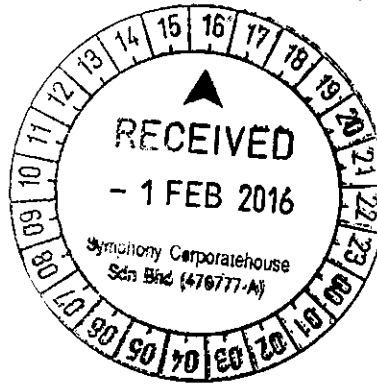




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INITIAL	DATE
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ACTION TAKEN	

FOR IMMEDIATE RELEASE

1 February 2016

To:
 Bursa Malaysia Securities Berhad
c.c.:
 Securities Commission Malaysia
 Shell Refining Company (Federation of
 Malaya) Berhad
 The News Straits Times Press (M) Bhd
 The Star
 Berita Harian
 Utusan Melayu & Utusan Malaysia
 The Sun
 Bernama
 The Edge
 The Malaysian Reserve
 Nanyang Siang Pau Sdn Bhd
 Sin Chew Jit Poh (Malaysia)
 China Press

Attention:
 Mr. Inderjit Singh

 YBhg. Datuk Ranjit Ajit Singh
 Encik Amir Hamzah bin Abu Bakar

 The Editor, Business Section
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 03-2282 7125

MALAYSIA HENGYUAN INTERNATIONAL LIMITED ("MHIL")

- (I) **PROPOSED ACQUISITION BY MHIL OF 153,000,000 ORDINARY SHARES OF RM1.00 EACH IN SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD ("SRC") ("SRC SHARES"), REPRESENTING 51.0% OF THE VOTING SHARES OF SRC FROM SHELL OVERSEAS HOLDINGS LIMITED ("VENDOR") FOR A TOTAL CASH CONSIDERATION OF UNITED STATES DOLLAR ("USD") 66,300,000 (EQUIVALENT TO RINGGIT MALAYSIA ("RM") 274,979,250 OR RM1.80 PER SRC SHARE) ("PURCHASE CONSIDERATION") ("PROPOSED ACQUISITION"); AND**
- (II) **PROPOSED MANDATORY TAKE-OVER OFFER BY MHIL TO ACQUIRE THE REMAINING SRC SHARES NOT ALREADY HELD BY IT AFTER THE PROPOSED ACQUISITION ("PROPOSED TAKE-OVER OFFER")**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

For illustration purposes, the exchange rate used in this press release for the conversion of USD to RM is USD1:RM4.1475 as at 29 January 2016 (being the latest practicable date prior to the date of this press release), unless otherwise stated.

1. INTRODUCTION

On behalf of MHIL, RHB Investment Bank Berhad ("RHBIB") wishes to announce that MHIL has today entered into a conditional sale and purchase agreement ("SPA") to acquire 153,000,000 SRC Shares, representing 51.0% of the voting shares of SRC, from the Vendor for a total cash consideration of USD66,300,000, representing an offer price of USD0.43 per SRC Share (equivalent to RM274,979,250 or RM1.80 per SRC Share) ("Offer Price").



Upon completion of the Proposed Acquisition, MHIL's interest in SRC will increase from nil to 51.0%. As such, MHIL is obliged to extend a mandatory take-over offer for all the remaining SRC Shares not already held by it pursuant to Part III, Section 9(1) of the Malaysian Code on Take-overs and Mergers, 2010 ("Code") at the RM equivalent of the Offer Price for cash. Notwithstanding this, the Offer Price under the Proposed Take-over Offer shall be the RM equivalent of the Offer Price using the prevailing foreign exchange rate on the date the SPA becomes unconditional ("**Unconditional Date**").

Upon the SPA becoming unconditional, MHIL will release a press release and serve the notice of mandatory take-over offer to the Board of Directors of SRC in accordance with Sections 11(7) and 11(8) of the Code.

2. BACKGROUND INFORMATION

2.1 MHIL

MHIL is a company incorporated in Malaysia under the Labuan Companies Act, 1990. It is principally an investment holding company. MHIL is a wholly-owned subsidiary of Heng Yuan Holdings Limited, which in turn is a wholly-owned subsidiary of Shandong Hengyuan Petrochemical Company Limited ("**SHP**"), which is involved in manufacturing of petrochemicals. SHP develops, produces, processes and markets diesel oil, liquid gas, propylene, propane, polypropylene, tert-butyl alcohol, oil slurry, asphalt, tert-pentene, ethylbenzene, and other petroleum related products in Linyi County, Dezhou, Shandong Province, the People's Republic of China.

The issued and paid-up share capital of MHIL is USD1.00 comprising 1 ordinary share.

2.2 SRC

SRC is a public listed company incorporated in Malaysia under the Companies Act, 1965. The principal activities of SRC consist of refining and manufacturing of petroleum products. SRC's oil refinery produces a comprehensive range of petroleum products, most of which are consumed within Malaysia.

As at the date of this press release, the authorised and issued and paid-up share capital of SRC is RM300,000,000 comprising 300,000,000 SRC Shares.

3. DETAILS OF THE PROPOSED ACQUISITION

The completion of the SPA is subject to the fulfilment of certain conditions precedent including, amongst others, requisite notifications to, approvals, waivers or consent (as the case may be) from the Ministry of International Trade and Industry and the Ministry of Domestic of Trade, Co-operatives and Consumerism for the proposed disposal of SRC Shares by the Vendor to MHIL.

In addition, the SPA also states, amongst others, that the Offeror will apply for a waiver from the Securities Commission Malaysia ("**SC**") from complying with Section 37 of the Code and the SC's consent for the change of Board of Directors of SRC pursuant to Section 13(1) of the Code, and it provides for the deposit of SRC Shares and remittance of the Purchase Consideration to the trust accounts.

The conditions precedent are expected to be fulfilled within a period of eight (8) months from the date of the SPA.

On completion, the Purchase Consideration will be paid to the Vendor and the beneficial ownership of the SRC Shares to be acquired pursuant to the Proposed Acquisition shall transfer to MHIL.



4. RATIONALE FOR THE PROPOSED ACQUISITION

SHP recognises SRC's business as complementary to its existing business portfolio. The Proposed Acquisition would enable SHP to further expand in the petrochemical supply chain, to increase its assets scale, to penetrate into the Malaysian market, and to establish a strategic presence in Southeast Asia.

Upon completion of the Proposed Acquisition, SHP intends to expand, reconstruct and upgrade the existing facilities to meet regulatory requirements, to optimise SRC's product mix and to strengthen SRC's position as a leading regional refinery products supplier. SRC will continue to be committed to the long-term and stable supply of refined products to Malaysia.

5. ADVISERS

RHBIB is the Principal Adviser to MHIL for the Proposed Take-over Offer.

Citigroup Global Markets Asia Limited is the Financial Adviser to MHIL for the Proposed Acquisition.

Zul Rafique & Partners is the Malaysian Legal Adviser for the Proposals and Linklaters LLP is the International Legal Adviser to MHIL for the Proposed Acquisition.

This press release is made in accordance with Section 11(1) and Paragraph 1.1(a)(iii) of Practice Note 11 of the Code.

Yours faithfully,
For and on behalf of
RHB INVESTMENT BANK BERHAD

TOMMY HAR
Director
Co-Head, Corporate Finance

LEE BENG YEW
Director
Corporate Finance