中华能源国际有限公司
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FOR IMMEDIATE RELEASE

CEFC reports 2Q2014 loss; looks to positive contributions from new corporate initiatives

- *Secures additional banking facilities from UOB and DBS Bank for its oil & petrochemical trading business as well as to finance procurement of products*
  - *Current aggregate back-to-back banking facilities total US$441 million*
- *Signs a deal to supply 200,000 metre-tonne-second system of units of mixed aromatics to a China customer*
- *Teams up with a China state-owned enterprise to build and operate oil storage facilities in Shandong Province*

SINGAPORE - 12 August 2014 - Mainboard-listed **CEFC International Limited** ("CEFC" or the "Company" and together with its subsidiaries, the "Group", 中华能源国际有限公司), is moving aggressively into its new core business of oil and petrochemical trading with a number of new initiatives even as it incurred a loss in the latest quarter of its financial year ending 31 December 2014.

For the second quarter ended 30 June 2014 ("2Q2104"), the Group reported a net loss of US$416,000 on revenue of US$48.2 million, compared with a net profit of US$528,000 on revenue of US$468.7 million in the previous corresponding quarter. For the six months ended 30 June 2014, net loss stood at US$409,000 on revenue of US$198.3 million.

As it gears up to be a new player in the business, the Group has been held back by financial constraints which adversely restrained revenue growth in 2Q20214. Hitherto, the Group's controlling shareholder, Singapore Petrochemical & Energy Development Pte. Ltd., has been and continues to extend financial support by providing interest-free loan which as at the end of the second quarter amounted to US$16 million.

As the oil trading business is mainly financed through Letter of Credit in line with industry practices, the Group has recently succeeded in securing additional back-to-back banking facilities from financial institutions. Last month, United Overseas Bank agreed to increase its back-to-back banking facilities from US$100 million to US$150 million. This was followed by another increase in banking facility from DBS Bank which rose from US$70 million to US$91 million which are used for financing the procurement of goods including crude oil, fuel oil and petrochemical products. DBS Bank has also extended additional trade facilities of US$30 million for general import Letter of Credit facility.

As a result, the total aggregate back-to-back banking facilities amount has increased from US$370 million to US$441 million.

"The Group is heartened by the financial support from the two big local banks in Singapore, which is a testament of their confidence in our new strategic business direction. With the increased banking facilities, the Group is expected to gear up to deal with more petrochemical trading business where margins are higher compared to fuel oil trading business," said Mr Zang Jian Jun, Executive Chairman and Chief Executive Officer of CEFC.

The Group has just brokered its first major contract – a deal to supply a total of approximately 200,000 metre-tonne-second system of units ("MTS") of mixed aromatics to its petrochemical customer Jizhong Energy Group International Logistics (Hong Kong) Co. Ltd.

As a result, the Group expects positive contribution to its earnings from this contract.

Moving deeper into the new core business, the Group recently announced that it is teaming up with a subsidiary of Rizhao Port Group Co., Ltd, a large state-owned enterprise to set up a joint venture company to build and operate oil storage facilities with a total storage capacity of 600,000 cubic metres in Rizhao port, Shandong Province.

This proposed joint venture into owning and operating oil storage facilities is in line with the Group's expansion plans in relation to its core business of oil and petrochemical trading. It will also raise the profile of the Group as well as pave the way for future collaboration opportunities.

The total cost of the project, comprising land costs and construction and development of the oil storage facilities, to be undertaken by the joint venture company is estimated to be approximately RMB700 million.

The construction of the storage facility is expected to commence following the establishment of the joint venture company and, barring unforeseen circumstances, will take approximately two years to complete.

The Group will continue to take on a multi-pronged approach to expand vertically and horizontally along the petroleum and petrochemical distribution value chain.

"While the Group has been expanding our business presence in Southeast Asia and internationally, we will continue to focus on the PRC market. Indeed, the joint venture with Rizhao Port Group presents the Group with a commercially attractive investment opportunity in the PRC for the Group to grow and expand our existing business through the setting up of our own storage facilities. We are looking forward to a steady income stream upon completion of this facility," said Mr Zang.

Moving forward, the Group will be exploring opportunities to secure loading facilities to expand and support its global trading operations, as well as actively seeking out strategic partnerships with players in the international oil, petrochemical, energy and logistics related industries.

About CEFC International Limited

CEFC International Limited, an investment holding company, is engaged in trading of petrochemical, and fuel oil and petroleum products. The Group was formerly known as Sun East Group Limited and changed its name to CEFC International Limited in August 2012.

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