



RPC
瑞豐石化

First Quarterly Report
2011

Ruifeng Petroleum Chemical Holdings Limited
(Formerly known as Thinsoft (Holdings) Inc)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8096)

THE NEW ERA BEGINS WITH US



Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Ruifeng Petroleum Chemical Holdings Limited (formerly known as ThinSoft (Holdings) Inc) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Ruifeng Petroleum Chemical Holdings Limited. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

RESULTS

The board of directors of Ruifeng Petroleum Chemical Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2011 together with the unaudited comparative figures for the corresponding periods in last financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT

		For the three months ended 31 March	
	<i>Note</i>	2011 HK\$'000	2010 HK\$'000
Revenue	2	1,028,162	2,649
Cost of sales		(915,009)	(21)
Gross profit		113,153	2,628
Other income	2	3,846	2
Selling and distribution expenses		(2,428)	(130)
Administrative expenses		(25,632)	(3,958)
Finance costs		(48,924)	–
Profit/(loss) before income tax		40,015	(1,458)
Income tax expense	3	(9,254)	(53)
Profit/(loss) for the period attributable to equity holders of the Company		30,761	(1,511)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period (expressed in Hong Kong cent per share)			
Basic	5	0.95	(0.06)
Diluted	5	0.94	(0.06)
Dividend		–	–

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2011 HK\$'000	2010 HK\$'000
Profit/(loss) for the period	30,761	(1,511)
Other comprehensive loss:		
Exchange translation differences	(1)	(72)
Revaluation deficit on available-for-sale financial assets	(970)	(628)
Total other comprehensive loss for the period, net of tax	(971)	(700)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company	29,790	(2,211)

NOTES

1. Principal accounting policies and basis of preparation

1.1 *Basis of preparation*

The unaudited consolidated financial information for the three months ended 31 March 2011 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

1.2 *Accounting policies*

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group and the company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

2. Revenue and other income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, processed fuel oil and services rendered in the ordinary course of the Group's activities. Revenue is shown net of allowance for return and trade discounts, and applicable goods and services taxes and after eliminating sales within the Group.

An analysis of the Group's revenue and other income is as follows:

	For the three months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
Revenue:		
Sale of goods	1,608	2,649
Sale of processed fuel oil	1,026,554	–
	1,028,162	2,649
Other income:		
Interest income	3,481	2
Other	365	–
	3,846	2

3. Income tax expenses

Hong Kong profits tax has been provided at the tax rate of 16.5% on the estimated assessable profit for the three months ended 31 March 2011 and 2010. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

4. Dividends

No dividend has been recommended, declared or paid by the Company or the Group for the three months ended 31 March 2011 (2010: Nil).

5. Earnings/(loss) per share

	Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$
Authorised:		
At 31 March 2010	10,000,000,000	100,000,000
At 31 March 2010	10,000,000,000	100,000,000
Issued and fully paid:		
At 31 March 2010	2,626,275,000	26,262,750
Issuance of new shares (<i>Note a</i>)	1,062,986,803	10,629,868.03
At 31 March 2011	3,689,261,803	36,892,618.03

Note a:

The increase in share capital was due to the conversion of two batches of convertible bonds which were issued on 31 December 2010 ("Tranche I CB") and 18 February 2011 ("Tranche II CB"). On 7 January 2011, Tranche I CB was fully converted into 380,000,000 common shares of the Company. Tranche II CB, upon full conversion, can convert into a total of 700,000,000 common shares of the Company. As at 31 March 2011, a total of 682,986,803 common shares of the Company have been converted from Tranche II CB.

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company for the three months ended 31 March 2011 of approximately HK\$30,761,000 (31 March 2010: loss of approximately HK\$1,511,000) by the weighted average number 3,245,602,825 (31 March 2010: 2,582,275,000) ordinary Shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit attributable to equity holders of the Company for the three months ended 31 March 2011 of approximately HK\$30,761,000 and 3,262,616,022 ordinary shares, which was the weighted average of 3,245,602,825 ordinary shares in issue during the period and the weighted average of 17,013,197 ordinary shares deemed to have been issued on deemed conversion of all outstanding convertible bonds.

No diluted loss per share for the three months ended 31 March 2010 are presented as there are no outstanding share options as at 31 March 2010.

6. Reserves

	Attributable to the equity holders of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Equity component of convertible bonds HK\$'000	Non-listed warrants reserve HK\$'000	Currency translation reserve HK\$'000	Available-for-sale financial assets HK\$'000	Accumulated losses HK\$'000	
Balance at 1 January 2010	25,063	11,347	6,840	-	-	3,895	3,136	(20,466)	29,815
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(1,511)	(1,511)
Total other comprehensive loss	-	-	-	-	-	(72)	(628)	-	(700)
Total comprehensive loss	-	-	-	-	-	(72)	(628)	(1,511)	(2,211)
Issuance of new shares	1,200	72,722	-	-	-	-	-	-	73,922
Balance at 31 March 2010	26,263	84,069	6,840	-	-	3,823	2,508	(21,977)	101,526
Balance at 1 January 2011	26,263	84,068	6,840	87,094	-	4,836	1,777	(45,702)	165,176
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	30,761	30,761
Total other comprehensive loss	-	-	-	-	-	(1)	(970)	-	(971)
Total comprehensive income/(loss)	-	-	-	-	-	(1)	(970)	30,761	29,790
Issue of non-listed warrants	-	-	-	-	406	-	-	-	406
Issue of convertible bonds	-	-	-	160,437	-	-	-	-	160,437
Issue of shares upon conversion of convertible bonds	10,630	648,785	-	(243,632)	-	-	-	-	415,783
Balance at 31 March 2011	36,893	732,853	6,840	3,899	406	4,835	807	(14,941)	771,592

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Following the completion of acquisition of Foshan Ruifeng Petroleum and Chemical Fuel Co. Ltd. and its subsidiaries on 31 December 2010, 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.

Oil processing and trading business

The Group is playing as the leader in domestic oil processing and production industry in Guangdong province. Although international oil price has surged for more than 20% in the past three 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 oil processing and trading business in the PRC, the Group has entered into a formal Share Purchase Agreement (the "Agreement") to acquire the entire equity interest in 舟山博克能源化工有限公司 (Zhoushan Boke Power Co. Ltd.) ("Boke") and an option agreement (the "Option Agreement") to acquire the option to acquire the entire interest in 浙江省舟山漁業石油有限公司 (Zhejiang Yuye Petroleum Co. Ltd.) ("Yuye") with 舟山瑞運能源有限公司 (the "Vendor"). The considerations for acquiring Boke and Yuye are RMB47 million and RMB43 million respectively. The Directors expect that, upon completion of the said two transactions, 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.

IT business

The software sales was off from the same period a year ago as a modest global economic recovery did not spur the customer base in certain major markets. Sales in Asia, Europe and the Latin-American regions were lower. However, the Group notes with some optimism that sales in the United States was higher than a year ago. As the region recorded a positive, though bumpy, economic recovery in the first quarter of 2011, sales there increased by 6.3 percent and it is hoped that this increase is a positive indicator for coming periods.

FINANCIAL REVIEW

Turnover for the period ended 31 March 2011 increased to approximately HK\$1,028,162,000 (31 March 2010: approximately HK\$2,649,000). The increase was substantially contributed by the oil processing and trading business which accounted for approximately HK\$1,026,554,000.

Due to the change of cost structure as a result of the newly acquired oil and oil related business, gross profit margin for the period ended 31 March 2011 decreased from last year's approximately 99.2% to this period's 11.0%.

Selling and Administrative expenses for the period ended 31 March 2011 increased to approximately HK\$28,060,000 (31 March 2010: approximately HK\$4,088,000) which was in line with the increase in turnover. The finance costs mainly represent the borrowing costs arisen from operation of oil processing business.

The Group recorded a profit attributable to equity holders of the Company for the period under review of approximately HK\$30,761,000 (31 March 2010: loss of approximately HK\$1,511,000).

As at 31 March 2011, the Group's account of cash and bank balances was approximately HK\$193,411,000 (2010: approximately HK\$12,842,000) and had bank borrowings approximately HK\$559,300,000 (2010: Nil).

Two batches of convertible bonds were issued on 31 December 2010 ("Tranche I CB") and 18 February 2011 ("Tranche II CB") respectively. On 7 January 2011, Tranche I CB was fully converted into 380,000,000 ordinary shares of the Company. Tranche II CB, upon full conversion, can convert into a total of 700,000,000 ordinary shares of the Company. As at 31 March 2011, a total of 682,986,803 ordinary shares of the Company have been converted from Tranche II CB.

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 31 March 2011, no warrants have been exercised.

Employees

As at 31 March 2011, the Group had approximately 440 employees (31 March 2010: 16 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\$10.76 million and approximately HK\$2.32 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

As at the date of this report, 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.

Save as disclosed hereof, no information on relation to the Group's performance has changed materially from information disclosed in the Company's 2010 annual report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 (Notes 1 & 2)	3,150,000	1,875,000,000	1,878,150,000	50.91
Mr. Yue Wai Keung (Notes 1 & 3)	–	1,875,000,000	1,875,000,000	50.82

Notes:

- Inno Smart Group Limited is beneficially owned 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 Limited is wholly owned by Strong Choice Investments (Holding) Limited, 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. Mr. Yu’s spouse, Ho Siu Lan Sandy is deemed to be interested in the Shares directly and indirectly held by Mr. Yu.
3. Billion Sky Resources Limited 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 Billion Sky Resources Limited is interested in. Mr. Yue’s spouse, Man Wing Tuen is deemed to be interested in the Shares indirectly held by Mr. Yue.

Save as disclosed above, as at 31 March 2011, none of the Directors or chief executive of the Company had any interests or short positions 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 in 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 GEM Listing Rules relating to securities transactions by Directors.

As at 31 March 2011, the following person had interests and/or short positions in the shares and underlying shares of the Company which was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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 Group Limited (Note 1)	Beneficial interest	1,875,000,000	50.82%
Strong Choice Investments (Holding) Limited (Note 1)	Interest of controlled corporation	1,875,000,000	50.82%
Mr. Yu Won Kong Dennis (Note 1)	Beneficial interest	3,150,000	0.09%
	Interest of a controlled corporation	1,875,000,000	50.82%
Billion Sky Resources Limited (Note 2)	Interest of a controlled corporation	1,875,000,000	50.82%
Mr. Yue Wai Keung (Note 2)	Interest of a controlled corporation	1,875,000,000	50.82%

Notes:

1. Please refer to Notes 1 and 2 in the "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" section for details.
2. Please refer to Note 3 in the "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" section for details.

Save as disclosed above, as at 31 March 2011, no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three-month period ended 31 March 2011, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company's directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the directors throughout the three-month period ended 31 March 2011.

COMPETING INTEREST

None of the directors or the management shareholders and their respective associates of the Company (as defined in the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group nor any other conflicts of interest with the Group during the period under review.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The audit committee comprises three members, Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong, and Mr. Yeung Chi Hung. All of them are independent non-executive directors of the Company.

The Group's unaudited condensed consolidated financial information for the three-months ended 31 March 2011 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

DIRECTORS OF THE COMPANY

Executive directors of the Company as at the date of this report are Mr. Yu Won Kong Dennis and Mr. Yue Wai Keung; the non-executive directors are Mr. Chan Kwan Pak and Mr. Lam Kit Sun; and the independent non-executive directors are Dr. Chen Tzyh-Trong, Dr. Lee Chung Mong and Mr. Yeung Chi Hung.

ON BEHALF OF THE BOARD

Yu Won Kong Dennis

Chairman

Hong Kong
13 May 2011