current assets; and

(iii) any loss recorded in the income statement of Boke during the period from 1 January 2011 to the Completion Date.

The consideration was arrived at after arm's length negotiations between the parties with reference to (i) the net profit of Boke as at 31 December 2010, (ii) the scale of operation, marketing network, clientele and the business model that Boke has; and (iii) the fair value of 100% equity interest of Boke amounting to approximately RMB51.94 million, which is estimated by an independent professional valuer, Grant Sherman Appraisal Limited, through the application of market approach and relying on the Guideline Publicly Traded Company method as detailed in Appendix IV of this circular. In addition to the above, as the Completion is subject to various conditions precedent such as the fair value of 100% equity interest of Boke as shown in the valuation report should not be less than RMB47 million, the Directors consider that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent and Completion

The Completion shall be conditional upon, among other things, the following:

(1) Suida and its advisers being satisfied with the results of the due diligence review on Boke;

(2) Suida having obtained all necessary approvals required by the applicable laws (including all necessary resolutions required to be passed in the EGM by the Independent Shareholders) for the New Share Purchase Agreement and the transactions contemplated therein;

(3) the New Acquisition having been approved by the respective board of directors and shareholders of the Vendor and Suida;

(4) Suida having obtained a valuation report, prepared by an independent professional valuer approved by it and in a form and substance satisfactory to it, in respect of the fair market value of Boke, which states that the assessed fair market value of 100% equity interest of Boke is not less than RMB47 million;

(5) all licenses necessary for Boke to carry out its existing businesses are valid;

(6) Boke not having invested in any company or legal person (whether established in the PRC or elsewhere) other than those shown in its audited financial statements for the year ended 31 December 2010;

(7) there does not exist any material adverse change in the financial results and/or business of Boke;

(8) there does not exist any abnormal decrease in the inventory of Boke;

(9) there being no matters, facts or situations on the part of the Vendor that would constitute or possibly constitute a breach of warrant or terms of the New Share Purchase Agreement;

(10) a PRC legal opinion (in such form and substance to the satisfaction of Suida), having been issued by the PRC legal advisers nominated by Suida in relation to matters relating to the New Share Purchase Agreement and the transactions contemplated thereunder, including the legality and feasibility for Boke and its subsidiaries to hold their assets and carry other business after Completion; and

(11) Boke having executed new employment contracts with the key employees as specified in the New Share Purchase Agreement at Completion Date, pursuant to which the key employees will remain employed with Boke for a term of not less than 2 years (which may be extended for a further term of 2 years if mutually agreed).

Suida may at any time waive (amongst others) the above conditions precedent (5), (6), (7), (8), (9), (10) or (11) by written notice. Pursuant to the New Share Purchase Agreement, it is the discretion of the Company to waive the respective conditions precedent to the New Acquisition and the provision of such right gives the Company the flexibility to complete the New Acquisition. The Company has no intention to waive such conditions precedent at present and the Company will only waive such conditions precedent in a case where the Board determines it is of the interest of the Company and the Shareholders as a whole.

Where any of the conditions precedent set out in the New Share Purchase Agreement is not satisfied or waived, as appropriate, by 31 October 2011 (or such later date as Suida and the Vendor may agree) or if Suida serves a written termination notice to the Vendor, Suida shall not be bound to proceed with the New Acquisition, and the New Acquisition under the New Share Purchase Agreement shall cease and be terminated. Neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breaches of the terms of the New Share Purchase Agreement. The Vendor shall return the deposit paid under the New Share Purchase Agreement to Suida within 2 Business Days after the issuance of the termination notice.

Within 3 Business Days after the fulfilment of the conditions precedent as mentioned above, both parties shall proceed with the registration with the Administration of Industry and Commerce of the PRC in respect of the New Acquisition. Completion shall take place on the date when such registration is completed.

Information on the Group, the Vendor, Suida and Boke

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. As disclosed previously, the Company intends to operate the distribution of computer software business side by side with the fuel oil business. As at the Latest Practicable Date, the Board does not have any agreement, arrangement, understanding, intention or negotiation or whatsoever about any disposal, termination or scaling-down of the principal business of the Group.

The Vendor is engaged in the sales of fuel oil (excluding dangerous goods), mechanical equipment, petrochemical raw materials and metal materials.

Suida is an indirect wholly-owned subsidiary of the Company and principally engaged in the trading of fuel oil.

Boke is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC. The financial information of Boke, after audited by the Company's reporting accountant, Parker Randall CF (H.K.) CPA Limited, for the three years ended 31 December 2010 is set out below:

	For the year ended 31 December		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation and extraordinary items of Boke	703	3,081	10,065
Profit after taxation and extraordinary items of Boke	203	2,153	7,622

Per the Company's announcement dated 19 April 2011 and 22 July 2011 ("**Boke Acquisition Announcements**"), the profit before and after taxation and extraordinary items of Boke for the year ended 31 December 2009 were approximately HK$3,183,000 (equivalent to about RMB2,805,000) and HK$2,255,000 (equivalent to about RMB1,987,000) respectively. The differences in the profit before and after taxation and extraordinary items of Boke for the year ended 31 December 2009 between this circular and the Boke Acquisition Announcements were mainly due to the recognisation of retirement fund expenses amounting to approximately HK$102,000 in the accounts of Boke after audited by the Company's reporting accountant.

Per the Boke Acquisition Announcements, the profit before and after taxation and extraordinary items of Boke for the year ended 31 December 2010 were approximately HK$9,229,000 (equivalent to about RMB7,989,000) and HK$6,775,000 (equivalent to about RMB5,871,000) respectively. The differences in the profit before and after taxation and extraordinary items of Boke between this circular and the Boke Acquisition Announcements for the year ended 31 December 2010 were mainly due to the recognisation of gain on disposal on an associate amounting to approximately HK$929,000 in the accounts of Boke after audited by the Company's reporting accountant.

The audited net asset value of Boke as at 31 December 2010 was HK$23,995,000.

The difference of net asset value of Boke as at 31 December 2010 between this circular (i.e. HK$23,995,000) and the Boke Acquisition Announcements (i.e. RMB30,672,138, equivalent to about HK$36,449,000) was mainly due to a reclassification of a shareholder's loan amounting to RMB10,000,000 from "Company's reserve fund" to "due to holding company". The amount due to holding company was fully repaid before 31 March 2011.

Facilities Purchase Agreement

Pursuant to the New Share Purchase Agreement, the Vendor agreed to acquire certain non-movable oil tanks and storage facilities ("**Storage Facilities**") amounting to RMB4,165,000 (approximately HK$4,946,000) at its net carrying value from Boke (the "**Facilities Purchase Agreement**").

After reviewing the ownership documents of the Storage Facilities amounting to RMB2,231,000 (approximately HK$2,649,000) (the "**First Disposal Facilities**") in August 2011, it was found that the ownership of the First Disposal Facilities was already transferred and sold to a related party of the Vendor at its net carrying value and were derecognised in the financial statements of Boke in the year ended 31 December 2010 according to the Hong Kong Financial Reporting Standards (the "**HKFRS**") as audited by the Company's reporting accountant. However, on the date of signing the New Share Purchase Agreement, the First Disposal Facilities were not derecognised in Boke's PRC audited accounts for the year ended 31 December 2010 due to the difference in the derecognisation standard used in the Boke PRC audited accounts and HKFRS.

The remaining Storage Facilities amounting to RMB1,934,000 (approximately HK$2,297,000) will be sold to Vendor at its net carrying value before the Completion Date.

The Storage Facilities were built on lands ("**Lands**") which were leased by Boke. If the leases of the Lands cannot be renewed in the future, Boke may not be able to use the Storage Facilities and may incur impairment losses on these Storage Facilities ("**Potential Losses**"). In order to get rid of the risk of the Potential Losses, the Group agreed Boke to enter the Facilities Purchase Agreement with the Vendor to sell the Storage Facilities to Vendor at the net carrying value. On this basis, the Directors are of the view that the entering into Facilities Purchase Agreement is in the interest of the Company and Shareholders as a whole.

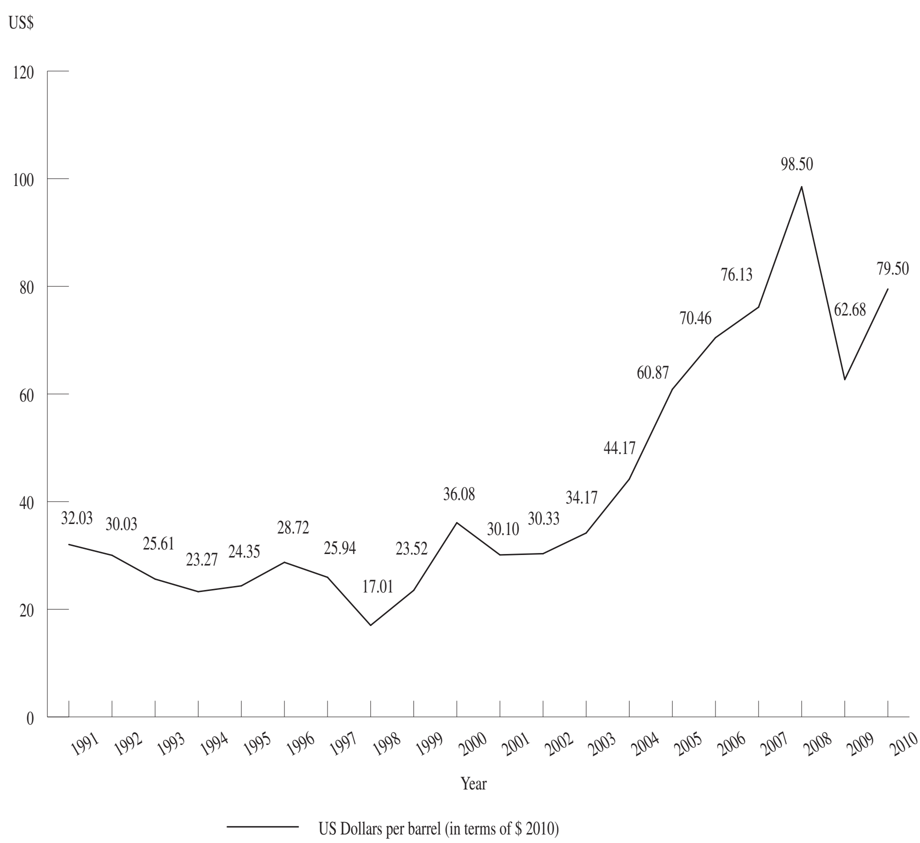
The Directors are of the view that the entering into of the Facilities Purchase Agreement will not have any negative operational and financial impact on the Enlarged Group because (i) most of the business activities of Boke were carried out in the oil storage facilities leased from Yuye under the Leasing Agreement; and (ii) the Storage Facilities were sold at the net carrying value under the Facilities Purchase Agreement, and no gain or loss was/will be recorded in the accounts of Boke.

INDUSTRY OVERVIEW

Crude Oil Prices

In the last decade, the crude oil price soared from US$30 per barrel in 2001 to US$80 per barrel in 2010. Global oil demand exceeded supply and huge funds flooded into commodity speculation and pushed up oil prices. Due to the global financial crisis in late 2008, the oil price eventually dropped from its peak of around US$100 per barrel to around US$60 per barrel in 2009. As illustrated in Exhibit 1, the situation turned around from mid-2009 when the global economy stabilized. Due to the gradual global economic recovery and positive global investment atmosphere, the oil price wandered between US$70 to US$90 per barrel in 2010. In view of the global commodity speculative activities, the future oil price is expected to be on an upward trend and might climb above US$100 per barrel in 2011.

Exhibit 1: Crude Oil Prices (1991-2010)



Source: BP Statistical Review of World Energy June 2011

Oil Market in the PRC

The PRC is the world's fastest-growing major economy, with average growth rates of 10% for the past 3 decades. With energy consumption representing 20% of world's total, the PRC overtook the U.S. as the largest energy consumer and was the second largest oil consumer, after the U.S. in 2010, according to a statistical review of world energy conducted by BP plc., one of the world's largest energy companies, as shown in Exhibit 2.

Exhibit 2: Energy Consumption by Fuel in 2010*

Million tonnes oil equivalent	Oil	Natural gas	Coal	Nuclear energy	Hydro-electicity	Renew-ables	Total	% of world's total
World	4,028.1	2,858.1	3,555.8	626.2	775.6	158.6	12,002.4	100%
People's Rep of China	428.6	98.1	1,713.5	16.7	163.1	12.1	2,432.2	20%
U.S.	850.0	621.0	524.6	192.2	58.8	39.1	2,285.7	19%
Russian Federation	147.6	372.7	93.8	38.5	38.1	0.1	69.9	6%
India	155.5	55.7	277.6	5.2	25.2	5.0	524.2	4%
Japan	201.6	85.1	123.7	66.2	19.3	5.1	500.9	4%
Germany	115.1	73.2	76.5	31.8	4.3	18.6	319.5	3%
Canada	102.3	84.5	23.4	20.3	82.9	3.3	316.7	3%
South Korea	105.6	38.6	76.0	33.4	0.8	0.5	255.0	2%
Brazi	116.9	23.8	12.4	3.3	89.6	7.9	253.9	2%
France	83.4	42.2	12.1	96.9	14.3	3.4	252.4	2%

(Primary energy comprises commercially traded fuels only in the above data.)*

Source: BP Statistical Review of World Energy June 2011

Over the last decade, the total oil consumption in the PRC increased from 112.9 million tonnes in 1991 to 428.6 million tonnes in 2010 at a compound annual growth rate ("CAGR") of 6.9%. Meanwhile, the total oil production in the PRC increased from 141.0 million tonnes in 1991 to 203.0 million tonnes in 2010 at a CAGR of 1.8%. Due to industrialization and rapid economic development in the last decades, the need for energy increased. Demand for oil in the PRC had surpassed supply which caused the country turning into a net oil import nation since 1993 and was increasingly dependent on foreign oil. In 2010, the imports of crude oil and oil products amounted to 234.6 million tonnes and 59.9 million tonnes respectively in the PRC while only 2.0 million tonnes crude oil and 29.4 million tonnes oil products were exported to other countries.

MANAGEMENT DISCUSSION AND ANALYSIS OF BOKE

The following discussion and analysis should be read in conjunction with the financial information of Boke for the three years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 as set out in Appendix II of this circular.

For the year ended 31 December 2008

Turnover and gross profit

The turnover of Boke mainly represents revenue from the sales of oil products in the PRC. For the year ended 31 December 2008, the revenue was approximately HK$246,898,000 (2007: approximately HK$218,052,000). International crude oil prices increased during the period of 2007 and 2008. The increase in revenue of Boke was therefore mainly due to the increase in the average selling price of oil products per ton increased from approximately HK$4,400 in 2007 to approximately HK$5,100 in 2008. The number of oil products sold in 2008 was approximately 48,600 tons (2007: approximately 49,700 tons), representing a slightly decrease of approximately 2.2%.

The gross profit for the year ended 31 December 2008 was approximately HK$12,390,000 approximately (2007: HK$11,013,000), representing an increase of approximately HK$1,377,000 or 12.5% compared with that of 2007 due to the increase of revenue.

Net profit for the year

The net profit for the year ended 31 December 2008 was approximately HK$203,000 (2007: approximately HK$862,000). The decrease was due to share of losses of associated recognised during the year ended 31 December 2008.

Liquidity, gearing and financial resources

As at 31 December 2008, the current ratio (i.e., the ratio of total current assets to total current liabilities) of Boke was 1.14 (31 December 2007: 1.1). There is no significant change of current ratio.

As at 31 December 2008, the gearing ratio (i.e., the ratio of long-term liabilities to total equity) of Boke was nil (31 December 2007: Nil).

As at 31 December 2008, Boke maintained bank and cash balance of approximately HK$9,874,000 (31 December 2007: approximately HK$8,321,000) and had interest-bearing short-term borrowings of approximately HK$20,418,000 (31 December 2007: approximately HK$18,443,000) secured by certain assets of Boke. Please refer to Note 25 in Appendix II for details of the secured assets.

Capital structure

As at 31 December 2008, the registered and paid-up capital of Boke was RMB10,000,000 (31 December 2007: RMB10,000,000).

Investment, material acquisition and disposal of subsidiaries and affiliated companies

As at 31 December 2008, Boke did not have any material investment, acquisition and disposal of subsidiaries and affiliated companies.

Exposure to fluctuation in exchange rates

As at 31 December 2008, Boke did not expose to significant exchange rate risk due to RMB as the only adopted currency.

Commitments and contingent liabilities

As at 31 December 2008, Boke did not have any significant commitments and contingent liabilities.

For the year ended 31 December 2009

Turnover and gross profit

The turnover mainly represents revenue from the sales of oil products in the PRC. For the year ended 31 December 2009, the revenue was approximately HK$392,960,000 (2008: approximately HK$246,898,000), representing an increase of approximately 59.16%. Such increase was due to a net combined effect of : (i) the increase in total number of oil products sold from approximately 48,600 tons in 2008 to approximately 90,600 tons in 2009; and (ii) the decrease in average selling price of oil products from approximately HK$5,100 in 2008 to approximately HK$4,300 in 2009.

The increase in quantity sold was due to the strong demand in natural resources, oil in particular, in the eastern part of China. The decrease in average selling price was in line with the decrease in international crude oil prices from 2008 to 2009.

The gross profit for the year ended 31 December 2009 was approximately HK$16,554,000 (2008: approximately HK$12,390,000) representing an increase of approximately HK$4,164,000 or 33.61% compared with that of 2008 which was attributable to the increase in revenue.

Net profit for the year

The net profit for the year ended 31 December 2009 was approximately HK$2,153,000 (2008: approximately HK$203,000). The increase in net profit was due to increase in revenue and the decrease in the share of losses of associates.

Liquidity, gearing and financial resources

As at 31 December 2009, the current ratio (i.e., the ratio of total current assets to total current liabilities) of Boke was 1.138 (31 December 2008: 1.14). There is no significant change of the current ratio.

As at 31 December 2009, the gearing ratio (i.e., the ratio of long-term liabilities to total equity) of Boke was nil (31 December 2008: Nil).

As at 31 December 2009, Boke maintained bank and cash balance of approximately HK$9,118,000 (31 December 2008: approximately HK$9,874,000) and had interest-bearing short-term borrowings of approximately HK$29,880,000 (31 December 2008: approximately HK$20,418,000) secured by certain assets of Boke. Please refer to Note 25 in Appendix II for details of the secured assets.

Capital structure

As at 31 December 2009, the registered and paid-up capital of Boke was RMB10,000,000 (31 December 2008: RMB10,000,000).

Investment, material acquisition and disposal of subsidiaries and affiliated companies

As at 31 December 2009, Boke did not have any material investment, acquisition and disposal of subsidiaries and affiliated companies.

Exposure to fluctuation in exchange rates

As at 31 December 2009, Boke did not expose to significant exchange rate risk due to RMB as the only adopted currency.

Commitments and contingent liabilities

As at 31 December 2009, Boke did not have any significant commitments and contingent liabilities.

For the year ended 31 December 2010

Turnover and gross profit

The turnover mainly represents revenue from the sales of oil products in the PRC. For the year ended 31 December 2010, the revenue was approximately HK$766,296,000 (2009: approximately HK$392,960,000), representing an increase of approximately 95%. Such increase was due to a combined effect of: (i) the increase in total number of oil products sold from approximately 90,600 tons in 2009 to approximately 120,900 tons in 2010; and (ii) the increase in average selling price of oil products per ton from approximately HK$4,300 in 2009 to approximately HK$6,300 in 2010.

The increase in quantity sold was due to the strong demand in natural resources, oil in particular, in the eastern part of China. The increase in average selling price of oil products was due the increase in international crude oil prices from 2009 to 2010.

The gross profit for the year ended 31 December 2010 was approximately HK$46,180,000 (2009: approximately HK$16,554,000) representing an increase of approximately HK$29,626,000 or 178.97% compared with that of 2009 which was attributable to the increase in revenue.

Net profit for the year

The net profit for the year ended 31 December 2010 was approximately HK$7,622,000 (2009: approximately HK$2,153,000). The increase in net profit was due to increase in revenue and improvement in gross profit and recognised a gain on disposal on an associate approximately HK$929,000.

Liquidity, gearing and financial resources

As at 31 December 2010, the current ratio (i.e., the ratio of total current assets to total current liabilities) of Boke was 1.161 (31 December 2009: 1.138). There is no significant change of the current ratio.

As at 31 December 2010, the gearing ratio (i.e., the ratio of long-term liabilities to total equity) of Boke was nil (31 December 2009: Nil).

As at 31 December 2010, Boke maintained bank and cash balance of approximately HK$7,129,000 (31 December 2009: approximately HK$9,118,000) and had interest-bearing short-term borrowings of approximately HK$32,316,000 (31 December 2009: approximately HK$29,880,000) secured by certain assets of Boke. Please refer to Note 25 in Appendix II for details of the secured assets.

Capital structure

As at 31 December 2010, the registered and paid-up capital of Boke was RMB10,000,000 (31 December 2009: RMB10,000,000).

Investment, material acquisition and disposal of subsidiaries and affiliated companies

As at 31 December 2010, Boke disposed its equity interest of an associate in a consideration of approximately HK$1,094,000.

Exposure to fluctuation in exchange rates

As at 31 December 2010, Boke did not expose to significant exchange rate risk due to RMB as the only adopted currency.

Commitments and contingent liabilities

As at 31 December 2010, Boke did not have any significant commitments and contingent liabilities.

For the three months ended 31 March 2011

Turnover and gross profit

The turnover mainly represents revenue from the sales of oil products in the PRC. For the three months ended 31 March 2011, the revenue was approximately HK$317,733,000 (three months ended 31 March 2010: approximately HK$47,412,000), representing an increase of over 570%. The substantial increase in revenue was due to the combined effect of: (i) the increase in total number of products sold from approximately 8,700 tons for the three months ended 31 March 2010 to approximately 43,800 tons for the three months ended 31 March 2011; and (ii) the increase in average selling price of oil products per ton from approximately HK$5,400 for the three months ended 31 March 2010 to approximately HK$7,200 for the three months ended 31 March 2011.

The increase in quantity sold was due to the strong demand in natural resources, oil in particular, in the eastern part of China. The increase in average selling price of oil products was due the increase in international crude oil prices from 2010 to 2011 thus far.

The gross profit for the three months ended 31 March 2011 was approximately HK$15,435,000 (three months ended 31 March 2010: approximately HK$2,213,000) representing an increase of approximately HK$13,222,000 or 597.47% compared with that of the same period in 2010 which was attributable to the increase in revenue.

Net profit for the period

The net profit for the three months ended 31 March 2011 was approximately HK$3,900,000 (three months ended 31 March 2010: approximately HK$120,000). The increase in net profit was due to the increase in revenue.

Liquidity, gearing and financial resources

As at 31 March 2011, the current ratio (i.e., the ratio of total current assets to total current liabilities) of Boke was 1.166 (31 December 2010: 1.161). There is no significant change of the current ratio.

As at 31 March 2011, the gearing ratio (i.e., the ratio of long-term liabilities to total equity) of Boke was nil (31 December 2010: Nil).

As at 31 March 2011, Boke maintained bank and cash balance of approximately HK$13,154,000 (31 December 2010: approximately HK$7,129,000) and had interest-bearing short-term borrowings of approximately HK$44,294,000 (31 December 2010: approximately HK$32,316,000) secured by certain assets of Boke. Please refer to Note 25 in Appendix II for details of the secured assets.

Inventory turnover days

The inventory turnover days for the years ended 31 December 2008, 2009, 2010 and the three months ended 31 March 2011 (the "**Track Record Period**") were approximately 18 days, 11 days, 21 days and 20 days respectively. The decrease in inventory turnover days from 18 days in 2008 to 11 days in 2009 was mainly due to the decrease in international crude oil prices from 2008 to 2009. In order to minimize the risk of decrease in the value of inventory, Boke maintained its average inventory level at a relatively lower level. Except for 2009, there was no significant change of inventory turnover days during the Track Record Period.

Trade receivables turnover days

The trade receivables turnover days for the years ended 31 December 2008, 2009, 2010 and period ended 31 March 2011 were approximately 7 days, 8 days, 4 days and 3 days, respectively. The decrease in trade receivables turnover days during the Track Record Period was due to the improvement of credit control of Boke.

Trade payables turnover days

The trade payable turnover days of Boke for the years ended 31 December 2008, 2009, 2010 and period ended 31 March 2011 were approximately 4 days, 6 days, 6 days and 10 days, respectively. The increase of trade payable turnover days during the Track Record Period was due to the improvement of credit term from suppliers as a result of increase in purchase.

Effective tax rate

The effective tax rates for the year ended 31 December 2008, 2009, 2010 and the three months ended 31 March 2011 were approximately 71%, 30%, 24% and 25% respectively.

The effective tax rates for the year ended 31 December 2008 and 2009 were higher than the standard income tax rate in PRC due to the inclusion of (i) the share of losses of associates amounting to approximately HK$686,000 and HK$184,000 for the year ended 31 December 2008 and 2009 respectively, which were not deductible under the PRC income tax; and (ii) entertainment and other expenses amounting to approximately HK$634,000 and HK$468,000 for the year ended 31 December 2008 and 2009 respectively, which exceeded the deductible limit under PRC income tax law and were not deductible under PRC income tax. In the case of excluding the effect of (i) and (ii) mentioned above, the effective tax rate for the year ended 31 December 2008 and 2009 were approximately 25% and 25% respectively.

Segment information

Boke is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC. The resource allocation and performance assessment of Boke are therefore focused on this single operation segment, i.e. the selling of oil products business.

Geographically, revenue of Boke is substantially derived from activities in the PRC.

Capital structure

As at 31 March 2011, the registered and paid-up capital of Boke was RMB10,000,000 (31 December 2010: RMB10,000,000).

Investment, material acquisition and disposal of subsidiaries and affiliated companies

As at 31 March 2011, Boke did not have any material investment, acquisition and disposal of subsidiaries and affiliated companies.

Exposure to fluctuation in exchange rates

As at 31 March 2011, Boke did not expose to significant exchange rate risk due to RMB as the only adopted currency.

Commitments and contingent liabilities

As at 31 March 2011, Boke did not have any significant commitments and contingent liabilities.

Employees

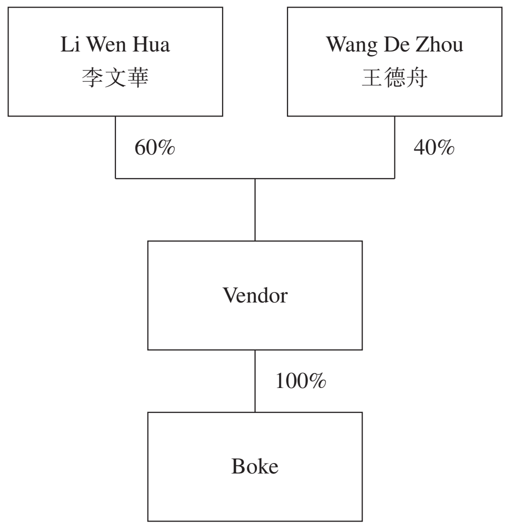
Boke had an average of 27, 27, 30 and 30 employees for the years ended 31 December 2008, 2009, 2010 and the three months ended 31 March 2011, respectively. The aggregate remuneration of Boke's employees, included that of the directors for the years ended 31 December 2008, 2009, 2010 and the three months ended 31 March 2011 amounted to approximately HK$1,411,000, HK$1,060,000, HK$1,424,000 and HK$488,000, respectively.

Prospects of Boke

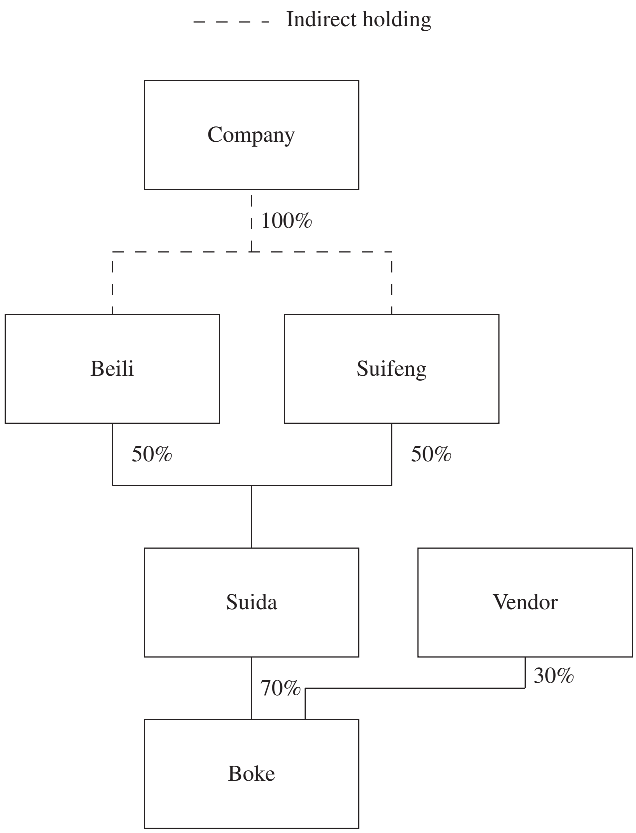
The PRC has become one of the most important economies to drive the growth of global economy. In order to sustain its own economic growth, domestic demand is expected to continue to play a crucial role. The demand for and consumption of energy, therefore, are anticipated to grow considerably which is believed to lead the business of Boke to grow significantly in the second half of 2011 and few years ahead.

The shareholding structure of Boke prior to Completion and immediately after Completion

Before Completion



Immediately after Completion



Reasons and benefits for the New Acquisition and the termination of the Original Acquisition and the Option Acquisition

After the signing of the Original Share Purchase Agreement on 11 April 2011, the Company had reconsidered its position and further negotiated with the Vendor. It was concluded that it would be in the interests of the Company to hold the majority interest while the Vendor retains a minority interest in Boke. Under the structure of the New Acquisition, the Company is able to enjoy a substantial portion of the future economic benefits of Boke while leverage on the Vendor's local business connection. Furthermore, the Termination is considered a measure to better allocate resources of the Group. As such, the Vendor and Suida mutually agreed that the New Share Purchase Agreement will be entered into whereby it is commercially agreed that only 70% of the equity interest in Boke will be acquired instead of the entire equity interest in Boke as originally agreed in the Original Share Purchase Agreement.

The Directors believed that instead of gaining access to the oil tanks and storage facilities owned by Yuye through the acquisition of Yuye under the Option Acquisition, after the Termination and the Completion, Boke will lease the oil tanks and storage facilities for its trading business, which may optimise the cash flow of the Group in the coming year. Therefore, the Termination Agreement was entered into such that the Option Acquisition will be terminated. In addition, pursuant to the Original Share Purchase Agreement, a series of Structure Agreements was proposed to be entered into on or before the completion date of the Original Acquisition. The arrangements under the Structure Agreements as disclosed in the April Announcement were only applicable to the wholesale of refined oil in which Yuye is engaged in but not applicable to the acquisition of Boke. As such, no Structure Agreements will be entered into by Suida under the Termination Agreement as a result of the Termination, which may be an ease to the resources management of the Group. On the whole, the Directors consider that the Termination may be a better allocation of the resources of the Group (for example, human resources and corporate resources).

The Directors believe that the New Acquisition, when materialized, can broaden the Group's business network of the fuel oil processing and trading business in Zhejiang Province and the eastern part of the PRC. This will also help the Group to increase the potential of the Group's future earning ability which would be in the interests of the Company and the Shareholders as a whole.

Financial and trading prospects of the Enlarged Group

The Group is poised to develop the fuel oil processing and trading business in China as it is one of the fast growing economies in the world and the demand in natural resources, oil in particular, is very keen. In view of the increase of oil consumption in PRC from 1991 to 2010 at a compound annual growth rate of 6.9%, the Group believes the oil demand in PRC market will continue to be strong in the coming future. By acquiring Boke, the Group can obtain the clientele of Boke in the eastern part of China and can further expand the Group's marketing and distribution network to the cities along the Yangtze river with the aim to increase the market shares in oil products market in China.

Upon the Completion, the Company will hold 70% of equity interest in Boke and has a contractual right to exercise a dominant influence with respect to Boke's financial and operating policies, Boke will become a subsidiary of the Company. As such, all the assets and liabilities and the financial results of Boke will be consolidated into the Group's financial statements.

Financial Effects of the New Acquisition

Upon the Completion, Boke will become a subsidiary of the Company according to the IFRS. As such, all the assets and liabilities and the financial results of Boke will be consolidated into the Group's financial statements.

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma net assets of the Enlarged Group would amount to approximately HK$838,192,000 as at 30 June 2011, comprising unaudited pro forma total assets of approximately HK$3,980,890,000 and unaudited pro forma total liabilities of approximately HK$3,142,698,000, and the unaudited pro forma loss for the year of the Enlarged Group attributable to owners of the Company would be approximately HK$21,138,000 for the year ended 31 December 2010. The pro forma net assets per Share would amount to approximately HK$0.23 as at 30 June 2011.

As stated in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the Enlarged Group has an unaudited consolidated pro forma cash and cash equivalents of approximately HK$(7,735,000) as at 31 December 2010. The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2011 was prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2011; and (ii) the audited statement of financial position of Boke as at 31 March 2011 as extracted from the accountant's report, after incorporating the unaudited pro forma adjustments described in the accompanying notes, as if the acquisition of Boke had been completed as at 30 June 2011 and 1 January 2010 respectively.

GEM Listing Rules Implications of the New Acquisition

As more than one of the applicable percentage ratios in respect of the New Acquisition exceed 100%, the New Acquisition constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules.

The New Acquisition is subject to the Shareholders' approval under Chapter 19 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO THE LEASING AGREEMENT

On 22 July 2011, Boke and Yuye entered into the Leasing Agreement, whereby Boke has agreed to lease oil storage facilities from Yuye for its trading business.

Connected person

Upon Completion, the Vendor, being a substantial shareholder (as defined in the GEM Listing Rules) of Boke, will become a connected person of the Company pursuant to the GEM Listing Rules. Therefore, Yuye, being an associate of the Vendor, will be a connected person of the Company under the GEM Listing Rules upon Completion.

Proposed term

The principal term of the Leasing Agreement are summarized as follows:

Parties:	Yuye as lessor Boke as lessee
Facilities:	12,900 cubic meters of oil storage facilities. The volume of the leased facilities is intended to be increased to 18,400 cubic meters by December 2011
Term:	From 1 July 2011 to 30 June 2013 (to take effect retrospectively)
Monthly rental:	RMB387,000 per month, equivalent to RMB30 per cubic meter per month, payable in arrears quarterly in cash by Boke. Upon completion of the expansion of the leased facilities to 18,400 cubic meters which is expected to take place by December 2011, the monthly rental will increase proportionately to RMB552,000 per month (equivalent to RMB30 per cubic meter per month)

The Proposed Annual Caps

It is anticipated that the Proposed Annual Caps under the Leasing Agreement for the six months ending 31 December 2011, the twelve months ending 31 December 2012 and the six months ending 30 June 2013 shall be as follows:

	1 July 2011 to 31 December 2011 *(RMB'000)*	**1 January 2012 to 31 December 2012** *(RMB'000)*	**1 January 2013 to 30 June 2013** *(RMB'000)*
Expenditure			
Amount payable by the Company under the Leasing Agreement	2,554.2	7,286.4	3,643.2

The Proposed Annual Caps are determined with reference to the expected monthly rental of the facilities under the Leasing Agreement.

In calculating the above Proposed Annual Caps, a 10% buffer has been added to the estimated rental to allow room for any further unexpected increase in the rental expenditure due to, for example, an increase in the volume of the leased facilities.

Information on Yuye

Yuye is principally engaged in the wholesale of kerosene, diesel oil, lubricating oil and fuel oil used in marine fisheries system in Zhejiang Province and the eastern part of the PRC. Yuye has its own oil tanks and storage facilities including its own terminal for loading and unloading oil products in Zhoushan City, Zhejiang Province, the PRC.

Reasons and benefits for entering into the Leasing Agreement

The Leasing Agreement will allow Boke to rent and use oil storage facilities for its trading business without incurring substantial investment amount in building or acquiring oil storage facilities. The Directors (including the independent non-executive Directors) consider that the Proposed Annual Caps and the terms of the Leasing Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

GEM Listing Rules Implications of the Leasing Agreement

As disclosed above, Yuye will become a connected person of the Company immediately following Completion. Therefore, the transactions under the Leasing Agreement between the Company and Yuye constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. As one of the applicable percentage ratios in respect of the continuing connected transactions under the Leasing Agreement exceeds 5%, such transactions are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under the GEM Listing Rules.

Since no Directors has a material interest in the Leasing Agreement and the transactions contemplated thereunder, no Directors has abstained from voting on the resolution of the Board approving the Leasing Agreement and the transactions contemplated thereunder.

EGM

The Board will convene the EGM for the Shareholders to consider and, if appropriate, to approve (i) the New Share Purchase Agreement and the transactions contemplated thereunder and (ii) the Leasing Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. Given that no Shareholders and their associates have any material interest in the New Acquisition and the Leasing Agreement, no Shareholder or his associate is required to abstain from voting at the EGM on the resolutions to approve the New Share Purchase Agreement and the Leasing Agreement and the transactions contemplated thereunder.

The New Acquisition is subject to the fulfilment of a number of conditions precedent and therefore it may or may not be completed. Shareholders and potential investors of the Company are advised to exercise cautions when dealing in the securities of the Company.

RECOMMENDATION

Based on the relevant information disclosed herein, the Directors, including the independent non-executive Directors, believe that the New Acquisition, the Leasing Agreement and the transactions contemplated thereunder are beneficial to the Group and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be considered at the EGM to approve the New Share Purchase Agreement and the Leasing Agreement, together with the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
Ruifeng Petroleum Chemical Holdings Limited
Yu, Won Kong Dennis
Chairman

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular.

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)

25 September 2011

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular issued by the Company to the Shareholders dated 25 September 2011 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise you on the terms of the Leasing Agreement and the transactions contemplated thereunder and the Proposed Annual Caps as set out in the Circular (the "Transactions") as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Transactions. Nuada Limited has been appointed as the independent financial adviser to advise you and us in this regard. Details of their independent advice, together with the principal factors and reasons they have taken into consideration, are set out on pages 31 to 35 of the Circular.

RECOMMENDATION

We wish to draw your attention to the letter from the Board and the letter from the Nuada Limited to the Independent Board Committee and the Independent Shareholders which contains their advice to us in relation to the Transactions.

Having taken into account principal factors and reasons considered by and the opinion of the independent financial adviser as stated in their letter of advice, we consider that the continuing connected transactions contemplated under Transactions (including the Proposed Annual Caps) as set out in the Circular to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and to be in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to support and to vote in favour of the resolution to approve the Transactions.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Ruifeng Petroleum Chemical Holdings Limited

Dr. Chen Tzyh-Trong	**Dr. Lee Chung Mong**	**Mr. Yeung Chi Hung**
Independent non-executive director	*Independent non-executive director*	*Independent non-executive director*

The following is the text of a report received from the independent financial adviser of the Company, Nuada Limited, for the purpose of incorporation into this circular.

Nuada Limited
Corporate Finance Advisory

17th Floor, BLINK, 111 Bonham Strand
Sheung Wan, Hong Kong
香港上環文咸東街 111 號 BLINK 17 字樓

25 September 2011

To the Independent Board Committee
and the Independent Shareholders of
Ruifeng Petroleum Chemical Holdings Limited

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE LEASING AGREEMENT**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Leasing Agreement, details of which are set out in the section headed "Letter from the Board" (the "Letter") in the circular of the Company dated 25 September 2011 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 22 July 2011, Boke and Yuye entered into the Leasing Agreement, whereby Boke has agreed to lease oil storage facilities from Yuye for its trading business.

Upon Completion, the Vendor, being a substantial shareholder (as defined in the GEM Listing Rules) of Boke, will become a connected person of the Company pursuant to the GEM Listing Rules. Therefore, Yuye, being an associate (as defined in the GEM Listing Rules) of the Vendor, will be a connected person of the Company under the GEM Listing Rules upon Completion. Therefore, the transaction under the Leasing Agreement between the Company and Yuye constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As one applicable percentage ratio in respect of the continuing connected transaction under the Leasing Agreement exceeds 5%, such transaction is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements of the GEM Listing Rules.

The Board will convene the EGM for the Shareholders to consider and, if appropriate, to approve the Leasing Agreement and the transaction contemplated thereunder and the Proposed Annual Caps. Given that no Shareholders and their associates have any material interest in the Leasing Agreement, no Shareholder or his associate is required to abstain from voting at the EGM on the resolutions to approve the Leasing Agreement and the transaction contemplated thereunder and the Proposed Annual Caps.

The Independent Board Committee which comprises Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Yeung Chi Hung, all being the independent non-executive Directors, has been established to (i) advise the Independent Shareholders as to whether the terms of the Leasing Agreement and the Proposed Annual Caps are fair and reasonable and whether the entering into of the Leasing Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Leasing Agreement and Proposed Annual Caps at the EGM.

Our role as the independent financial adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Leasing Agreement and the Proposed Annual Caps are fair and reasonable and whether the entering into of the Leasing Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Leasing Agreement and Proposed Annual Caps at the EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the SGM.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Director provided to us. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we relied on the Company that it has provided us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such information and opinions but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the entering into of the Leasing Agreement and the Proposed Annual Caps in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background and reasons for the Leasing Agreement

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.

Yuye is principally engaged in the wholesale of kerosene, diesel oil, lubricating oil and fuel oil used in marine fisheries system in Zhejiang Province and the eastern part of the PRC. Yuye has its own oil tanks and storage facilities including its own terminal for loading and unloading oil products in Zhoushan City, Zhejiang Province, the PRC.

Boke is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC.

The Directors consider that the Leasing Agreement will allow Boke to rent and use oil storage facilities for its trading business without incurring substantial investment amount in building or acquiring oil storage facilities. The Directors consider that the Proposed Annual Caps and the terms of the Leasing Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

2. Principal terms of the Leasing Agreement

On 22 July 2011, Boke and Yuye entered into the Leasing Agreement, whereby Boke has agreed to lease oil storage facilities from Yuye for its trading business from 1 July 2011 to 30 June 2013 (to take effect retrospectively).

The volume of the oil storage facilities is 12,900 cubic meters and is intended to be increased to 18,400 cubic meters by December 2011. The monthly rental is RMB387,000 per month, equivalent to RMB30 per cubic meter per month, payable in arrears quarterly in cash by Boke. Upon completion of the expansion of the facilities to 18,400 cubic meters, which is expected to be by December 2011, the monthly rental will increase proportionately to RMB552,000 per month (equivalent to RMB30 per cubic meter per month). As advised by the management of Boke, the monthly rental is determined with reference to the market prices and market condition. Boke has also considered the notice issued by the Shanghai Futures Exchange on 21 April 2011 in relation to pricing standard of oil storage facilities to ensure the rental payment is fair and reasonable.

According to the abovementioned notice issued by the Shanghai Futures Exchange, the suggested fee for renting oil storage facilities is adjusted to RMB1.4 per tonne per day (equivalent to RMB42 per cubic meter per month), which is higher than the monthly rental to be paid by Boke to Yuye. We have also reviewed a contract entered into between (i) Boke; (ii) an agent company of Boke; and (iii) an independent third party lessor who provided similar oil storage facilities to Boke and its agent company. We have reviewed the total monthly fee and noted that the total monthly fee stated in the contract we reviewed (including the storage fee and the fee of using the terminal facilities) is higher than the monthly rental to be paid by Boke to Yuye pursuant to the Leasing Agreement. We consider that the terms of the Leasing Agreement are no more favourable to Yuye than those to the independent third party lessor in the contract reviewed by us. We consider the terms of the Leasing Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

By entering into the Leasing Agreement, Boke is able to rent and use oil storage facilities for its trading business without incurring substantial investment amount in building or acquiring oil storage facilities. Given the fact that Yuye will become a connected person of the Company immediately following Completion, both parties can save the cost of searching other reliable lessor or lessee of oil storage facilities and minimise the credit risk in collecting account receivables.

By considering that (i) the monthly rental is determined after considering the relevant market prices and the rental suggested by the Shanghai Futures Exchange; (ii) the terms of the Leasing Agreement are no more favourable to Yuye than those to the independent third party supplier in the contract reviewed by us; (iii) Boke is able to rent and use oil storage facilities for its trading business without incurring substantial investment amount in building or acquiring oil storage facilities; and (iv) the entering into of the Leasing Agreement can probably help each party to minimise the searching cost and credit risk, we consider that the terms of the Leasing Agreement are fair and reasonable and the entering into of the Leasing Agreement is in the interests of the Company and the Independent Shareholders as a whole.

3. Proposed Annual Caps

The Proposed Annual Caps under the Leasing Agreement for the six months ending 31 December 2011, the twelve months ending 31 December 2012 and the six months ending 30 June 2013 are as follows:

	1 July 2011 to 31 December 2011 *(RMB'000)*	**1 January 2012 to 31 December 2012** *(RMB'000)*	**1 January 2013 to 30 June 2013** *(RMB'000)*
Amount payable by the Company under the Leasing Agreement	2,554.2	7,286.4	3,643.2

The Proposed Annual Caps are determined with reference to the expected monthly rental of the facilities under the Leasing Agreement (i.e. RMB30 per cubic meter per month) and a 10% buffer has been added to the estimated rental to allow room for any further unexpected increase in the rental expenditure due to, for example, an increase in the volume of the leased facilities. We therefore consider that the determination of the Proposed Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Taking into account the factors and reasons as mentioned above, which include (i) background and reasons for the Leasing Agreement; (ii) principal terms of the Leasing Agreement; and (iii) Proposed Annual Caps, we consider the entering into of the Leasing Agreement is on normal commercial terms, in the ordinary and usual course of business, and is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We would advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution to approve the Leasing Agreement and the transaction contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Chan
Director

THREE-YEAR FINANCIAL INFORMATION

The Company is required to set out in this circular the information for the latest and last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual financial statements for the last financial year for the Group.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011 has been set out on page 4 to page 18 of the 2011 interim report of the Company posted on 14 August 2011 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the 2011 interim report:

http://www.hkexnews.hk/listedco/listconews/gem/20110814/GLN20110814009.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2010 has been set out on page 25 to page 71 of the 2010 annual report of the Company posted on 31 March 2011 on the Stock Exchange's website. Please also see below quick link to the 2010 annual report:

http://www.hkexnews.hk/listedco/listconews/gem/20110331/GLN20110331107.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2009 has been set out on page 20 to page 55 of the 2009 annual report of the Company posted on 26 March 2010 on the Stock Exchange's website. Please also see below quick link to the 2009 annual report:

http://www.hkexnews.hk/listedco/listconews/gem/20100326/GLN20100326091.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2008 has also been set out in the comparative column on page 20 to page 55 of the 2009 annual report of the Company. Please refer to quick link to the 2009 annual report as above for more details.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group based on the respective annual/interim report of the Company for the three years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011.

For the year ended 31 December 2008

Operations and business review

The Group entered 2008 with its focus clearly on improving its products and therefore its customers' experiences in light of Microsoft's new Vista Windows platform releases in 2007.

Software collaboration amongst the Group's engineering staff in the United States, the United Kingdom and Singapore ensured the highest quality and reliability standards were maintained throughout the year.

To expand the range of its already leading products, the Group released new software – WinConnect Server VS (64-bit) , in December 2008 as a result of constant customers' request. This again demonstrated the Group responsiveness to market demands and its technical competency to be able to continuously release new software to tap new markets opportunities.

The Group, through its network of worldwide distributors, continue to increase its product awareness and value proposition by participating in many tradeshows and exhibitions in countries such as Brazil, Germany and Malaysia.

At the same time, the Group viewed 2008 with the intent of keeping expenses in tow and in line with revenue expectations. The weakened economy, while being felt by companies large and small in all sectors of the global business world, gave rise to continued frugal operations management within the company. It also gave added momentum to the Group's marketing strategy which promotes the cost-effectiveness of the ThinSoft product suite. Today, every business is looking for ways to economize and the WinConnect, WinConnect Server and BeTwin product solutions offer very appealing cost benefits to customers, Individuals, small to medium enterprises, and even large entities can benefit from the Group's product solutions.

Pursuant to announcement dated 19 December 2008, the management determined to wind up a major subsidiary – ThinSoft (USA) Inc with the relevant USA governmental authority. The management considers that there would be cost savings in the long run after the business restructuring. The management also believes that the adoption of this strategy would enable the Company to effectively reallocate its resources to its existing core business and other areas of high capital growth in order to have a positive impact on the overall performance of the Group.

Financial review

Turnover from the sales of software for the year ended 31 December 2008 was slightly increased by approximately 2% to approximately HK$14.37 million when compared to last year of approximately HK$14.06 million.

Overall turnover for the year under review decreased from approximately HK$17.19 million to approximately HK$16.51 million as the Group continued to put more efforts on software-only sales. All of the reduction in total turnover was attributable to lower sales of upgrade kits and vertical market solutions which include both hardware and software and carried lower profit margins.

During the year under review, Europe became the largest single geographic market for the Group, where turnover amounted to approximately HK$8.74 million or 53% of total turnover. Sales in the United States amounted to approximately HK$5.02 million or approximately 30% of the Group's total sales.

Gross profit margin for the year ended 31 December 2008 increased to approximately 86.9% as compared with approximately 85.6% in the corresponding previous year. The richer margins were attributable to increased software sales during the year under review.

Selling and distribution costs in the year under review decreased to approximately HK$0.81 million, when compared to approximately HK$1.24 million incurred in the previous year. The decrease was due to tightening control on marketing expenses. The marketing expenses included participation in exhibitions at Cebit 2008 Hannover in Germany which was one of largest consumers shows in the world. The Company also participated shows in Australia, and Shanghai in China. Attendance at these events is viewed as investments in the future by the Group.

Administrative expenses in the year under review increased by approximately 10% to approximately HK$12.92 million when compared to approximately HK$11.76 million incurred in the previous year. The increase was mainly due to the relevant expenses incurred for the change of shareholdings of the Company.

In addition, adjustments to the fair value of the Group's available-for-sale financial assets resulted in a net charge to impairment provisions of approximately HK$3.50 million.

The Group consequently registered a loss attributable to shareholders for the year under review of approximately HK$4.45 million compared to a profit of approximately HK$0.37 million in the prior year.

The Group continues to be in a healthy financial position. Cash and bank balances as at 31 December 2008 was approximately HK$24.97 million (2007: approximately HK$30.83 million). There were no bank borrowings as at 31 December 2008 (2007: Nil).

Capital structure

There has been no change in the capital structure of the Company during the year under review. The capital of the Company comprises only ordinary shares. The Company and the Group had no borrowing and long-term debts as at 31 December 2008.

Significant investments

On 27 February 2007, ThinSoft Pte Ltd, a wholly owned subsidiary of the Company, entered into the subscription agreement for the subscription of 100,000 shares in Vietnam Emerging Market Fund Limited at a subscription price of US$10 per share at the consideration of US$1,000,000. The subscription constituted a disclosable transaction of the Company for the purposes of the GEM Listing Rules. A circular containing details of the subscription was issued on 28th March 2007.

The fair value of the investment decreased by HK$3.91 million as at 31 December 2008. A provision for impairment loss of HK$3.50 million was recorded in the consolidated income statement in view of the significant decline in value.

On 1 December 2008, a wholly-owned subsidiary of the Company, ThinSoft Investment Holdings Limited, entered into a loan agreement with Kiu Hung Energy Holdings Ltd. ("Kiu Hung"), pursuant to which the Company agreed to advance to Kiu Hung a loan of HK$5.50 million for a period of 12 calender months. The effective interest rate of the loan is 11% per annum. The loan was financed by the Company from its internal resources. The Board of the Company considers that the loan provides another opportunity for the Group to get a higher rate of return for its surplus fund. Details of the loan was disclosed in the circular of the Company dated 12 December 2008.

Apart from the above, as at 31 December 2008, the Group did not have any significant investments

Material acquisitions and disposals of subsidiaries/future plans for material investment

There had been no material acquisitions and disposals during the year. At present, the Group has no plans for material investments or capital assets.

Gearing ratio

As at 31 December 2008, the Group did not have any long-term debts and its shareholders' funds amounted to approximately HK$33.84 million. In this regard, the Group had a net cash position and its gearing ratio was zero (net debt to shareholders' funds) as at 31 December 2008.

Liquidity and financial resources

The Group generally financed its operations with internally generated cash flows.

As at 31 December 2008, the Group had cash and cash equivalents of approximately HK$24.97 million as compared to approximately HK$30.83 million as at 31 December 2007.

Foreign exchange exposure

The functional currency of ThinSoft Pte Ltd, a subsidiary of the Group is Singapore dollar. It is exposed to foreign exchange risk in US dollar mainly arising from the US dollar deposits placed with a reputable bank.

To manage the foreign exchange risk arising from recognised assets as mentioned above, the Group took steps to ensure that the US dollar deposits placed with banks are within the limit set by the Group.

Charges on group assets

As at 31 December 2008, the Group did not have any charges on its assets.

Contingent liability

The Group did not have any significant contingent liabilities as at 31 December 2008.

Segmental information

The segmental information of the Group's products is set out in Note 5 to the consolidated financial statements.

Employees

As at 31 December 2008, the Group had 15 fulltime employees. The aggregate remuneration of the Group's employees, including that of the directors, for the year under review and the previous year amounted to approximately HK$7.44 million and approximately HK$6.29 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Each of the executive Directors has entered into a service contract with the Company for the term of two years commencing from 11 August 2008 and expiring on 12th August 2010 unless terminated by either party giving not less than three months' prior written notice to the other. Under the service contracts, after each completed year of service, the remuneration payable to each of them may, subject to the discretion of the directors, be adjusted and each will be entitled to a discretionary bonus.

At the date of this report, all share options granted to the employees of the Group pursuant to the Pre-IPO share option scheme adopted by the Company on 2 February 2002 were lapsed and no share options have been granted under the Post-IPO share option scheme adopted by the Company on 2 February 2002.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level. Particulars are detailed in the relevant section of this report.

For the year ended 31 December 2009

Operations and business review

The challenges facing the Group's software business unit in 2009 paralleled those of many in the consumer technology arena, worldwide. Global PC shipments, for example, fell 12 percent during the year and reflected a distinct lack of consumer spending. In the United States, consumer confidence remained approximately 30 percent below prerecession levels.

These factors depressed sales of the Group's software products. Turnover for the year was down 42% to HK$9.6 million from the prior year's level of HK$16.5 million and gross profit was off 44% to HK$8.1 million from HK$14.4 million in the prior year. We note with some optimism that Microsoft, after reporting a decline in sales in the third quarter of the year, claimed that Windows 7 sales exploded in the fourth quarter with over 60 million copies. As the Group reported in its Third Quarter report, ThinSoft released its new Windows 7-ready software which again demonstrated the Group's market leadership in newproduct development. The Group remains dedicated to improving its top line Turnover, Gross Profit and bottom line income with continued emphases on new product development.

On 1 December 2008, the Group entered into a loan agreement with Kiu Hung Energy Holdings Limited ("Kiu Hung"), pursuant to which the Group agreed to advance to Kiu Hung a loan of HK$5,500,000 for a period of 12 months. The loan has been fully repaid with interest by Kiu Hung on the due date.

Pursuant to the announcement made on 14 December 2009 in relation to the "Memorandum of Understanding in respect of possible acquisition", the Directors consider that the diversification will provide a reasonable source of income to the Group and also believe that this is an valuable opportunity for the Group to diversify into this new line of oil related business in the PRC by taking into account of the persistent strong demand for oil energy in the PRC, especially in the Southern and Eastern Regions.

Financial review

Turnover from the sales of software for the year ended 31 December 2009 decreased by approximately HK$6.91 million to approximately HK$7.46 million when compared to last year of approximately HK$14.37 million. Overall turnover for the year decreased approximately 42% from approximately HK$16.51 million to approximately HK$9.58 million. Most of the reduction in total turnover was attributable to decreased in software sales by 48% compared to last year.

During the year, Europe recorded as largest drop in revenue by geographic market, where turnover amounted to approximately HK$3.54 million compared to HK$8.74 million last year and represented 37% of the Group's total sales. Sales in the United States were steady, which amounted to approximately HK$4.86 million compared to HK$5.02 million last year and represented approximately 51% of the Group's total sales.

Gross profit margin for the year ended 31 December 2009 decreased to approximately 84.3% as compared with approximately 86.9% in the corresponding previous year. The lower margins were attributable to higher cost of sales in relation to the software segment.

Administrative expenses in the year increased by approximately 13.74% to approximately HK$14.69 million when compared to approximately HK$12.92 million incurred in the previous year. The increase was mainly due to rental for head office and the relevant expenses like traveling incurred for the exploration of diversification of business.

In addition, adjustments to the fair value of the Group's available-for-sale financial assets resulted in a net charge to impairment provisions of approximately HK$0.74 million in the current year.

The Group consequently registered a loss attributable to shareholders for the year of approximately HK$7.43 million compared to a loss of approximately HK$4.45 million in the prior year.

The Group continues to be in a healthy financial position. Cash and bank balances as at 31 December 2009 was approximately HK$11.45 million (2008: approximately HK$24.97 million). The reason for the decrease is due to a deposit of HK$11.4 million made pursuant to the announcement made on 14 December 2009 in relation to the "Memorandum of Understanding in respect of possible acquisition". The Company and the Group had no bank borrowings and long-term debts as at 31 December 2009 (2008: Nil).

Capital structure

Pursuant to the Extraordinary General Meeting held on 4 November 2009, it is resolved to subdivide the Company shares, each of the issued and unissued shares of HK$0.05 in the share capital of the Company be and is hereby subdivided into five shares of HK$0.01 each with effect from 5 November 2009. The capital of the Company comprises only ordinary shares.

Significant investments

The fair value of the 100,000 shares in Vietnam Emerging Market Fund Limited investment increased by HK$2.40 million as at 31 December 2009. A provision for impairment loss of HK$0.74 million of the Group's investment in Vietnam was made in the first quarter. Due to the economy gradually recovered in the second half of the year, the Vietnam investment was recorded an appreciation of value by HK$3.14 million which is credited to the reserve account.

On 1 December 2008, a wholly-owned subsidiary of the Company, ThinSoft Investment Holdings Limited, entered into a loan agreement with Kiu Hung Energy Holdings Ltd. ("Kiu Hung"), pursuant to which the Company agreed to advance to Kiu Hung a loan of HK$5.50 million for a period of 12 calender months. The effective interest rate of the loan is 11% per annum. The loan was repaid in full with the interest on due date.

Material acquisitions and disposals of subsidiaries/future plans for material investment

On 14 December 2009, the Company entered into a non-legally binding MOU with the Vendor in relation to the possible acquisition of the entire equity interest in Smooth Joy International Limited. The estimated consideration will range between RMB1.2 billion and RMB1.5 billion (approximately HK$1,368 million and HK$1,710 million, respectively). Upon signing of the MOU, the Company paid an amount of RMB10 million (approximately HK$11,400,000) as deposit paid for the proposed acquisition.

Gearing ratio

As at 31 December 2009, the Group did not have any long-term debts and its shareholders' funds amounted to approximately HK$29.81 million. In this regard, the Group had a net cash position and its gearing ratio was zero (net debt to shareholders' funds) as at 31 December 2009.

Liquidity and financial resources

The Group generally financed its operations by internally generated cash flows.

As at 31 December 2009, the Group had cash and cash equivalents of approximately HK$11.45 million as compared to approximately HK$24.97 million as at 31 December 2008.

Foreign exchange exposure

The functional currency of ThinSoft Pte Ltd, a subsidiary of the Group is Singapore dollar. It is exposed to foreign exchange risk in US dollar mainly arising from the US dollar deposits placed with a reputable bank.

To manage the foreign exchange risk arising from recognised assets as mentioned above, the Group took steps to ensure that the US dollar deposits placed with banks are within the limit set by the Group.

Charges on group assets

As at 31 December 2009, the Group did not have any charges on its assets.

Contingent liability

The Group did not have any significant contingent liabilities as at 31 December 2009.

Segmental information

The segmental information of the Group's products is set out in Note 5 to the consolidated financial statements.

Employees

As at 31 December 2009, the Group had 16 full-time employees. The aggregate remuneration of the Group's employees, including that of the directors, for the year and the previous year amounted to approximately HK$10.43 million and approximately HK$7.44 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Each of the executive Directors has entered into a service contract with the Company for the term of two years commencing from 11 August 2008 and expiring on 12 August 2010 unless terminated by either party giving not less than three months' prior written notice to the other. Under the service contracts, after each completed year of service, the remuneration payable to each of them will be reviewed and approved by the Remuneration Committee and the board of Directors.

At the date of this report, all share options granted to the employees of the Group pursuant to the Pre-IPO share option scheme adopted by the Company on 2 February 2002 were lapsed and no share options have been granted under the Post-IPO share option scheme adopted by the Company on 2 February 2002.

Remuneration of employees is generally in line with the market trend and commensurate with the salary level in the industry. Other benefits to the Group's employees include retirement schemes.

For the year ended 31 December 2010

Operations and business review

Software Business – Existing business

During the year, the adoption of the Group's products was lower than anticipated for Microsoft's new Windows 7 installations. Even though ThinSoft was very quick to introduce new products for Windows 7 and Windows Server 2008 R2 platforms in the fourth quarter of 2009, the rate at which the new products were adopted with Windows 7 and Windows Server 2008 R2 platforms was delayed as many in the Group's reseller communities opted to first develop more cost-efficient hardware solutions. Nonetheless, while these actions have had the initial effect of deferring sales volumes for several of our key customers, the Group believes that in the long run, the combination of better hardware and Thinsoft's premier software solutions will significantly enhance the user experience and thus create stronger overall sales demand for the Group's products.

Oil Processing and related business – The new business

On 14 September 2010, the Company entered into an agreement to acquire the entire equity interests in Ruifeng Petroleum and Chemical Fuel Co. Ltd. ("Ruifeng"), Ruifeng's wholly owned subsidiaries namely Foshan Beili Fuel Storage Co. Ltd. ("Foshan") and Foshan Suifeng Fossil Fuel Company Limited ("Suifeng") (the "Acquisition") (collectively the "Ruifeng Group") for a consideration of RMB630,000,000 (the "Consideration") which was financed mainly by placing of two tranches of convertible bonds. The first tranche of convertible bond placement for HK$241,300,000 ("Tranche I CB") was fully issued and completed on 31 December 2010 which was on the same date as the completion of the Acquisition and fully converted into 380,000,000 new shares of the Company shortly after the financial year ended 31 December 2011. The second tranche of convertible bond placement for HK$444,500,000 was also completed on 18 February 2011 and have been largely converted into the Company's new shares subsequently.

According to the terms and conditions of the acquisition, a total RMB330,000,000 of the Consideration would be settled if the Ruifeng Group was able to achieve a net profit of not less than RMB70,000,000 for the financial year ended 31 December 2010. The Group has engaged the auditors who have audited Ruifeng Group's financial statements and confirmed that such target has been achieved.

The Group is poised to develop the oil processing and trading business in China as it is one of the fastest growing economies in the world which has maintained an annual GDP growth by 9% and the demand in natural resources, oil in particular, is very keen. In fact, China is the largest fuel oil consumption market in Asia where oil is needed for power generation, transportation, petroleum and petrochemical, metallurgy and construction materials. However, the domestic supply can never satisfy the demand. In 2008, a total of 8,539,000 tons of fuel oil was imported to Guangdong province and 2,482,000 tons was domestically produced. According to data of National Statistics Bureau of the PRC, Guangdong province has been the fourth highest fuel oil production province in China for the past few years. Of which, 26% of the domestic supply was contributed by Ruifeng. This shows that the prospect of fuel oil production business in China is promising. Currently, Ruifeng is the largest domestic oil processing enterprise in Guangdong province, given its considerable potential production capacity and the completion of technical improvement works has substantially enhanced the production efficiency and capacity, it is expected that Ruifeng's profitability would be optimistic in the coming years.

Apart from the successful acquisition of the Ruifeng Group, the Group continues to extend its oil processing and trading network to Eastern China as well as Southern China. On 17 February 2011, Beili, the Company's indirect wholly owned subsidiary in the PRC, entered into a memorandum of understanding with Zhoushan Ruiyun Power Co. Ltd.（舟山瑞運能源有限公司）to acquire the entire equity interest in Zhoushan Boke Power Co. Ltd.（舟山博克能源化工有限公司）and an option to acquire the entire equity interest in Zhejiang Yuye Petroleum Co. Ltd.（浙江省舟山漁業石油有限公司）for a consideration of RMB90,000,000. The Directors consider that, this transaction, once completed, provides a convenient access to a huge oil trading market in the Eastern China to gain a larger market share and earn higher revenue.

Prospects

It is widely expected that the economy of China will continue to grow at a relatively fast pace and outperform most of the developed and emerging countries, implying that the demand of oil is still strong and will keep growing. Therefore, the outlook of oil processing and trading business in China is positive in the foreseeable future. The Group will focus on developing this business sector by allocating more resources to allow it to grow healthily and expand at a faster pace while keep looking for quality projects or investment opportunities to take part in to enhance shareholders' value of the Company.

Financial review

Turnover for the year decreased by 14.24% to approximately HK$8.2 million (2009: HK$9.6 million) while the gross profit decreased by approximately 12.55% to approximately HK$7.1 million (2009: HK$8.1 million). Of which, the turnover from the sales of software for the year ended 31 December 2010 increased by approximately HK$0.55 million to approximately HK$8.01 million (2009: HK$7.46 million). The decrease in turnover was mainly attributable to the decrease in sales of upgrade kits.

During the year, sales in both European and the US markets dropped significantly, from HK$3.54 million and HK$4.86 million in 2009 to HK$2.25 million and HK$3.00 million respectively, representing a decrease of approximately 36.4% and 38% which was partly offset by the increase in sales in Asia Pacific Region (excluding Hong Kong and Singapore) where the sales increased significantly by 187.38% from approximately HK$0.95 million to HK$2.73 million.

Administrative expenses for the year increased by approximately 118.31% to approximately HK$32.07 million (2009: HK$14.69 million) which was mainly due to the increase in professional expenses incurred in the Acquisition which accounted for approximately HK$14.21 million and increase in employee benefit expenses.

The Group consequently recorded a loss attributable to shareholders for the year of approximately HK$25,235,590 (2009: loss of HK$7.43 million).

Capital structure, liquidity and financial resources

As at 31 December 2010, the Group maintained cash and cash equivalents (including restricted cash) of approximately HK$708 million (31 December 2009: HK$11.45 million) and had interest-bearing bank and other borrowings of approximately HK$432 million (31 December 2009: Nil).

On 19 January 2010, the Company has, among other things, entered into a top-up share placing agreement and a subsequent supplemental agreement with the placing agent and Inno Smart Group Limited ("Inno Smart"), a substantial shareholder of the Company, on 21 January 2010 to issue 120,000,000 Company's new shares to raise approximately HK$74.15 million. The transaction completed on 2 February 2010.

On 19 January 2010, the Company has also entered into two fund raising activities, followed by several supplemental agreements, by entering into two tranches of convertible bonds, where the Company has agreed to issue 380,000,000 first tranche of convertible bond ("Tranche I CB") to raise approximately HK$241,300,000 and to issue 700,000,000 second tranche of convertible bond ("Tranche II CB") to raise approximately HK$444,500,000. The proceeds arisen from the above fund raising activities were applied to the settlement of the consideration of the Ruifeng Group and the Group's working capital. The placing of Tranche I CB was completed on 31 December 2010 while the placing of Tranche II CB was completed subsequently on 18 February 2011.

Subsequently on 25 February 2011, the Company has entered into warrant subscription agreements with five independent third parties by issuing 145,000,000 warrants at subscription price of HK$1.2 to raise approximately HK$174,000,000. All warrants have been issued subsequently.

Significant investments

During the year, no impairment loss was charged to the income statement in relation to the investment of the 100,000 shares in Vietnam Emerging Market Fund. However, a loss of approximately HK$1.36 million was debited to the reserve account to offset the partial net gain recorded in last year.

On 31 December 2010, the Company has completed a very substantial acquisition of an oil processing business at a consideration of RMB630 million. Please refer to notes 10 and 16 of the notes to the financial statements.

Gearing ratio

As at 31 December 2010, the gearing ratio (the non-current convertible bonds divided by total equity) was 89.71% (31 December 2009: 0%). The increase in gearing ratio was the result of issuing convertible bonds to fund the consideration of acquiring the Ruifeng Group.

Foreign exchange exposure

The functional currency of ThinSoft Pte Ltd, a subsidiary of the Group is Singapore dollar. It is exposed to foreign exchange risk in US dollar mainly arising from the US dollar deposits placed with a reputable bank.

To manage the foreign exchange risk arising from recognised assets as mentioned above, the Group took steps to ensure that the US dollar deposits placed with banks are within the limit set by the Group.

Charges on group assets

Please refer to note 22 of the notes to the financial statements for details.

Contingent liability

As at 31 December 2010, the Group did not have any significant contingent liabilities (31 December 2009: Nil).

Segmental information

The segmental information of the Group's products is set out in Note 5 to the consolidated financial statements.

Employees

As at 31 December 2010, the Group had approximately 360 full-time employees with the employment and of staff in Ruifeng Group. The aggregate remuneration of the Group's employees (which included 16 employees), including that of the directors, for the year amounted to approximately HK$12.14 million (2009: HK$10.43 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Remuneration policy of the Group is generally in line with the market trend and commensurate with the salary level in the industry. Other benefits to the Group's employees include retirement schemes.

Code of conduct for securities transactions by directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its Code of Conduct for Securities Transactions by Directors throughout the year ended 31 December 2010. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the year ended 31 December 2010.

For the six months ended 30 June 2011

Operations Review

Following the completion of acquisition of Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd. and its subsidiaries on 31 December 2010, fuel oil processing business has become the Group's major business which was evidenced by the proposal of name change of the Company from ThinSoft (Holdings) Inc to Ruifeng Petroleum Chemical Holdings Limited. An extraordinary general meeting was held on 11 March 2011 at which the Company's shareholders supported to the proposed change. The Company has completed all the procedures and formally changed its name on 4 April 2011.

Fuel oil processing and trading business

The Group is playing as the leader in domestic fuel oil processing and production industry in Guangdong province. Although international fuel oil price has surged for more than 20% in the past six months, the demand of oil was not adversely affected significantly. Given the continuous high economic growth rate in the PRC, the Company is optimistic with the demand of oil.

In order to further develop and extend the fuel oil processing and trading business in the PRC, after the balance sheet date on 22 July 2011, the Group has entered into a new share purchase Agreement (the "New Agreement") to acquire the 70% of equity interest in 舟山博克能源化工有限公司 (Zhoushan Boke Power Co. Ltd.) ("Boke") and to terminate the old Share Purchase Agreement dated 11 April 2011 to acquired (i) 100% of equity interest of Boke and (ii) an option to acquire 100% of equity interest of Zhejiang Yuye Petroleum Co. Ltd. According to the New Agreement, the considerations for acquiring 70% of equity interest in Boke are RMB33 million. The Directors expect that, upon completion of the acquisition, the Company would be able to increase the market share of oil trading industry in the PRC by extending the retail sales network to the eastern China region, enjoying a higher profit. Please refer to the announcements dated 19 April 2011 and 22 July 2011 for the details.

IT business

The software sales was off from the same period a year ago as resulting from the European economic issues, increased competition as well as software piracy. All these contributed to a sales decline for the period under review.

The management understands that managing during uncertain economic times requires patience and confidence which they will continue to demonstrate while waiting for global business conditions to improve.

Financial review

Turnover for the period ended 30 June 2011 was increased to approximately HK$2,503 million when compared to the corresponding previous period of approximately HK$5 million. The increase was substantially contributed by the fuel oil processing and trading business which accounted for approximately HK$2,450 million.

Due to the change of cost structure as a result of the newly acquired fuel oil and fuel oil related business, gross profit margin for the period ended 30 June 2011 decreased from last year's approximately 99.1% to this periods 8.2%.

Selling and Administrative expenses for the period ended 30 June 2011 increased to approximately HK$50 million (30 June 2010: approximately HK$8 million) which was in line with the increase in turnover. The finance costs mainly represent the borrowing costs arisen from operation of fuel oil processing business.

The Group recorded a profit attributable to equity holders of the Company for the period under review of approximately HK$62 million (30 June 2010: loss of approximately HK$3 million).

As at 30 June 2011, the Group's account of cash and bank balances was approximately HK$55 million (2010: approximately HK$25 million) and had bank borrowings was approximately HK$625 million (2010: HK$432 million).

Two batches of convertible bonds were issued on 31 December 2010 ("Tranche I CB") and 18 February 2011 ("Tranche II CB") to raise approximately HK$241.3 million and HK$444.5 million respectively. As at 30 June 2011, both Tranche I CB and Tranche II CB were fully converted into 380,000,000 and 700,000,000 ordinary shares of the Company.

On 25 February 2011, the Company entered into private warrant placing agreements with five independent individuals to place a total of 145,000,000 warrants at the exercise price of HK$1.2. The net proceeds received by the Company arisen from warrant subscription price were approximately HK$261,000 which were applied to the Company's working capital. As at 30 June 2011, no warrants have been exercised.

Significant investments

For the period under review, the Group did not have any significant investments.

Material acquisitions and disposals of subsidiaries/Future plans for material investments

Besides the proposed acquisition as mentioned in operations review section, there had been no material acquisitions and disposals during the period under review.

Gearing ratio

As at 30 June 2011, the gearing ratio (the interest-bearing bank and other borrowings and convertible bonds divided by total equity) was 76.3% (31 December 2010: 351.5%). The decrease in gearing ratio was the result of the fully conversion of Tranche I CB and Tranche II CB into 380,000,000 ordinary shares and 700,000,000 ordinary shares respectively, during the period ended 30 June 2011.

Charges on Group assets

As disclosed in the notes 10 and 14 to the financial statements, as at 30 June 2011, the Group's property, plant and equipment, prepaid land lease payments and inventories of approximately HK$566 million (31 December 2010: approximately HK$704 million) were pledged to banks to secure the banking facilities granted.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Mainland China and most of the transactions are denominated in RMB. Given the appreciation of RMB against HKD during the period under review, no financial instrument was used for hedging purposes. It is expected that the appreciation of RMB would have a favourable impact on the Group.

Contingent liability

The Group did not have any significant contingent liabilities as at 30 June 2011.

Segmental information

The segmental information of the Group's products is set out on pages 11 and 12.

Employees

As at 30 June 2011, the Group had approximately 450 full-time employees. The aggregate remuneration of the Group's employees, including that of the directors, for the period under review and the previous period amounted to approximately HK$17 million and approximately HK$5 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Each of the executive Directors has entered into a service contract with the Company for the term of two years. Under the service contracts, after each completed year of service, the remuneration payable to each of them may, subject to the discretion of the directors, be adjusted and each will be entitled to a discretionary bonus.

At the date of this report, all share options granted to the employees of the Group pursuant to the Pre-IPO share option scheme adopted by the Company on 2 February 2002 were lapsed and no share options have been granted under the Post-IPO share option scheme adopted by the Company on 2 February 2002.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level. Particulars are detailed in the relevant section of this report.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, Parker Randall CF (H.K.) CPA Limited, Certified Public Accountants, Hong Kong.

暉誼(香港)會計師事務所有限公司
PARKER RANDALL CF (H.K.) CPA LIMITED

Room 201, 2/F.,
Two Grand tower,
625 Nathan road,
Kowloon, Hong Kong

25 September 2011

The Directors of
Ruifeng Petroleum Chemical Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Zhoushan Boke Power Co. Ltd（舟山博克能源化工有限公司）(the "Target Company") for each of the three years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 (the "Relevant Periods"), for inclusion in the circular of Ruifeng Petroleum Chemical Holdings Limited (the "Company") dated 25 September 2011 (the "Circular") in connection with the very substantial acquisition of 70% of equity interest in the Target Company.

The Target Company was established in the People's Republic of China (the "PRC") as a limited liability company on 18 August 1998 under the Company Law of the PRC. On 22 July 2011, an indirectly wholly-owned subsidiary of the Company (the "Purchaser") entered into an agreement with the existing sole equity holder of the Target Company, pursuant to which the Purchaser will acquire the 70% of the paid-up capital of the Target Company from its existing sole equity holder (the "Acquisition"). The Target Company will then become a subsidiary of the Purchaser upon the completion of the Acquisition. The Target Company is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC.

The statutory financial statements of the Target Company were prepared in accordance with the relevant PRC accounting rules and regulations (the "PRC GAAP Financial Statements''). The PRC GAAP Financial Statements for the years ended 31 December 2009 and 2010 were audited by Zhoushan Anda Certified Public Accountants（舟山安達會計師事務所）registered in the PRC.

For the purpose of preparing our report for inclusion in the Circular, the director of the Target Company has prepared the financial statements of the Target Company for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Financial Information, which includes the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Target Company for the Relevant Periods and the statements of financial position of the Target Company as at 31 December 2008, 2009 and 2010 and 31 March 2011 together with the notes thereto set out in this report, has been prepared in accordance with HKFRSs and is based on the Underlying Financial Statements. No adjustments were considered necessary for the purpose of preparing this report for inclusion in the Circular.

Respective Responsibilities of director and reporting accountants

The directors of the Company are responsible for the contents of the Circular in which this report is included. The directors of the Target Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion to you.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, on the basis of preparation set out in section 2 below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2008, 2009 and 2010 and 31 March 2011 and of the results and cash flows of the Target Company for the Relevant Periods.

Review of comparative financial information

The comparative statements of comprehensive income, cash flows and changes in equity of the Target Company for the three months ended 31 March 2010 together with the notes thereon have been extracted from the Target Company's unaudited financial information for the same period (the "31 March 2010 Financial Information") which was prepared by the director of the Target Company solely for the purpose of this report. We have reviewed the 31 March 2010 Financial Information in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 March 2010 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 March 2010 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

I. FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2008	**2009**	**2010**	**2010**	**2011**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
REVENUE	*7*	246,898	392,960	766,296	47,412	317,733
Cost of sales		(234,508)	(376,406)	(720,116)	(45,199)	(302,298)
GROSS PROFIT		12,390	16,554	46,180	2,213	15,435
Other income	*8*	407	189	1,388	89	65
Distribution costs		(6,186)	(8,949)	(29,026)	(1,130)	(8,613)
Administrative expenses		(2,366)	(2,357)	(3,721)	(522)	(888)
Finance costs	*9*	(2,856)	(2,172)	(4,707)	(489)	(780)
Share of losses of associates		(686)	(184)	(49)	–	–
PROFIT BEFORE TAX	*10*	703	3,081	10,065	161	5,219
Income tax expense	*13*	(500)	(928)	(2,443)	(41)	(1,319)
PROFIT FOR THE YEAR/ PERIOD		203	2,153	7,622	120	3,900
Other comprehensive income						
Currency translation difference from functional currency to presentation currency		721	24	848	77	83
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		924	2,177	8,470	197	3,983

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2008	2009	2010	2011
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	7,367	7,738	4,888	4,832
Prepaid land lease payments	*16*	530	512	359	357
Investments in associates	*17*	457	273	65	65
Available-for-sale financial assets	*18*	125	125	130	131
		8,479	8,648	5,442	5,385
CURRENT ASSETS					
Inventories	*19*	12,744	10,547	73,794	60,925
Trade and other receivables	*20*	16,972	34,058	48,199	58,554
Due from holding company	*21*	–	–	–	10,688
Pledged bank deposits	*22*	–	2,840	4,972	15,319
Cash and cash equivalents	*22*	9,874	9,118	7,129	13,154
		39,590	56,563	134,094	158,640
CURRENT LIABILITIES					
Trade and other payables	*23*	14,094	19,502	44,183	89,719
Due to holding company	*24*	–	–	11,838	–
Due to a fellow subsidiary	*24*	–	–	24,740	713
Secured bank borrowings	*25*	20,418	29,880	32,316	44,294
Income tax payables		209	304	2,464	1,321
		34,721	49,686	115,541	136,047
NET CURRENT ASSETS		4,869	6,877	18,553	22,593
NET ASSETS		13,348	15,525	23,995	27,978
CAPITAL AND RESERVES					
Paid-up capital	*26*	10,723	10,723	10,723	10,723
Reserves		2,625	4,802	13,272	17,255
TOTAL EQUITY		13,348	15,525	23,995	27,978

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *HK$'000*	Discretionary reserve fund *HK$'000* *(Note 27)*	Statutory reserve fund *HK$'000* *(Note 27)*	Exchange translation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2008	10,723	141	176	33	1,351	12,424
Total comprehensive income for the year	–	–	–	721	203	924
Transfer to reserve	–	–	122	–	(122)	–
At 31 December 2008	10,723	141	298	754	1,432	13,348
Total comprehensive income for the year	–	–	–	24	2,153	2,177
Transfer to reserve	–	–	245	–	(245)	–
At 31 December 2009	10,723	141	543	778	3,340	15,525
Total comprehensive income for the year	–	–	–	848	7,622	8,470
Transfer to reserve	–	–	668	–	(668)	–
At 31 December 2010	10,723	141	1,211	1,626	10,294	23,995
Total comprehensive income for the period	–	–	–	83	3,900	3,983
At 31 March 2011	10,723	141	1,211	1,709	14,194	27,978
Unaudited						
At 1 January 2010	10,723	141	543	778	3,340	15,525
Total comprehensive income for the period	–	–	–	77	120	197
At 31 March 2010	10,723	141	543	855	3,460	15,722

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Three months ended 31 March	
		2008	2009	2010	2010	2011
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Cash flows from operating activities						
Profit before tax		703	3,081	10,065	161	5,219
Adjustments for:						
Share of losses of associates		686	184	49	–	–
Gain on disposal on an associate		–	–	(929)	–	–
Depreciation and amortisation		813	846	680	167	76
Dividend income		(22)	(19)	(19)	–	–
Interest income		(269)	(68)	(276)	(39)	(13)
Interest expenses		2,856	2,172	4,707	489	780
		4,767	6,196	14,277	778	6,062
(Increase)/decrease in inventories		(2,902)	2,214	(61,221)	(20,803)	13,079
Decrease/(increase) in trade and other receivables		1,188	(17,034)	(7,590)	13,038	(10,377)
Increase/(decrease) in trade and other payables		413	5,377	21,184	4,429	45,504
Cash generated from/(used in) operations		3,466	(3,247)	(33,350)	(2,558)	54,268
Income tax paid		(557)	(833)	(350)	(305)	(2,467)
Net cash from/(used in) operating activities		2,909	(4,080)	(33,700)	(2,863)	51,801
Cash flows from investing activities						
Purchases of property, plant and equipment		(171)	(1,187)	(143)	–	–
Acquisitions of available-for-sales financial assets		(11)	–	–	–	–
Proceed from disposal of an associate		–	–	1,094	–	–
Increase in pledged bank deposits		–	(2,837)	(1,962)	–	(10,312)
Advancement to holding company		–	–	–	–	(10,668)
Dividend income received		22	19	19	–	–
Interest received		269	68	276	39	13
Net cash from/(used in) investing activities		109	(3,937)	(716)	39	(20,967)

		Year ended 31 December			Three months ended 31 March	
		2008	2009	2010	2010	2011
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Cash flows from financing activities						
New secured bank borrowings		20,225	33,246	31,501	7,192	19,321
Repayment of secured bank borrowings		(19,326)	(23,828)	(30,347)	(8,905)	(7,468)
Advancement from/(repayment to) holding company		–	–	11,539	–	(11,853)
Advancement from/(repayment to) a fellow subsidiary		–	–	24,116	–	(24,062)
Interest paid		(2,856)	(2,172)	(4,707)	(489)	(780)
Net cash (used in)/from financing activities		(1,957)	7,246	32,102	(2,202)	(24,842)
Net increase/(decrease) in cash and cash equivalents		1,061	(771)	(2,314)	(5,026)	5,992
Cash and cash equivalents at beginning of year/period		8,321	9,874	9,118	9,118	7,129
Effect of foreign exchange rate changes		492	15	325	48	33
Cash and cash equivalents at end of year/period	*22*	9,874	9,118	7,129	4,140	13,154

II. NOTES TO THE FINANCIAL INFORMATION

1. General information

Zhoushan Boke Power Co. Ltd (the "Target Company") was established in the People's Republic of China ("PRC") as a limited liability company on 18 August 1998 under the Company Law of the PRC. The Target Company engages in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC. Principal activities of the associates of the Target Company are set out in Note 17.

On 13 August 2010, the 100% equity interest of the Target Company was transferred to Zhoushan Ruiyun Power Co. Ltd.

The address of the Target Company's principal office and registered office is 6/F., No 284, South Huancheng Road, Zhoushan City, Zhejiang Province, the PRC.

2. Basis of preparation

The Financial Information of the Target Company has been prepared in accordance with Hong Kong Financial Reporting Standards ("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 ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

The Financial Information has been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. Issued but not yet effective HKFRSs

The Target Company has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

		Effective for annual periods beginning on or after
HKFRS 1 (Amendments)	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
HKFRS 7 (Amendments)	*Transfers of Financial Assets*	1 July 2011
HKFRS 9	*Financial Instruments*	1 January 2013
HKFRS 10	*Consolidated Financial Statements*	1 January 2013
HKFRS 11	*Joint Arrangements*	1 January 2013
HKFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
HKFRS 13	*Fair Value Measurement*	1 January 2013
HKAS 1 (Revised)	*Presentation of Financial Statements*	1 July 2012
HKAS 12 (Amendments)	*Deferred Tax: Recovery of Underlying Assets*	1 January 2012
HKAS 19 (2011)	*Employee Benefits*	1 January 2013
HKAS 27 (2011)	*Separate Financial Statements*	1 January 2013
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*	1 January 2013
HK(SIC) – Int-12	*Consolidation – Special Purpose Entities*	1 January 2013
HK(SIC) – Int-13	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2013

The Target Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is to be expected in the period of initial application. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. Summary of significant accounting policies

(a) Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Target Company's investments in associates are stated in the statement of financial position at the Target Company's share of net assets under the equity method of accounting, less any impairment losses. The Target Company's share of the post acquisition results and reserves of associates is included in the statement of comprehensive income and reserves, respectively. Unrealised gains and losses resulting from transactions between the Target Company and its associates are eliminated to the extent of the Target Company's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Target Company's investments in associates and is not individually tested for impairment.

(b) Impairment of non-current assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use..

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation.

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. The principal useful lives used for this purpose are as follows:

Building	Shorter of lease terms or 50 years
Oil depot	10 – 20 years
Plant and machinery	10 – 20 years
Furniture, fixtures and equipment	3 – 5 years
Motor vehicles	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(d) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Target Company, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

(e) Financial assets

Initial recognition and measurement

Financial assets of the Target Company within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are classified as loans and receivables and available-for-sale financial assets, as appropriate. The Target Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

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 the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial assets valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of comprehensive income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the comprehensive income and removed from the available-for-sale financial assets valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the statement of comprehensive income statement as other income.

When the fair value of unlisted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment; or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Target Company evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Target Company is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Target Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Target Company has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

(f) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when

– the rights to receive cash flows from the asset have expired; or

– the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Target Company has transferred substantially all the risks and rewards of the asset, or (ii) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Target Company's continuing involvement in the asset. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

(g) Impairment of financial assets

The Target Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Available-for-sale financial investments

For available-for-sale financial assets, the Target Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is removed from other comprehensive income and recognised in the statement of comprehensive income.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgment. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of comprehensive income. Increases in their fair value after impairment are recognised directly in other comprehensive income.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at amortised costs. The Target Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised costs

After initial recognition, financial liabilities at amortised costs are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of comprehensive income.

(i) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(n) Revenue recognition

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:

(1) 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;

(2) 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; and

(3) dividend income, when the shareholders' right to receive payment has been established.

(o) Employee benefits

The employees of the Target Company are required to participate in a central pension scheme operated by the local municipal government. The Target Company is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

(p) Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

(q) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except (i) where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except (i) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Foreign currencies

The Target Company's functional currency is Renminbi ("RMB"). Items included in the financial statements of the Target Company are measured using that functional currency. Foreign currency transactions recorded by the Target Company are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As the functional currency of the Target Company is the currency other than the Target Company' presentation currency, Hong Kong dollars, the assets and liabilities of the Target Company as at the end of the reporting period are translated into the presentation currency of the Target Company at the exchange rates ruling at the end of the reporting period and the statement of comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the period.

The resulting exchange differences are recognised in the statement of comprehensive income and accumulated in the exchange translation reserve.

(s) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

(t) Related parties

A person or a close member of that person's family is related to the Target Company if that person: (i) has control or joint control over the Target Company; (ii) has significant influence over the Target Company; or (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

An entity is related to the Target Company if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5. Significant accounting judgments and estimates

The preparation of the Target Company's Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of non-financial assets

The Target Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Company assesses annually the residual value and the useful lives of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will affect the depreciation charges in the year in which the estimates change.

(c) Write down of inventories

The Target Company determines whether the carrying amounts of inventories are lower than the estimated net realisable value at least on an annual basis. This requires estimation on future market demand, technology development and anticipated margins on these products on an individual basis.

(d) Impairment loss recognised in respect of trade and other receivables

The policy for impairment loss recognised in respect of trade and other receivables of the Target Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Target Company were to deteriorate, resulting in impairment of their ability to make payments, additional impairment loss may be required.

6. Segment information

(a) Operation segment information

From the perspective of the Target Company's directors, it is considered that assessment of operating performance is focused on the Target Company as a whole for the purposes of resource allocation and performance assessment. Therefore directors consider the Target Company has one reporting segment i.e. the selling of oil products business.

Reconciliation of segment information to the information presented in the Financial Information has not been presented, as the reconciling items are considered to be immaterial.

(b) Geographical information

No geographical information is shown as the revenue from external customers and non-current assets from of the Target Company are substantially derived from activities or located in the PRC.

(c) Information about a major customer

Throughout the Relevant Periods, no single customer amount to 10% or more of the Target Company's revenue.

7. Revenue

Revenue, which is also the Target Company's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Relevant Periods.

8. Other income

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Dividend income	22	19	19	–	–
Interest income	269	68	276	39	13
Gain on disposal on an associate	–	–	929	–	–
Sundry income	116	102	164	50	52
	407	189	1,388	89	65

9. Finance costs

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on secured bank borrowings wholly repayable within five years	2,856	2,172	4,707	489	780

10. Profit before tax

The Target Company's profit before tax is arrived at after charging:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cost of inventories sold	234,508	376,406	720,116	45,199	302,298
Auditors' remuneration	–	8	13	–	–
Depreciation	795	828	663	163	72
Amortisation of prepaid land lease payments	18	18	17	4	4
Minimum lease payments under operating leases for leasehold land and buildings	191	289	1,154	–	733
Employee benefit expenses (including directors' remuneration – note 11)					
– Salaries and other benefits	939	821	1,254	232	374
– Pension plan contributions	472	239	170	38	114
	1,411	1,060	1,424	270	488

11. Directors' remuneration

Directors' remuneration for the Relevant Periods, disclosed pursuant to the GEM Listing Rules and section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wang De Zhou（王德舟）(resigned on 13 August 2010)					
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	59	–	–	–	–
Performance related bonuses	–	–	–	–	–
Pension plan contributions	19	–	–	–	–
	78	–	–	–	–

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Liu Cheng Yi (劉承意)					
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	65	66	67	17	38
Performance related bonuses	–	–	–	–	–
Pension plan contributions	24	24	24	6	14
	89	90	91	23	52
Total					
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	124	66	67	17	38
Performance related bonuses	–	–	–	–	–
Pension plan contributions	43	24	24	6	14
	167	90	91	23	52

Other than the above directors, the remaining directors have been resigned on 13 August 2010 and none of them received any fees or emoluments in respect of their services rendered during the Relevant Periods.

12. Five highest paid employees

The five highest paid employees during the Relevant Periods included one/two director(s), details of whose remuneration are set out in note 11 above. Details of the remuneration of the remaining three/four non-director, highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries, allowances and benefits in kind	270	270	299	65	123
Performance related bonuses	–	–	–	–	–
Pension plan contributions	87	84	85	21	35
	357	354	384	86	158

The non-director, highest paid individuals remuneration were all fell within the band of Nil to HK$1,000,000 for the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Target Company to any of the director or the five highest paid individuals (including director and employees) as an inducement to join or upon joining the Target Company or as compensation for loss of office. None of the director waived any emoluments during the Relevant Periods.

13. Income tax expense

The PRC Enterprise Income Tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC during the Relevant Periods.

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current tax - PRC					
Charge for the year/ period	500	928	2,443	41	1,319

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit before tax	703	3,081	10,065	161	5,219
Tax at the statutory tax rate	176	770	2,516	40	1,305
Income not subject to tax	(6)	(5)	(232)	–	–
Expenses not deductible for tax	330	163	159	1	14
Income tax expense	500	928	2,443	41	1,319

There was no unprovided deferred tax in respect of the Relevant Periods and as at the end of the reporting period.

14. Earnings per share

Boke is a PRC company with paid up capital of RMB10,000,000 as at 31 December 2008, 2009, 2010 and as at 31 March 2011 respectively. The number of shares issued is not specified in Boke company registration documents in PRC and therefore calculating the earnings per shares will not be applicable.

15. Property, plant and equipment

	Building	Oil depot	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2008	1,096	3,024	4,621	139	630	9,510
Additions	–	157	6	9	–	172
Exchange realignment	63	175	268	8	36	550
At 31 December 2008	1,159	3,356	4,895	156	666	10,232
Additions	–	–	–	34	1,155	1,189
Disposals	–	–	(2)	(6)	–	(8)
Exchange realignment	2	5	8	–	1	16
At 31 December 2009	1,161	3,361	4,901	184	1,822	11,429
Additions	–	–	27	8	112	147
Disposals	–	(3,089)	(643)	(26)	–	(3,758)
Exchange realignment	49	63	188	7	76	383
As 31 December 2010	1,210	335	4,473	173	2,010	8,201
Exchange realignment	4	1	14	1	7	27
At 31 March 2011	1,214	336	4,487	174	2,017	8,228
Accumulated depreciation						
At 1 January 2008	131	525	1,097	52	144	1,949
Provided for the year	36	171	503	22	63	795
Exchange realignment	8	32	68	4	9	121
At 31 December 2008	175	728	1,668	78	216	2,865
Provided for the year	36	175	509	26	82	828
Written back on disposals	–	–	(2)	(6)	–	(8)
Exchange realignment	–	2	3	–	1	6

	Building	Oil depot	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009	211	905	2,178	98	299	3,691
Provided for the year	37	29	393	28	176	663
Written back on disposals	–	(822)	(336)	(26)	–	(1,184)
Exchange realignment	10	17	94	4	18	143
At 31 December 2010	258	129	2,329	104	493	3,313
Provided for the period	9	–	12	6	45	72
Exchange realignment	1	2	7	–	1	11
At 31 March 2011	268	131	2,348	110	539	3,396
Net carrying amount						
At 31 March 2011	946	205	2,139	64	1,478	4,832
At 31 December 2010	952	206	2,144	69	1,517	4,888
At 31 December 2009	950	2,456	2,723	86	1,523	7,738
At 31 December 2008	984	2,628	3,227	78	450	7,367

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Target Company's building was pledged to secure general banking facilities granted to the Target Company *(note 25)*.

During the year ended 31 December 2010, the Target Company disposed certain property, plant and equipment to the related company of the Target Company at its net carrying value.

16. Prepaid land lease payments

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Land situated in the PRC				
Long-term lease	372	358	359	357
Medium-term lease	158	154	–	–
	530	512	359	357

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Target Company's long-term leasehold land was pledged to secure general banking facilities granted to the Target Company *(note 25)*.

The medium-term leasehold land was disposed during the year ended 31 December 2010.

17. Investments in associates

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost of investments in associates Unlisted	1,149	1,151	77	77
Share of post-acquisition profits and other comprehensive income, net of dividends received	(692)	(878)	(12)	(12)
	457	273	65	65

Particulars of the Target Company's associates are as follows:

Name	Place of establishment	Particular of registered capital	Percentage of interest held by the Target Company at 31 December 2008	2009	2010	31 March 2011	Principal activities
Zhoushan Dinghai Huan Nan Comprehensive Building Property Management Co. Ltd (舟山市定海環南綜合大樓物業管理有限公司)	The PRC	RMB200,000	32.5%	32.5%	32.5%	32.5%	Property management
Zhoushan Dinghai Xin Cheng Trading Market Co. Ltd ("Xin Cheng") (舟山市定海新城集貿市場有限公司)	The PRC	RMB3,160,000	30%	30%	–	–	Operation of a super market

On 12 October 2010, the Target Company disposed its equity interests held in Xin Cheng to the holding company of the Target Company in a consideration of approximately RMB948,000 (equivalent to HK$1,094,000).

Summarised financial information in respect of the Target Company's associates is set out below:

	As at 31 December 2008	2009	2010	As at 31 March 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	9,285	9,572	455	454
Liabilities	(7,779)	(8,678)	(256)	(252)
Net assets	1,506	894	199	202
The Target Company's share of net assets of associates	457	273	65	65

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	342	251	325	115	33
(Loss) Profit for the year period	(564)	(613)	(165)	(74)	3
The Target Company's share of losses of associates	(686)	(184)	(49)	–	–

18. Available-for-sale financial assets

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity investments in the PRC, at cost	125	125	130	131

19. Inventories

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Goods held for re-sale, at cost	12,744	10,547	73,794	60,925

20. Trade and other receivables

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	5,831	11,378	6,627	11,097
Other receivables	3,559	290	6,855	231
Prepayment to suppliers	7,582	22,390	29,790	47,226
VAT and other tax recoverable	–	–	4,927	–
	16,972	34,058	48,199	58,554

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	4,184	9,744	5,298	8,106
31 – 60 days	1,602	926	677	1,850
61 – 90 days	35	83	–	488
Over 90 days	10	625	652	653
	5,831	11,378	6,627	11,097

The Target Company's trading terms with its customers are mainly on credit and the credit period is generally 45 days, extending up to 90 days for major customers. The Target Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Target Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	5,821	10,753	5,975	10,444
Less than 30 days past due	–	–	–	–
31 to 90 days past due	–	–	–	–
Over 90 days past due	10	625	652	653
	5,831	11,378	6,627	11,097

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Target Company. The director of the Target Company is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Target Company does not hold any collateral or other credit enhancements over these balances.

21. Due from holding company

The balance due from holding company is unsecured, non-interest bearing and is repayable within one month after the completion of the Acquisition.

22. Cash and cash equivalents

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total cash and bank balances	9,874	11,958	12,101	28,473
Pledged bank deposits	–	(2,840)	(4,972)	(15,319)
Cash and cash equivalents	9,874	9,118	7,129	13,154

Cash and bank balances of the Target Company are all denominated in RMB, which is not freely convertible into other currency and the remittance of funds out of the PRC is subject to the exchange control imposed by the PRC Government.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

23. Trade and other payables

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	78	–	253
Bills payable	5,672	5,681	16,573	51,063
	5,672	5,759	16,573	51,316
Other payables	3,947	10,460	18,367	7,257
Prepayment from customers	4,086	2,856	9,243	30,701
VAT and other tax payable	389	427	–	445
	14,094	19,502	44,183	89,719

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	–	78	–	253

24. Due to holding company and a fellow subsidiary

The balance due to holding company was unsecured, non-interest bearing and was fully repaid during the Relevant Periods. The balance due to a fellow subsidiary is unsecured, non-interest bearing and has no fixed terms of repayment.

25. Secured bank borrowings

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank loans repayable:				
Within 1 year	20,418	29,880	32,316	44,294

The bank loans which are denominated in RMB with fixed interest rates are secured by:

(i) the pledge of the Target Company's building *(note 15)*;

(ii) the pledge of the Target Company's long-term leasehold land *(note 16)*; and

(iii) the pledge of the land and buildings of an associate, a former shareholder and certain companies which are controlled by the former shareholder ("Former Shareholder's Companies"), which had an aggregate market values of approximately HK$19,216,000, HK$19,246,000, HK$30,845,000 and HK$30,943,000 as of 31 December 2008, 2009, 2010 and 31 March 2011 respectively.

In addition, Former Shareholder's Companies has guaranteed the bank loans up to HK$5,672,000, HK$28,744,000, HK$32,553,000 and HK$44,531,000 as of 31 December 2008, 2009, 2010 and 31 March 2011 respectively.

The effective contractual interest rates for the bank loans as of 31 December 2008 are range from 8.5% to 10.4%. The effective contractual interest rates for the bank loans as of 31 December 2009 and 2010 and 31 March 2011 are range from 5.1% to 6.3%.

26. Paid-up capital

				As at 31 March
		As at 31 December		
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised and fully paid-up: RMB10,000,000 (translated at historical rate)	10,723	10,723	10,723	10,723

27. Reserves

(i) Discretionary reserve fund

The board of directors, after obtaining approval from the shareholders, has the discretion to provide discretionary reserve fund. Upon approval from the authorities, the discretionary reserve can be used to make up any losses incurred or to increase share capital.

(ii) Statutory reserve fund

Pursuant to the PRC law and regulations and the Target Company's articles of association, the Target Company is required to set aside 10% of its annual net profit after taxation determined under the PRC accounting standards as the statutory reserve fund until the reserve balance reaches 50% of the Target Company's registered capital. The statutory reserve fund can only be used to make good previous years' losses, to expand the Target Company's production operations, or to increase the capital of the Target Company. Upon approval of a resolution of shareholders' in a general meeting, the Target Company may convert its reserve into capital, provided that the balance of the statutory reserve fund after such issuance is not less than 25% of the Target Company's registered capital.

28. Commitments and contingent liabilities

At the end of each of the Relevant Periods, the Target Company had no any significant commitments and contingent liabilities.

29. Related parties transactions

(i) In addition to the transactions and balances detailed elsewhere in these Financial Information, the Target Company had the following transactions with its fellow subsidiary, Zhejiang Yuye Petroleum Co. Ltd.（浙江省舟山漁業石油有限公司）, during the Relevant Periods:

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Sales of products	–	–	778	–	2,148
Rental expenses	–	–	–	–	711

(ii) Compensation of key management personnel

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Short term employee benefits	167	90	91	23	52
Post-employment benefits	–	–	–	–	–
	167	90	91	23	52

30. Financial risk management objectives and policies

(a) Financial risk factors

The Target Company's major financial instruments include trade and other receivables, due from holding company, cash and bank balances, trade and other payables, due to holding company and a fellow subsidiary and secured bank loans. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The Target Company's businesses are conducted and recorded in its local currency, RMB. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management.

Interest rate risk

The Target Company is mainly exposed to cash flow interest rate risk in relation to bank balances which bear variable interest rates. Bank balances are excluded from the interest rate sensitivity analysis as they are not sensitive to the change in market interest rates. The Target Company's fair value interest rate risk is insignificant as the Target Company's fixed interest rate bank loans are all repayable within one year and the changes in fair value of the bank loans due to change of market interest rates are insignificant.

(ii) Credit risk

The Target Company trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Target Company's exposure to bad debts is not significant.

The credit risk of the Target Company's other financial assets, which comprise cash and bank balances, amounts due from holding company and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

(iii) Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The maturity profile of the Target Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is within one year.

(b) Capital risk management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The director of the Target Company reviews the capital structure regularly. As part of this review, the director considers the cost and the risks associated with each class of the capital. Based on the recommendations of the director, the Target Company will balance its overall capital structure through the payment of dividends, additional paid-in capital as well as the issue of new debt or the redemption of existing debt. The Target Company is not subject to any externally imposed capital requirements.

(c) Fair value

The director considers that the carrying amounts of those financial assets and financial liabilities are assumed to approximate their fair values.

31. Event after the end of reporting period

No significant event took place subsequent to 31 March 2011 and up to the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 March 2011.

Yours faithfully,
Parker Randall CF (H.K.) CPA Limited
Certified Public Accountants
Hong Kong

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma financial information of Ruifeng Petroleum Chemical Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred as the "Group") together with Zhoushan Boke Power Co. Ltd. ("Boke") (hereinafter collectively referred to as the "Enlarged Group") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition of 70% equity interest of Boke (the "Acquisition") as if it had taken place on 30 June 2011 in respect of the pro forma consolidated statement of financial position and 1 January 2010 in respect of the pro forma consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows.

This unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position, financial results and cash flows of the Enlarged Group had the Acquisition been completed as at 30 June 2011 and 1 January 2010 respectively, or at any future date.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2011	Boke as at 31 March 2011	Subtotal	Pro forma adjustments		Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(note 1)	*(note 2)*				
NON-CURRENT ASSETS						
Property, plant and equipment	1,191,867	4,832	1,196,699	(2,297)	*3*	1,197,296
				2,894	*5*	
Prepaid land lease payments	103,036	357	103,393			103,393
Investment in a subsidiary	–	–	–	30,697	*4*	–
				(30,697)	*5*	
Interests in associates	–	65	65			65
Goodwill	153,696	–	153,696	20,293	*5*	173,989
Available-for-sale financial assets	4,923	131	5,054			5,054
Deferred tax assets	77	–	77			77
	1,453,599	5,385	1,458,984	20,890		1,479,874
CURRENT ASSETS						
Inventories	669,935	60,925	730,860			730,860
Trade and other receivables	1,131,525	58,554	1,190,079	(10,700)	*4*	1,187,418
				8,039	*7*	
Due from holding company	–	10,688	10,688	(2,649)	*3*	–
				(8,039)	*7*	
Pledged bank deposits	515,729	15,319	531,048			531,048
Cash and cash equivalents	54,824	13,154	67,978	4,946	*3*	51,690
				(28,381)	*4*	
				8,384	*4*	
				(1,237)	*6*	
	2,372,013	158,640	2,530,653	(29,637)		2,501,016
CURRENT LIABILITIES						
Trade and other payables	2,323,347	89,719	2,413,066	713	*7*	2,413,779
Due to a fellow subsidiary	–	713	713	(713)	*7*	–
Secured bank borrowings	624,814	44,294	669,108			669,108
Income tax payables	9,272	1,321	10,593			10,593
Due to related companies	10,000	–	10,000			10,000
	2,967,433	136,047	3,103,480	–		3,103,480

	The Group as at 30 June 2011	Boke as at 31 March 2011	Subtotal	Pro forma adjustments		Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(note 1)	*(note 2)*				
NET CURRENT (LIABILITIES)/ASSETS	(595,420)	22,593	(572,827)	(29,637)		(602,464)
NON-CURRENT LIABILITIES						
Deferred tax liabilities	39,218	–	39,218	–		39,218
NET ASSETS	818,961	27,978	846,939	(8,747)		838,192
CAPITAL AND RESERVES						
Share capital	37,063	10,723	47,786	(10,723)	*5*	37,063
Reserves	781,898	17,255	799,153	(17,255)	*5*	780,661
				(1,237)	*6*	
Non-controlling interests	–	–	–	20,468	*5*	20,468
TOTAL EQUITY	818,961	27,978	846,939	(8,747)		838,192

Notes to unaudited pro forma consolidated statement of financial position:

1. The balances are extracted from the unaudited condensed consolidated statement of financial position as disclosed in the published interim financial statement of the Group for the six months ended 30 June 2011.

2. The balances are extracted from the audited statement of financial position of Boke as set out in Appendix II to this circular.

3. Pursuant to the Facilities Purchase Agreement, the Vendor agreed to acquire certain non-movable oil tanks and storage facilities ("Storage Facilities") amounting to RMB4,165,000 (approximately HK$4,946,000) at the net carrying value from Boke.

   For the year ended 31 December 2010, the ownership of Storage Facilities amounting to RMB2,231,000 (approximately HK$2,649,000) were already transferred to a related party of the Vendor ("First Disposal") and the remaining Storage Facilities amounting to RMB1,934,000 (approximately HK$2,297,000) will be sold to Vendor before the Completion Date ("Second Disposal").

   The adjustment represents approximately (i) RMB4,165,000 (approximately HK$4,946,000) of cash and cash equivalent to be received from the Vendor for First Disposal and Second Disposal; (ii) disposal of the property, plant and equipment amounting to RMB1,934,000 (approximately HK$2,297,000) as the result of Second Disposal; and (iii) settlement of the amount due from holding company of RMB2,231,000 (approximately HK$2,649,000) arose from First Disposal.

4. The adjustment represents the settlement of remaining of the consideration (after adjustments) in cash as calculated below and recognition of the cost of investment in Boke.

		Equivalent to
	RMB'000	*HK$'000*
Deposit paid for the Acquisition	9,000	10,700
Remaining balance of cash consideration before consideration adjustment per New Share Purchase Agreement	23,900	28,381
	32,900	39,081
Consideration adjustment on 70% of amount of bank loans incurred by Boke as at the Completion date (assumed on 30 June 2011) which are not shown in the audited financial statements of Boke for the year ended 31 December 2010	(7,061)	(8,384)
Adjusted consideration for the Acquisition ("Adjusted Consideration")	25,839	30,697

The consideration adjustment will have to be reassessed as at the Completion Date.

5. The adjustment represents the recognition of goodwill of HK$20,293,000 and non-controlling interests that would arise from the Acquisition and the elimination of the equity of Boke with the Adjusted Consideration.

The goodwill arising for the Acquisition is calculated as follows:

	HK$'000
Adjusted Consideration	30,697
Non-controlling interests (including the retained earnings of Boke amounted to RMB9,467,000 (equivalent to HK$11,206,000) attributable to the Vendor per New Share Purchase Agreement)	20,468
	51,165
Net assets value of Boke as at 31 March 2011	27,978
Fair value adjustments on property, plant and equipment of Boke	2,894
Fair value of net identifiable assets acquired	30,872
Goodwill	20,293

The property, plant and equipment of Boke were revalued by Grant Sherman Appraisal Limited, an independent professional valuer. The basis for the fair value adjustments are set out in Appendix V of this circular.

The fair value of Adjusted Consideration and fair value adjustments on property, plant and equipment of Boke will have to be reassessed as at the Completion Date and, accordingly, the goodwill will be subject to further changes upon the completion of the Acquisition.

The reporting accountants have assessed where there is any impairment on the goodwill in accordance with HKAS 36 "Impairment of Assets" and concluded that there is no impairment in respect of the goodwill with an assumed fair value of approximately HK$20,293,000.

6. The adjustment represents the estimated amount of legal and professional fee and other expenses of approximately HK$1,237,000 incurred for the Acquisition.

7. The adjustment represents the reclassification of balances upon the completion of the Acquisition.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group	Boke	Subtotal	Pro Forma adjustments		Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(note 1)	*(note 2)*				
REVENUE	8,219	766,296	774,515			774,515
Cost of sales	(1,151)	(720,116)	(721,267)			(721,267)
GROSS PROFIT	7,068	46,180	53,248			53,248
Other income	69	1,388	1,457			1,457
Distribution cost	(299)	(29,026)	(29,325)			(29,325)
Administrative expenses	(32,074)	(3,721)	(35,795)	(1,237)	*3*	(37,032)
Finance costs	–	(4,707)	(4,707)			(4,707)
Share of losses of associates	–	(49)	(49)			(49)
(LOSS)/PROFIT BEFORE TAX	(25,236)	10,065	(15,171)	(1,237)		(16,408)
Income tax expenses	–	(2,443)	(2,443)			(2,443)
(LOSS)/PROFIT FOR THE YEAR	(25,236)	7,622	(17,614)	(1,237)		(18,851)
(Loss)/Profit for the year attributable to:						
– Owners of the Company	(25,236)	7,622	(17,614)	(1,237)		(21,138)
				(2,287)	*4*	
– Non-controlling interests	–	–	–	2,287	*4*	2,287
	(25,236)	7,622	(17,614)	(1,237)		(18,851)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group	Boke	Subtotal	Pro Forma adjustments	Notes	Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(note 1)	*(note 2)*				
(LOSS)/PROFIT FOR THE YEAR	(25,236)	7,622	(17,614)	(1,237)	*3*	(18,851)
Other comprehensive (loss)/income						
Currency translation difference from functional currency to presentation currency	941	848	1,789			1,789
Change in fair value of available-for-sale financial assets	(1,359)	–	(1,359)			(1,359)
Total other comprehensive (loss)/income for the year, net of tax	(418)	848	430	–		430
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(25,654)	8,470	(17,184)	(1,237)		(18,421)
Total comprehensive income for the year attributable to:						
– Owners of the Company	(25,654)	8,470	(17,184)	(1,237)		(20,962)
				(2,541)	*4*	
– Non-controlling interests	–	–	–	2,541	*4*	2,541
	(25,654)	8,470	(17,184)	(1,237)		(18,421)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group	Boke	Subtotal	Pro Forma adjustments		Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(note 1)	*(note 2)*				
Cash flows from operating activities						
(Loss)/Profit before tax	(25,236)	10,065	(15,171)	(1,237)	*3*	(16,408)
Adjustments for:						
Share of losses of associates	–	49	49			49
Gain on disposal on an associate	–	(929)	(929)			(929)
Depreciation and amortisation	–	680	680			680
Dividend income	–	(19)	(19)			(19)
Interest income	(69)	(276)	(345)			(345)
Interest expenses	–	4,707	4,707			4,707
	(25,305)	14,277	(11,028)	(1,237)		(12,265)
Decrease/(increase) in inventories	(13)	(61,221)	(61,234)			(61,234)
Decrease/(increase) in trade and other receivables	11,851	(7,590)	4,261			4,261
Increase/(decrease) in trade and other payables	13,660	21,184	34,844			34,844
Cash generated from/ (used in) operations	193	(33,350)	(33,157)	(1,237)		(34,394)
Income tax paid	–	(350)	(350)			(350)
Net cash from/(used in) operating activities	193	(33,700)	(33,507)	(1,237)		(34,744)

	The Group HK$'000 (note 1)	Boke HK$'000 (note 2)	Subtotal HK$'000	Pro Forma adjustments HK$'000	Notes	Unaudited Enlarged Group HK$'000
Cash flows from investing activities						
Purchases of property, plant and equipment	–	(143)	(143)			(143)
Acquisitions of subsidiaries	(60,700)	–	(60,700)	(29,963)	*5*	(90,663)
Proceeds from disposal of an associate	–	1,094	1,094			1,094
Increase in pledged bank deposits	–	(1,962)	(1,962)			(1,962)
Dividend income	–	19	19			19
Interest received	69	276	345			345
Net cash from/(used in) investing activities	(60,631)	(716)	(61,347)	(29,963)		(91,310)
Cash flows from financing activities						
New secured bank borrowings	–	31,501	31,501			31,501
Repayments of secured bank borrowings	–	(30,347)	(30,347)			(30,347)
Proceed from issue of share	76,200	–	76,200			76,200
Share issue expenses	(2,279)	–	(2,279)			(2,279)
Advancement from holding company	11,539	11,539	11,539			11,539
Advancement from a fellow subsidiary	–	24,116	24,116			24,116
Interest paid	–	(4,707)	(4,707)			(4,707)
Net cash used in financing activities	73,921	32,102	106,023	–		106,023
Net increase/(decrease) in cash and cash equivalents	13,483	(2,314)	11,169	(31,200)	*5*	(20,031)
Cash and cash equivalents at beginning of the year	11,448	9,118	20,566	(9,118)	*5*	11,448
Effect of foreign exchange rate changes	523	325	848			848
Cash and cash equivalents at end of the year	25,454	7,129	32,583	(40,318)		(7,735)

Notes to unaudited pro forma consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows:

1. The balances are extracted from the audited consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows as disclosed in the published annual financial statement of the Group for the year ended 31 December 2010.

2. The balances are extracted from the audited statement of comprehensive income and statement of cash flows of Boke as set out in Appendix II to this circular.

3. The adjustment represents the estimated amount of legal and professional fee and other expenses of approximately HK$1,237,000 incurred for the Acquisition.

4. The adjustment represents the recognition of results and total comprehensive income of Boke attributable to the non-controlling interests.

5. The adjustment represents the net of total cash consideration of RMB32.9 million (equivalent to approximately HK$39,081,000) for the Acquisition and the acquisition of the cash and cash equivalents of Boke of HK$9,118,000. It is assumed that no any adjustment on the consideration as at the date of completion of the Acquisition.

2. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, Parker Randall CF (H.K.) CPA Limited, Certified Public Accountants, Hong Kong.

暉誼(香港)會計師事務所有限公司
PARKER RANDALL CF (H.K.) CPA LIMITED

Room 201, 2/F.,
Two Grand Tower,
625 Nathan Road,
Kowloon, Hong Kong

25 September 2011

The Directors of
Ruifeng Petroleum Chemical Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Ruifeng Petroleum Chemical Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") together with Zhoushan Boke Power Co. Ltd ("Boke"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial acquisition of 70% equity interest in Boke, might have affected the financial information presented, for inclusion in Appendix II to the circular of the Company dated 25 September 2011 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Appendix I of the Circular.

Respective responsibilities of Directors and Reporting Accountants

It is solely the responsibility of the directors to prepare the unaudited pro forma financial information in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Rule 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

The unaudited pro forma financial information had been prepared for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

– the financial position of the Enlarged Group as at 30 June 2011 or any future date; or

– the results and cash flows of the Enlarged Group for the year ended 31 December 2010 or any future periods.

Opinion

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Parker Randall CF (H.K.) CPA Limited
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the business and property valuer, Grant Sherman Appraisal Limited.

GRANT SHERMAN APPRAISAL LIMITED

Room 1701, 17/F
Jubilee Centre
18 Fenwick street
Wanchai
Hong Kong

25 September 2011

The Board of Directors
Ruifeng Petroleum Chemical Holdings Limited
Unit 818-822, 8th Floor, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Dear Sir/Madam,

In accordance with your instructions, we have made an appraisal of the fair market value of a 100% equity interest in the business enterprise of 舟山博克能源化工有限公司 (Zhoushan Boke Power Co. Ltd.) ("Boke") which is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the People's Republic of China (the "PRC").

This letter identifies the business appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value.

Business enterprise value is defined for this appraisal as the total invested capital, excluding debts but including shareholders' loans, and is equivalent to shareholders' equity plus shareholders' loans. The fair market value of the 100% equity interest in the business enterprise of Boke is developed through the application of the market approach, under which the fair market value is derived based on prices at which stocks of similar companies are trading in a public market after accounting for the effects of a control premium and a discount to adjust for lack of marketability of its shares.

The purpose of this appraisal is to express an independent opinion on the fair market value of a 100% equity interest in Boke as at 31 July 2011 (the "Appraisal Date"). It is our understanding that this appraisal will be used by Ruifeng Petroleum Chemical Holdings Limited (the "Company") for acquisition purposes and our valuation report might be used in connection with a public document.

INTRODUCTION

On 11 April 2011, 佛山市穗達燃料有限公司 (Foshan Suida Fuel Co. Ltd.) ("Suida"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement (the "Old Agreement") with 舟山瑞運能源有限公司 (Zhoushan Ruiyun Power Co. Ltd.) (the "Vendor") to acquire a 100% equity interest in Boke at a cash consideration of RMB47,000,000, subject to adjustments. Subsequently, on 22 July 2011, Suida and the Vendor mutually agreed to cancel the Old Agreement and entered into a new share purchase agreement to acquire 70% equity interest in Boke (the "Acquisition") at a cash consideration of RMB32,900,000, subject to adjustments.

The Company

The Company, formerly known as ThinSoft (Holdings) Inc, is a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8096). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in fuel oil processing, trading and other related business as well as the distribution of computer software and related products.

Boke

Boke, a company established in the PRC with limited liability, is principally engaged in the retailing of diesel and kerosene, wholesale of fuel oil and selling of lubricating oil in Zhejiang Province and the eastern part of the PRC. As at the Appraisal Date, Boke had 32.5% equity interest in an unlisted associate, a property management company named, 舟山市定海環南綜合大樓物業管理有限公司 (the "Associate") as a long term investment. Boke shared a loss of HK$49,000 from the Associate for the financial year ended 31 December 2010.

The profits before and after taxation of Boke for the financial year ended 31 December 2010 were approximately HK$10,065,000 and HK$7,622,000 respectively. Its net asset value as at 31 December 2010 was approximately HK$23,995,000. Upon completion of the Acquisition, the financial results, assets and liabilities of Boke will be consolidated into the financial statements of the Company.

Suida

Suida is an indirect wholly-owned subsidiary of the Company and principally engaged in trading of fuel oil.

The Vendor

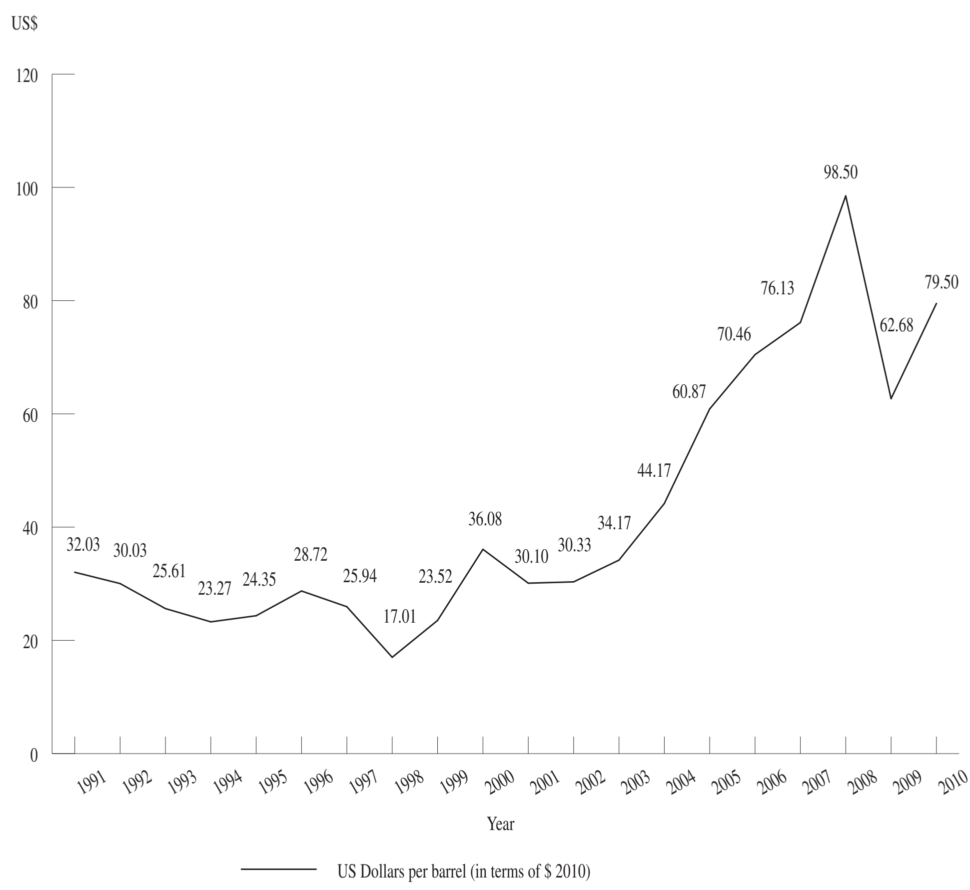
The Vendor is engaged in the sales of fuel oil (excluding dangerous goods), mechanical equipment, petrochemical raw materials and metal materials.

INDUSTRY OVERVIEW

Crude Oil Prices

In the last decade, the crude oil price soared from US$30 per barrel in 2001 to US$80 per barrel in 2010. Global oil demand exceeded supply and huge funds flooded into commodity speculation and pushed up oil prices. Due to the global financial crisis in late 2008, the oil price eventually dropped from its peak of around US$100 per barrel to around US$60 per barrel in 2009. As illustrated in Exhibit 1, the situation turned around from mid-2009 when the global economy stabilized. Due to the gradual global economic recovery and positive global investment atmosphere, the oil price wandered between US$70 to US$90 per barrel in 2010. In view of the global commodity speculative activities, the future oil price is expected to be on an upward trend and might climb above US$100 per barrel in 2011.

Exhibit 1: Crude Oil Prices (1991-2010)



Source: BP Statistical Review of World Energy June 2011

Oil Market in the PRC

The PRC is the world's fastest-growing major economy, with average growth rates of 10% for the past 3 decades. With energy consumption representing 20% of world's total, the PRC overtook the U.S. as the largest energy consumer and was the second largest oil consumer, after the U.S. in 2010, according to a statistical review of world energy conducted by BP plc., one of the world's largest energy companies, as shown in Exhibit 2.

Exhibit 2: Energy Consumption by Fuel in 2010*

Million tonnes oil equivalent	Oil	Natural gas	Coal	Nuclear energy	Hydro-electicity	Renew-ables	Total	% of world's total
World	4,028.1	2,858.1	3,555.8	626.2	775.6	158.6	12,002.4	100%
People's Rep of China	428.6	98.1	1,713.5	16.7	163.1	12.1	2,432.2	20%
U.S.	850.0	621.0	524.6	192.2	58.8	39.1	2,285.7	19%
Russian Federation	147.6	372.7	93.8	38.5	38.1	0.1	69.9	6%
India	155.5	55.7	277.6	5.2	25.2	5.0	524.2	4%
Japan	201.6	85.1	123.7	66.2	19.3	5.1	500.9	4%
Germany	115.1	73.2	76.5	31.8	4.3	18.6	319.5	3%
Canada	102.3	84.5	23.4	20.3	82.9	3.3	316.7	3%
South Korea	105.6	38.6	76.0	33.4	0.8	0.5	255.0	2%
Brazi	116.9	23.8	12.4	3.3	89.6	7.9	253.9	2%
France	83.4	42.2	12.1	96.9	14.3	3.4	252.4	2%

(Primary energy comprises commercially traded fuels only in the above data.)*

Source: BP Statistical Review of World Energy June 2011

Over the last decade, the total oil consumption in the PRC increased from 112.9 million tonnes in 1991 to 428.6 million tonnes in 2010 at a compound annual growth rate ("CAGR") of 6.9%. Meanwhile, the total oil production in the PRC increased from 141.0 million tonnes in 1991 to 203.0 million tonnes in 2010 at a CAGR of 1.8%. Due to industrialization and rapid economic development in the last decades, the need for energy increased. Demand for oil in the PRC had surpassed supply which caused the country turning into a net oil import nation since 1993 and was increasingly dependent on foreign oil. In 2010, the imports of crude oil and oil products amounted to 234.6 million tonnes and 59.9 million tonnes respectively in the PRC while only 2.0 million tonnes crude oil and 29.4 million tonnes oil products were exported to other countries.

Fuel oil consumption is mainly focused on power generation, transportation, production of petroleum and petrochemical, metallurgy and construction materials. The eastern part and the southern part of the PRC as well as Shandong province are the major domestic fuel oil markets while the consumption solely in the eastern part and Shandong has already accounted for about 70% of the national consumption. In 2010, Shandong became a major fuel consumption province in the country, hence fuel oil consumption in north of the Yangtze River area had accounted for half of the total fuel oil consumption in the PRC.

According to a quarterly industry analysis report issued by 中經網資料有限公司, the PRC 2010 total production volume of fuel oil reached 21,154 thousand tonnes, an increase of 11.7% from last year. The top 5 provinces with the highest output level were Liaoning, Shandong, Jiangsu, Guangdong and Zhejiang with annual production volume of approximately 6,024 thousand tonnes, 3,652 thousand tonnes, 1,876 thousand tonnes, 1,564 thousand tonnes and 1,347 thousand tonnes respectively. The total output from these 5 provinces accounted for 68.4% of national production for the year. On the other hand, Gansu, Shaanxi, Sichuan, Guangxi and Hubei were those regions with the highest production growth rate of 120.0%, 106.2%, 67.1%, 51.8% and 37.3%, respectively.

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprise of Boke on the basis of fair market value. *Fair market value* is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns. Business enterprise value is defined for this appraisal as shareholders' equity plus shareholders' loans.

Our investigation included discussions with management of Boke (the "Management") in relation to the history and nature of the business, operations and prospects of Boke, a review of its statutory documents and historical financial information, as well as other relevant documents. We have assumed that the data, information, opinions and representation provided to us by the Management in the course of the valuation are true and accurate. In addition, a study of market conditions and an analysis of published information concerning the industry are used to evaluate Boke's past performance and to assess its ability and capacity to generate future investment returns.

Before arriving at our opinion of value, we have considered some principal factors that include, but are not limited to, the following:

- Nature of the businesses of Boke from its inception;
- Economic outlook in general and the condition and outlook of the specific industry in particular;
- The specific economic and competitive elements affecting Boke's business, its industry and its markets;
- Business risks of Boke and inherent uncertainties involved in its operation;
- Financial risks of Boke;
- Potential of the markets served;
- Nature, the regulatory framework and the prospect of fuel oil trading to enterprises in the PRC;
- Extent, utility and capacity of the plant, property and equipment utilized by the business;
- The current stage of development of Boke;
- Investment market's attitude toward securities with similar characteristics, as measured by market performance, and alternative investment opportunities available to an investor; and
- Appropriate rates of return as indicated by alternative investment opportunities of comparable magnitude, character and risk.

Due to the changing environment in which Boke is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprise. The major assumptions adopted in this appraisal are:

- There will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC in which Boke carries on its businesses or to which it exports or from which it imports or sources supplies;
- There will be no major changes in the current taxation law in Hong Kong and the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- Exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing;
- The availability of finance will not be a constraint on the forecast growth of Boke's operations and the repayment of its debts when they fall due;
- All approvals, licenses and contractual agreements with respect to Boke and its operations are legal, valid and will be enforceable in accordance with the legal terms; and that Boke will have the legal rights to launch its products and services in the PRC, and to receive the revenues generated from its operations;
- Boke will successfully maintain its competitiveness and market share through optimizing the utilization of its production capacity and expending its customer base;
- Boke can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;
- Boke will retain and have competent management, key personnel, and technical staff to support its ongoing operations;
- Any management changes or changes in ownership of Boke in the future will not have adverse effects on the long term profitability of its operations;
- Industry trends and market conditions for related industries will not deviate materially from economic forecasts;
- The labor market conditions will not differ materially from those presently prevailing;

– Boke will be able to use the jetty and the land together with buildings and structures (the "Facilities") located nearby the Shi Liu Men Electricity Power Plant, Huimin Bridge, Dinghai District, Zhejiang Province, PRC for its operations;

– Boke will be able to continue leasing the Facilities without significant legal impediment and onerous fee or payment to the local government authorities and any other parties;

– Boke will be able to renew the leasing agreement with 浙江省舟山漁業石油有限公司 (Zhejiang Yuye Petroleum Co. Ltd.) for oil storage facilities located in Zhoushan City, Zhejiang Province, the PRC, upon expiry in June 2013 for its operations; and

– The value of 32.5% of long term investment in the Associate is assumed to be negligible. Save to the aforesaid, Boke does not have any commitment regarding its investment in the Associate.

We are furnished, for the purpose of this appraisal, with audited/unaudited financial data as well as other records and documents. We have reviewed and examined the financial information and have no reason to doubt the truth and accuracy of the information contained therein. We have also consulted public sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information.

VALUATION METHODOLOGY

Guideline Publicly Traded Company Method

The fair market value of Boke has been developed through the application of the market approach and we rely on the Guideline Publicly Traded Company (the "GPTC") method to estimate the value of Boke. In the GPTC method, the fair market value is based on prices at which stocks of similar companies are trading in a public market. A "value measure" is usually a multiple computed by dividing the price of the guideline company's stock as at the valuation date by some relevant economic variable observed or calculated from the guideline company's financial statements.

A major requirement in applying the GPTC method is to identify companies that are comparable to the subject company in terms of business nature and associated risks. We have selected comparable companies based on the following relevant criteria: (1) products, (2) markets, (3) earnings and growth, (4) capital structure, (5) nature of competition and (6) the characteristics of driving underlying investment risk and expected rate of return. All comparable companies are engaged in the similar business (i.e. petroleum & petrochemical). Our selected comparable companies and their respective principal activities are set out as below:

Selected Comparable Companies	Stock Code	Principal Activities
Brightoil Petroleum (Holdings) Limited	933.HK	International supply and global marine bunkering chain business, oil storage and terminal, marine transportation as well as oil and gas development and production.
Sinopec Kantons Holdings Limited	934.HK	Trading of crude oil, petroleum and petrochemical products and the operating of a crude oil jetty and its ancillary facilities.
Strong Petrochemical Holdings Limited	852.HK	Trading of crude oil, petroleum products and petrochemical products.
World Fuel Services Corporation	INT.US	Marketing, sales and distribution of aviation, marine, and land fuel products and provision of related services on a worldwide basis.

In applying the GPTC method, different value measures or market multiples of the comparable companies are calculated and analyzed to induce a series of multiples that are considered representative of the industry average. Then, we applied the relevant industry multiples to the subject company to determine a value for the subject company that is on a freely-traded basis. Specifically, we applied the (1) price-to-earnings before interest, taxes, depreciation and amortization (EBITDA); (2) price-to-net income; and (3) price-to-book value multiples of comparable companies for this appraisal. The fair market value of Boke depends on the price-to-EBITDA, price-to-net income and price-to-book value ratios of comparable companies generated from the available market figures as at the Appraisal Date and the audited historical EBITDA, net income and net asset value of Boke for the year ended 31 December 2010. The fair market value derived from the above is then subject to a control premium and a discount to adjust for lack of marketability of the shares of Boke.

Control Premium

It is widely recognized that an investment which offers an investor control of a business is worth more than a minority stake. In valuation perspective, a shareholder with majority stake normally owns the control power in a company, and thus, a control premium is generally recognized. In contrast, a minority discount is recognized when the holder of a minority interest lacks control over corporate policies like election of directors or selection of management, acquisition or liquidation of assets, control over dividend policy, ability to set corporate strategies, ability to affect future earnings, etc.

Considering the fact that the market multiples derived from our selected comparable companies can only reflect their minority equity values as all their common stocks trading on the market only represent the minority equity shareholders (i.e. public shareholders). Since the equity interest appraised represents 100% equity interest in Boke, with reference to the statistics published in the Mergerstat Review 2011 by FactSet Mergerstat, LLC., a control premium of 5% is applied to the indicated fair market value of the business enterprise derived by the abovementioned method to reflect the fair market value of holding a controlling stake.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels of discount for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted ("letter") stock studies.

- Studies of transactions in closely held stocks prior to initial public offerings (IPOs).

In consideration of no publicly traded non established active market exited for the shares of Boke, with reference to statistics published in the Mergerstat Review 2011 by FactSet Mergerstat, LLC., a lack of marketability discount of 35% is considered as reasonable for the valuation of Boke. We believe that such a discount is reasonable for potential investors who are looking for similar kind of investments like Boke.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that the fair market value of a 100% equity interest in the business enterprise of Boke as at **31 July 2011** is reasonably stated by the amount of **RENMINBI FIFTY ONE MILLION NINE HUNDRED AND FORTY THOUSAND (RMB51,940,000) only.**

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the Group, Boke, or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan, *ASA*
Managing Director

Kelvin C.H. Chan, *FCCA, CFA*
Director

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) who has engaged in valuation of business enterprises and intellectual properties in Hong Kong, the PRC and the Asian region for various purposes since 1988. Mr. Kelvin C.H. Chan is a CFA Charterholder and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation.

GRANT SHERMAN APPRAISAL LIMITED

Room 1701, 17/F
Jubilee Centre
18 Fenwick street
Wanchai
Hong Kong

25 September 2011

The Directors
Ruifeng Petroleum Chemical Holdings Limited
Unit 812-822, 8th Floor
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Dear Sirs,

In accordance with the instructions of Ruifeng Petroleum Chemical Holdings Limited (the "Company") to value real property interests held by Zhoushan Boke Power Co. Ltd. (referred to "Boke") located in the People's Republic of China (the PRC).We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such interests as at 31 July 2011 (the "Valuation Date").

Market Value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

For the property interests of Property 1, we have valued the property by market comparison approach assuming sale in their existing state with the benefit of vacant possession and by making reference to comparable sales evidences as available in the relevant market.

For the property interests of Property 2, there is no readily identifiable market comparable. Thus these buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of Depreciated Replacement Cost ("DRC"). DRC is based on an estimate of the Market Value for the existing use of land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization.

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the property value.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner has free and uninterrupted rights to use the property for the whole of the unexpired term as granted and is entitled to transfer the properties with the residual term without payment of any further premium to the government authorities or any third parties.

We have assumed that all consents, approvals and licenses from relevant government authorities for the property have been granted or can be obtained and renewed without any onerous conditions or undue time delay which might affect its value.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as property title, statutory notices, easements, tenure, occupancy, site area, progress on works, settlement of land acquisition costs and in the identification of the appraised property. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have been provided with copies of extracts of title documents relating to the properties. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. Due to the nature of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the properties or any material encumbrances that might be attached to the properties. In the preparation of our valuation report regarding the properties in the PRC, we have relied to the considerable extent on the legal opinion provided by the Company's legal adviser Guantao Law Firm (觀韜律師事務所) on the PRC laws regarding the titles of the properties in the PRC.

We have inspected the exterior and, where possible, the interior of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuations. However, we must point out that we have not carried out site investigation to determine the suitability of the ground conditions or the services for any property development to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Also, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structure which were covered, unexposed or inaccessible. We are therefore, unable to report that the properties are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

The property value is denominated in Renminbi.

We enclose herewith the valuation certificates.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Peggy Y.Y. Lai
MRICS MHKIS RPS(GP)
Director
Real Estate Group

Note: Ms. Peggy Y.Y. Lai is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 5 years experience in the valuation of properties in Hong Kong, the PRC and the Asian Region.

SUMMARY OF VALUATION

	Property	Market Value as at 31 July 2011 *RMB*
	Property interests to be acquired by the Company in the PRC for owner occupation purpose	
1	Whole floor on 6/F, 284 Huan Cheng Nan Road, Dinghai District, Zhejiang Province, the PRC	3,630,000
2.	A jetty located close to of Shi Liu Men Electricity Power Plant, Huimin Bridge, Dinghai District, Zhejiang Province, the PRC	No commercial value
	Total	3,630,000

VALUATION CERTIFICATE

Property interests to be acquired by the Company in the PRC for owner occupation purpose

Property 1	Description	Particular of occupancy	Market Value as at 31 July 2011 *RMB*
Whole floor on 6/F, 284 Huan Cheng Nan Road, Dinghai District, Zhejiang Province, the PRC	The subject property comprises whole floor on 6/F of a 10-storey office building with a total gross floor area of approximately 574.33 sq.m. completed in about 1995.	The property is occupied by Boke for office use.	3,630,000

Notes:

(i) According to a Land Use Right Certificate Zhou GuoYong (2004) Di No.7860, the land use right of about 105.55 sq.m. has been granted to Zhoushan Boke Power Co. Ltd. for residential use for a term expiring on 5 May 2065.

(ii) According to a Building Ownership Certificate Zhou Fang Quan Zheng Ding Zi Di No.1080542, a building with a total gross floor area of about 574.33 sq.m. has been granted to Zhoushan Boke Power Co. Ltd..

(iii) We have been provided with a PRC legal opinion on the title to the property issued by the Company's legal advisor Guantao Law Firm（觀韜律師事務所）, which contains, inter alia, the following information:

a) Boke has obtained the land use right under the aforesaid State-owned Land Use Right Certificate mentioned in note (i) and building ownership under the aforesaid Building Ownership Certificate mentioned in note (ii).

b) According to a maximum bank loan agreement 定合行（城郊）最抵借字第9811120100002866號 dated 27 May 2010, Land Use Right mentioned in note (i) and Building Ownership mentioned in note (ii) are subject to a maximum loan amount of RMB3,000,000 for a term commencing from 27 May 2010 to 17 May 2013.

c) Subject to the terms of bank loan agreement mentioned in note (b), Boke is entitled to transfer, let or mortgage the land use right mentioned in note (i) and building ownership mentioned in note (ii).

d) According to Zhou Fang Ta Zheng Zi Di No.086025 dated 28 May 2010, Land Use Right mentioned in note (i) and Building Ownership Certificate mentioned in note (ii) are subject to a maximum bank loan agreement at a maximum loan amount of RMB3,000,000.

Property interests to be acquired by the Company in the PRC for owner occupation purpose

Property 2	Description	Particular of occupancy	Market Value as at 31 July 2011 *RMB*
A jetty located close to Shi Liu Men Electricity Power Plant, Huimin Bridge, Dinghai District, Zhejiang Province, the PRC	The subject property comprises a jetty could be used for serving vessels up to 2,000 tonnes was completed in about 2005.	The property is occupied by Boke for the use of jetty.	No commercial value see notes(iii), (iv)

Notes:

(i) According to a lease agreement entered between 舟山市博克能源化工有限公司 and 舟山市電力公司勞動服務公司 dated 30 December 2005, the land together with buildings and structures located in nearby of Shi Liu Men Electricity Power Plant, Huimin Bridge, Dinghai District were leased to Zhoushan Boke Power Co. Ltd., for a term of commencing from 1 January 2006 to 31 December 2013. The yearly rental of first year is RMB115,000, and thereafter subject to an annual increment of RMB5,000.

(ii) As informed, a jetty (Property 2) is erected by 舟山市博克能源化工有限公司 on the land mentioned in note (i).

(iii) As instructed, we have only assessed the portion of jetty, therefore land, buildings and structures other than the jetty have not been reflected in our valuation.

(iv) Since no valid legal titleship regarding the jetty has been provide by the Company, in course of our valuation, we have attributed no commercial value to the jetty.

(v) We have been provided with a PRC legal opinion on the title to the property issued by the Company's legal advisor Guantao Law Firm（觀韜律師事務所）, which contains, inter alia, the following information:

a) The lease agreement mentioned in note (i) is legal and valid, and Boke is entitled to use the land mentioned in note (i).

b) There will be restrictions on the use of the jetty since Boke does not possess the sea area use right.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executives of the Company in the shares, underlying shares and debentures of the Company, or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Name of Directors	Beneficial Owner	No. of shares held by controlled corporation	Total	Percentage of the issued share capital of the Company
Mr. Yu Won Kong Dennis *(Note 1 & 2)*	43,150,000	1,875,000,000	1,918,150,000	51.75%
Mr. Yue Wai Keung *(Note 1 & 3)*	40,000,000	1,875,000,000	1,915,000,000	51.67%
Mr. Chan Kwan Pak	3,000,000	–	3,000,000	0.08%
Dr. Chan Tzyh-Trong	3,000,000	–	3,000,000	0.08%
Dr. Lee Chung Mong	3,000,000	–	3,000,000	0.08%
Mr. Yeung Chi Hung	3,000,000	–	3,000,000	0.08%

Notes:

1. Inno Smart Group Limited is beneficially owned 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Ltd. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Ltd. is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.

2. Daylight Express Investments is wholly owned by Strong Choice Investments (Holdings) Ltd, which is in turn wholly owned by Mr. Yu Won Kong Dennis ("Mr. Yu"), an executive Director. For the purpose of the Part XV of SFO, Daylight Express Investments Limited is deemed to be interested in the shares of the Company which Strong Choice Investments (Holdings) Ltd is interested in Mr. Yu is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in.

3. Billion Sky Resources Ltd is wholly owned by Mr. Yue Wai Keung ("Mr. Yue"), an executive Director. For the purpose of Part XV of SFO, Mr. Yue is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Long position in ordinary shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Inno Smart Limited *(Note 1)*	Beneficial interest	1,875,000,000	50.59%
Strong Choice Investments (Holdings) Ltd *(Notes 1 & 2)*	Interest of controlled corporation	1,875,000,000	50.59%
Mr. Yu *(Notes 1 & 2)*	Beneficial interest	43,150,000	1.16%
	Interest of a controlled corporation	1,875,000,000	50.59%
Billion Sky Resources Limited *(Notes 1 & 3)*	Interest of a controlled corporation	1,875,000,000	50.59%
Mr. Yue *(Notes 1 & 3)*	Beneficial interest	40,000,000	1.08%
	Interest of a controlled corporation	1,875,000,000	50.59%

Notes:

1. Inno Smart Group Limited is owned as to 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Limited. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Limited is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.

2. Daylight Express Investments is wholly owned by Strong Choice Investments (Holdings) Limited which is in turn wholly owned by Mr. Yu. Ms. Ho Siu Lan Sandy is the spouse of Mr. Yu. For the purpose of Part XV of the SFO, Strong Choice Investments (Holdings) Ltd is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in. Mr. Yu is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in and Ms. Ho Siu Lan Sandy is deemed to be interested in the shares of the Company which Mr. Yu is interested in.

3. Billion Sky Resources Ltd is wholly owned by Mr. Yue. Ms. Man Wing Tuen is the spouse of Mr. Yue. For the purpose of Part XV of the SFO, Mr. Yue is deemed to be interested in the shares of the Company which Billion Sky Resources Ltd is interested in and Ms. Man Wing Tuen is deemed to be interested in the shares of the Company which Mr. Yue is interested in.

Save as disclosed above, there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as the Latest Practicable Date, had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Company.

7. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or experts named in the section headed "Experts and Consents" in this appendix had any direct or indirect interest in the assets which had been, since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Company have been made up), or were proposed to be acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition or which has been agreed or posed since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company have been made up).

There was no contract or arrangement subsisting as at the Latest Practicable Date in which a Director was materially interested and which was significant in relation to the business of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition or which has been agreed or proposed since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company have been made up).

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. MATERIAL CONTRACTS

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered or to be entered into by any member of the Group (including any company which will become a subsidiary of the company by reason of an acquisition or has been agreed or proposed since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company have been made up) within the two years immediately preceding the Latest Practicable Date:

(i) the placing and subscription agreement dated 19 January 2010 and a supplemental agreement dated 21 January 2010 entered into between Inno Smart Group Limited, Kingston Securities Limited as the placing agent and the Company in respect of the top-up placing of the Shares;

(ii) the conditional placing agreement entered into between the Company and Kingston Securities Limited on 19 January 2010 and supplemented by 4 supplemental agreements dated 21 January 2010, 19 March 2010, 14 May 2010 and 29 October 2010 respectively in relation to the three-year zero coupon convertible bonds up to an aggregate principal amount of HK$241,200,000 issued by the Company;

(iii) the conditional placing agreement entered into between the Company and Kingston Securities Limited on 19 January 2010 and supplemented by 3 supplemental agreements dated 21 January 2010, 14 May 2010 and 29 October 2010 respectively in relation to the three-year zero coupon convertible bonds up to an aggregate principal amount of HK$444,500,000 issued by the Company;

(iv) the sale and purchase agreement dated 26 January 2010 entered into between the Company (as purchaser), New Prestige Holdings Limited (as vendor) and Ms. Ou Aihua (as guarantor) in relation to the acquisition of the entire issued share of Smooth Joy International Limited and the termination agreement dated 14 September 2010 entered into between the Company, New Prestige Holdings Limited and Ms. Ou Aihua in relation to the termination of such agreement;

(v) the sale and purchase agreement dated 14 September 2010 and a supplemental agreement dated 23 September 2010 entered into between Mr. Zhao Wen Bo and Mr. Wang Min (as vendors), the Company and Ms. Ou Aihua (as guarantor) in relation to the acquisition by the Company the entire equity interest in 佛山市瑞豐石化燃料有限公司 (Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd.);

(vi) the New Share Purchase Agreement; and

(vii) the Leasing Agreement

10. EXPERTS AND CONSENTS

The following sets out the qualifications of experts who have given opinion or advice which are contained in this circular:

Name	**Qualification**
Parker Randall CF (H.K.) CPA Ltd	Certified public accountants
Nuada Limited	The independent financial advisor, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
Guantao Law Firm	PRC legal advisers
Grant Sherman Appraisal Limited	Business and property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts was beneficially interested in the share capital of any member of the Group, nor did any one of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition or which has been agreed or proposed since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company have been made up).

11. WORKING CAPITAL

The Enlarged Group

In determining the sufficiency of the working capital of the Enlarged Group, the Directors have taken into account the financial resources available to the Enlarged Group, including the internally generated funds, cash and cash equivalents on hand, and the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this circular.

12. INDEBTEDNESS STATEMENT

Borrowings

The Group

As at the close of business 31 July 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$624,876,000.

The Group's bank loans amounting to approximately HK$576,436,000 were secured by Group's property, plant and equipment, prepaid land lease payments and inventories with the carrying value of approximately HK$561,000,000 as at 31 July 2011.

Boke

As at the close of business 31 July 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, Boke had outstanding borrowings of approximately HK$90,583,000.

Boke's bank loans amounting to approximately HK$3,600,000 were secured by building and prepaid land lease payments of Boke with the carrying value of approximately HK$1,300,000 as at 31 July 2011.

Contingent liabilities

The Group and Boke did not have any contingent liabilities as at 31 July 2011.

Disclaimer

Save as referred to as above and apart from intra-group liabilities and normal trade and other payables, The Group and Boke did not have, as at 31 July 2011, any debt securities issued and outstanding or authorized or otherwise created but unissued, term loan, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, hire purchase commitments, guarantees, convertible bonds or other material contingent liabilities.

13. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111 Cayman Islands.

(b) The head office and principle place of business of the Company in Hong Kong is Unit 818-822, 8th Floor, Bank of America Tower, 12 Harcount Road, Central, Hong Kong.

(c) The share registrar of the Company in Hong Kong is Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(d) The company secretary and the compliance officer is Mr. Ng Kar Yin, Frederick, who is an associate member of the Institute of Chartered Accountants of England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants.

(e) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Yeung Chi Hung. Dr. Chen Tzyh-Trong is the chairman of the audit committee.

Dr. Chen, aged 53, has been appointed as an independent non-executive Director of the Company since 31 October 2001. He is also the chairman of the remuneration committee and a member of the nomination committee of the Company. Dr. Chen holds a bachelor degree in Laws, from National Taiwan University in Taiwan and a degree of Doctor of Philosophy, from the Faculty of Laws, University of London in the United Kingdom. He was a researcher of a trade organization in London. He served as a chairman's executive assistant of a public listed company in Hong Kong for several years. He had been working as a secretary general and an executive director of the Taiwan Business Association (Hong Kong) from 2000 to 2004. He was also a vice president of a financial advisory service company in Hong Kong. Currently, he is working as a city's general affair advisor (part-time) for Taiwan's Taipei City government and a director (part-time) of the Taiwan Business Association (Hong Kong).

Dr. Lee, aged 52, has been appointed as an independent non-executive Director of the Company since 31 October 2001. He is also a member of the remuneration committee and the nomination committee of the Company. Dr. Lee obtained his Ph.D. Degree in Computer Science from the University of Minnesota, USA. He was a researcher at National University of Singapore and a professor of Computer Science at the Hong Kong University of Science and Technology. In 1999, he was awarded a Teaching Excellence Appreciation Award by the Dean of the School of Engineering of The Hong Kong University of Science and Technology and was elevated as a Senior Member of the Institute of Electrical and Electronics Engineers. He invented the "Method and Apparatus for Verifying a Container Code" and the "Method for Identifying a Sequence of Alphanumeric Characters", which were patented in the United Kingdom and the United States respectively. He is now the chairman and chief executive officer of Asia Vision Technology Ltd. and an independent non-executive director of China Post E-Commerce (Holdings) Limited.

Mr. Yeung, aged 49, has been appointed as an independent non-executive Director of the Company since 30 September 2004. He is also a member of the remuneration committee and the nomination committee of the Company. Mr. Yeung is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Yeung has over 17 years of experience n accounting and auditing. Mr. Yeung is a certified public accountant (practicing) in Hong Kong and the managing director of Yeung, Chan & Associates CPA Limited.

(e) The English text of this circular shall prevail over the Chinese text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at office of the Company at Unit 818-822, 8th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this circular:

- the memorandum and articles of association of the Company;
- the material contracts referred to in the paragraph headed "Material Contracts" in Appendix VI of this circular;
- the annual reports of the Group for the years ended 31 December 2008, 2009 and 2010, the first quarterly report of the Group for the three months ended 31 March 2011 and the interim report of the Group for the six months ended 30 June 2011;
- the accountants' reports of Boke, the text of which are set out in Appendix II of this circular;
- the report in relation to unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;
- written statement signed by the accountants' setting out the adjustments made in arriving at the figures in their report and the reasons therefore;
- the written consents referred to in the section headed "Experts and Consents" in Appendix VI of this circular;
- each circular issued by the Company pursuant to the requirement set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since the date of the latest published audited accounts, being 31 December 2010.

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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Ruifeng Petroleum Chemical Holdings Limited (the "**Company**") will be held at 6/F., New Henry House, No. 10 Ice House Street, Central, Hong Kong, on 12 October 2011 at 10:00 a.m. or any adjournment thereof (as the case may be) for the purpose of considering and, if thought fit, passing, with or without modification, the below resolutions of the Company (capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 25 September 2011):

ORDINARY RESOLUTIONS

"**THAT**

1. (a) the New Share Purchase Agreement dated 22 July 2011 entered into between the Vendor and Suida in relation to the New Acquisition and all transactions contemplated thereunder are hereby approved, ratified and confirmed;

   (b) any one Director be and is hereby authorized for and on behalf of the Company to execute and to affix the common seal of the Company (if necessary) on all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the New Share Purchase Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the New Share Purchase Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary or desirable."

"**THAT**

2. (a) the Leasing Agreement dated 22 July 2011 entered into between Yuye and Boke and the transactions contemplated thereunder and the Proposed Annual Caps are hereby approved, ratified and confirmed;

   (b) any one Director be and is hereby authorized for and on behalf of the Company to execute and to affix the common seal of the Company (if necessary) on all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Leasing Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Leasing Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary or desirable."

On behalf of the Board
Ruifeng Petroleum Chemical Holdings Limited
Yu, Won Kong Dennis
Chairman

Hong Kong, 25 September 2011

As at the date of this notice, the Directors are as follows:

Executive Directors:
Mr. Yu Won Kong Dennis *(Chairman)*
Mr. Yue Wai Keung

Non-executive Directors:
Mr. Chan Kwan Pak

Independent non-executive Directors:
Dr. Chen Tzyh-Trong
Dr. Lee Chung Mong
Mr. Yeung Chi Hung

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and Principal place of business in Hong Kong:
Unit 818-822,
8th Floor,
Bank of America Tower,
12 Harcourt Road,
Central,
Hong Kong

Notes:

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is a holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a Shareholder.

2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 48 hours before the time appointed for the meeting (or any adjournment thereof).

3. Completion and return of the form of proxy will not preclude any Shareholders from attending and voting in person at the meeting or any adjournment thereof should they so desire.

4. Article 66 of the Company's articles of association sets out the procedures by which the Shareholders may demand a poll at general meetings. According to Rule 17.47(4) of the GEM Listing Rules, any voting of the Shareholders at the general meeting will be taken by way of poll and an announcement will be made after the general meeting on the results of the meeting.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.