



CEFC INTERNATIONAL LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35733)
(the “Company”)

FRAMEWORK COOPERATION AGREEMENT WITH CEFC SHANGHAI INTERNATIONAL GROUP LIMITED (上海华信国际集团有限公司)

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of the Company wishes to announce that Singapore CEFC Petrochemical & Energy Pte. Ltd. (“**SPE**”), a wholly-owned subsidiary of the Company, has entered into a framework cooperation agreement dated 7 September 2015 (the “**Cooperation Agreement**”) with CEFC Shanghai International Group Limited (上海华信国际集团有限公司) (“**CEFC Shanghai**”) pursuant to which SPE will act as CEFC Shanghai’s exclusive procurement and supply platform for all of its overseas procurement and supply activities in respect of crude oil, refined petroleum products, petrochemical products, liquefied petroleum gas (LPG), natural gas and other related commodities.

2. KEY TERMS OF THE COOPERATION AGREEMENT

- 2.1 Under the Cooperation Agreement, SPE will act as CEFC Shanghai’s exclusive procurement and supply platform for all of its overseas procurement and supply activities. SPE will purchase crude oil, refined petroleum products, petrochemical products, LPG, natural gas and other related commodities, as may be specified by CEFC Shanghai, from third party suppliers and sell them to CEFC Shanghai. SPE will also sell crude oil, refined petroleum products, petrochemical products, LPG, natural gas and other related commodities, which are purchased from CEFC Shanghai, to third party purchasers.
- 2.2 Purchase and/or sales made pursuant to the Cooperation Agreement will be conducted at prices mutually agreed upon by the parties and based on prevailing market prices.
- 2.3 The duration of the Cooperation Agreement is one year and shall automatically renew for further one-year periods unless otherwise terminated in mutual agreement in accordance with the Cooperation Agreement. The Cooperation Agreement is subject to the entry into further definitive documentation for specific trades to be entered into by the parties.

3. INFORMATION RELATING TO CEFC SHANGHAI

- 3.1 CEFC Shanghai is a company incorporated in the People’s Republic of China (PRC) and is a subsidiary of CEFC China Energy Company Limited (中国华信能源有限公司) (“**CEFC China**”).
- 3.2 CEFC China is a private collective enterprise with energy and financial services as its core business. CEFC China promotes global energy cooperation to consolidate its influence in the

energy industry and increase its competitiveness in an international context. The mission of CEFC China is to contribute to national energy security and development. CEFC China has pursued and implemented a “going global” strategy to facilitate business through trade promotion and to attract talent with its growing business. Such strategy has successfully resulted in CEFC China ranking among leading global trading companies. In recent years, CEFC China closely follows China’s “*One Belt One Road*” Initiative and has sped up its strategic transformation by making efforts to evolve into an international investment bank that specializes in financial services and investment in the energy industry, thus promoting its stable and rapid development.

- 3.3 CEFC China’s product portfolio consists of oil products, natural gas products, and petrochemical products. In 2014, the revenue generated from CEFC China’s main businesses exceeded RMB220 billion. CEFC China and its subsidiaries have more than 20,000 employees.
- 3.4 In 2014, CEFC China entered the *Fortune* Global 500 List and is amongst the world’s 500 most influential brands. It has also received the “2014 Most Influential Chinese Enterprises” and “Top Ten Chinese Philanthropic Enterprises” awards for four consecutive years.
- 3.5 The information provided in paragraphs 3.1, 3.2, 3.3 and 3.4 above has been provided by CEFC Shanghai. The Company has not independently verified the accuracy and correctness of such information and the sole responsibility of the Company is to ensure that such information has been accurately and correctly extracted and reproduced in this Announcement in its proper form and context.
- 3.6 Despite the similarities in corporate name, the Company is not part of the CEFC China Group. Mr Ye Jianming, our current controlling shareholder, sold his equity interest in CEFC China in 2011 to establish Singapore Petrol Development Co., Pte. Ltd. which undertook a general offer for the shares in the Company in 2012 when the Company was then known as Sun East Group Limited. Following the successful takeover of the Company, the Company changed its name to the present name. Mr Ye currently only has an indirect interest in CEFC China as described in paragraph 5.2 below.

4. RATIONALE

- 4.1 The Company has been focusing on its core business of oil and petrochemical trading, while actively exploring other opportunities along the distribution value chain to diversify its revenue stream.
- 4.2 In its circular dated 8 May 2012, the Company had set out its business plan which contemplated the expansion of its trading operations and distribution value chain in phases. The Company stated that it would seek to undertake its trading business in the PRC market first. Subsequently, the Company would expand its trading business to the Southeast Asian markets, followed by an expansion into other international markets. The Company would also seek to set up storage facilities and other facilities in the distribution value chain to provide the necessary infrastructure to facilitate its enlarged trading business. Since then and in furtherance of its business plan, the Company has established the PRC and Hong Kong as its major markets, accounting for approximately 54% of the Company’s revenue for the financial year ended 2014, while growing its presence in Southeast Asian markets and is beginning to explore international markets. As set out in its circular dated 2 October 2014, the Company has also entered into a joint venture arrangement to build and operate oil storage tank

facilities in the PRC. The Company considers and evaluates other investment opportunities from time to time.

- 4.3 In 2015, the Company made further progress in strengthening its trading capacity and advancing its business plan. Mr Liu Lei was appointed as the Vice President of the Company in April 2015 to oversee the growth and expansion of the Company's trading business and was appointed to the Board as an Executive Director on 17 August 2015. Mr Liu Lei previously worked in PetroChina International Co. Ltd, the trading arm and international downstream investment vehicle of PetroChina Company Limited, at both its headquarters and overseas offices, as trader, global trading team leader and executive. With 16 years of experience in international oil trading, Mr Liu Lei brings valuable trading and management expertise to the Company and will play a pivotal role in building and leading a high-calibre trading team across front, middle and back offices. In addition, the Company completed its subscription exercise on 4 September 2015 which raised gross proceeds of S\$246,935,800. The proceeds raised from the subscription will strengthen and enhance the Company's financial strength and allow it to grow its trading business, amongst other things.
- 4.4 The Board is of the view that the Cooperation Agreement presents the Company with a commercially attractive opportunity to grow and expand its trading business in accordance with its business plan, for the following reasons:
- (a) The Cooperation Agreement allows the Company to serve as the exclusive supply platform for all of the overseas procurement activity of CEFC Shanghai and to act as the exclusive sales platform for the supply of products by CEFC Shanghai to overseas markets. As CEFC Shanghai is the subsidiary of CEFC China, a sizable oil and petrochemical enterprises and a *Fortune* Global 500 company, the Cooperation Agreement is expected to provide substantial trade flow which could translate into higher turnover and profit potential.
 - (b) The Cooperation Agreement focuses on procurement and supply in overseas markets, which is likely to increase the global presence of the Company's trading operations.
 - (c) The Cooperation Agreement will expand the customer and supplier base of the Company, and diversify the range of traded products.
 - (d) The trade flow brought about by the Cooperation Agreement will create greater optimization opportunities for the Company, allowing the Company to achieve better procurement and sale prices by increasing its bargaining power, lowering costs in respect of freight, inspection and insurance charges and increasing opportunities to be placed in profitable trading positions. Additionally, the trade flow will also enable the Company to gather first-hand information about the market to further enhance trading decisions.
 - (e) The Company's trading business will be based in Singapore, one of the leading trading hubs for oil products in the Asia Pacific region. Singapore has in place established infrastructure to support the Company's trading business, including but not limited to excellent port and shipping facilities, an advanced logistics network, relatively low cost of capital, a world-class legal system, access to accounting and financial professionals, and a stable socio-political environment. The Board is of the view that the Company can best realize the business potential arising from the Cooperation Agreement by tapping into the various strengths of carrying out business from its base in Singapore.

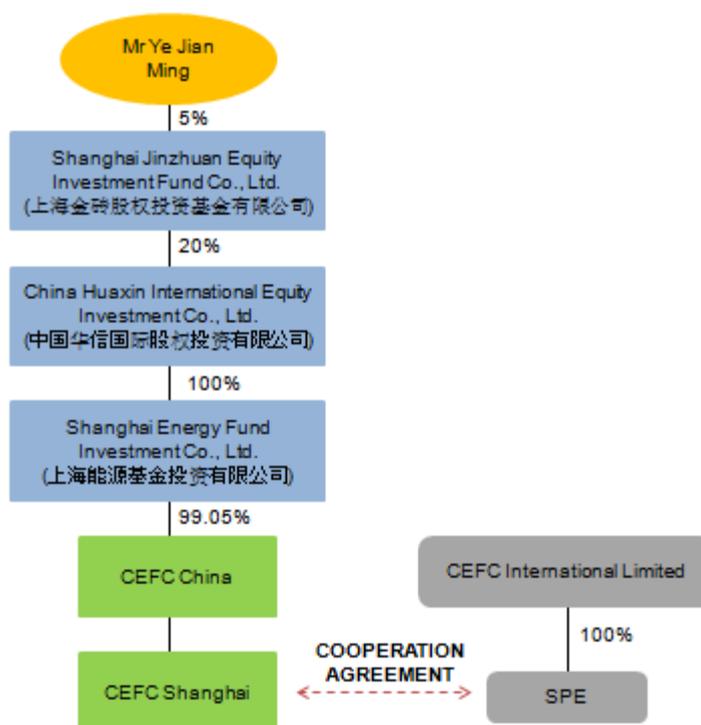
(f) The Cooperation Agreement benefits both parties. CEFC Shanghai also benefits from the cost savings arising from greater economies of scale from the consolidation of its overseas procurement and sales onto a single platform, and from the trading expertise of the Company. Additionally, CEFC Shanghai can access the lower cost of capital in the global financial markets with the assistance of the Company.

4.5 In light of the above, the Board is of the view that the Cooperation Agreement will allow the Company to expand and grow its core business globally and achieve commercial benefits for the Company.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

5.1 Mr Zang Jianjun, Mr Lu Dachuan and Mr Liu Zhongqiu are executive directors of the Company and are also directors of CEFC China.

5.2 Additionally, Mr Ye Jianming, the controlling shareholder of the Company, has a 5% equity interest in Shanghai Jinzhuan Equity Investment Fund Co., Ltd. (上海金砖股权投资基金有限公司), which holds 20% equity interest in China Huaxin International Equity Investment Co., Ltd. (中国华信国际股权投资有限公司), which holds 100% equity interest in Shanghai Energy Fund Investment Co., Ltd. (上海能源基金投资有限公司), and which in turns holds 99.05% equity interest in CEFC China. A simplified diagrammatic shareholding structure is represented below:



5.3 Save as disclosed in paragraphs 5.1 and 5.2 above and other than through their shareholdings in the Company (if any), none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Cooperation Agreement, CEFC Shanghai or CEFC China.

6. INTERNAL CONTROL PROCEDURES

In view of the common directorships of Mr Zang Jianjun, Mr Lu Dachuan and Mr Liu Zhongqiu as described in paragraph 5.1 above and the indirect interest of Mr Ye Jianming in CEFC China as described in paragraph 5.2 above, the Company contemplates appointing an audit firm to review its internal control procedures to enhance corporate governance. To minimize and avoid potential conflicts of interest issues that may arise from the transactions(s) contemplated under the Cooperation Agreement, the Company is in the process of setting up a conflicts committee comprising Directors who are not also directors of CEFC China to set out internal policies for the review of such transaction(s). The Company is also putting in place internal guidelines to ensure that quotes are obtained from independent suppliers and purchasers and that all transactions are carried out on an arm's length basis.

7. GENERAL

The Company will keep its shareholders updated of any further developments and announcements will be made as and when appropriate.

By Order of the Board

Lu Da Chuan
Executive Director
8 September 2015