



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

SALE AND PURCHASE OF RECEIVABLES

1. INTRODUCTION

- 1.1 The Board of Directors of the Company (the “**Board**”) refers to an agreement (the “**Agreement**”) dated 15 February 2017 entered into between (i) its wholly owned subsidiary, Singapore CEFC Petrochemical & Energy Pte Ltd (“**SPE**”), as seller, and (ii) Shanghai Huaxin Group (Hongkong) Limited (“**Huaxin**”) as purchaser, whereby SPE shall deliver to Huaxin approximately 30,000 MT of Jet A-1 fuel at a fixed price, and payment of the full amount for the delivery under the Agreement (the “**Total Receivable Amount**”) shall be made by Huaxin to SPE, upon the terms and subject to the conditions set out in the Agreement.
- 1.2 SPE now wishes to sell all its rights, title, benefit and interest in, under or arising out of a portion of the Total Receivable Amount in the amount of the US dollar equivalent of RMB 88,000,000 based on an exchange rate of US\$ 1 : RMB 6.8750 (the “**Transferring Receivable Amount**”) to an indirect wholly owned subsidiary of the Company, Shanghai Dajiang Shenyuan Equity Investment Fund Management Co, Limited (“**Dajiang**”), by way of assignment of the Transferring Receivable Amount to Dajiang (the “**First Assignment**”) in exchange for a consideration in Renminbi equivalent to a discounted amount of the Transferring Receivable Amount (the “**Consideration Amount**”). Dajiang shall thereafter on the same day, sell all its rights, title, benefit and interest in, under or arising out of the Transferring Receivable Amount to an independent third party equity fund (the “**Fund**”), by way of assignment of the Transferring Receivable Amount to the Fund (the “**Second Assignment**”, together with the “**First Assignment**”, the “**Assignments**”) for the Consideration Amount.
- 1.3 In connection with the above, on 13 March 2017, SPE and Dajiang entered into a deed of sale and purchase of the Transferring Receivable Amount setting out the terms of the First Assignment (the “**First Sale and Purchase Deed**”), and Dajiang and the Fund contemporaneously entered into a deed of sale and purchase of the Transferring Receivable Amount, setting out the terms of the Second Assignment (the “**Second Sale and Purchase Deed**”, together with the “**First Sale and Purchase Deed**”, the “**Sale and Purchase Deeds**”).
- 1.4 SPE has on 13 March 2017 entered into a corporate guarantee in favour of the Fund to guarantee, commencing from 2 September 2017 (the “**Effective Date**”), the full amount of the Transferring Receivable Amount payable to the Fund (the “**Corporate Guarantee**”) pursuant to the Assignments and the Sale and Purchase Deeds.

2. PRINCIPAL TERMS OF THE DEEDS OF SALE AND PURCHASE

The principal terms of the Sale and Purchase Deeds are substantially the same and are summarised as follows:

2.1 Consideration

The total price for the Transferring Receivable Amount to be paid by Dajiang and the Fund to SPE and Dajiang respectively in consideration of the relevant Assignment under the relevant Sale and Purchase Deed was arrived at on a willing-buyer and willing-seller basis.

2.2 Guarantee

- (a) SPE under the First Sale and Purchase Deed, and Dajiang under the Second Sale and Purchase Deed, irrevocably and unconditionally guarantee to Dajiang and the Fund respectively, commencing from the Effective Date, the due payment by Huaxin of the Transferring Receivable Amount.
- (b) SPE and Dajiang undertake to Dajiang and the Fund respectively that they shall fulfil their payment obligations in US dollars or Renminbi (based on an exchange rate of US\$ 1 : RMB 6.8750) at Dajiang's and the Fund's option respectively.

3. **PRINCIPAL TERMS OF THE CORPORATE GUARANTEE**

The principal terms of the Corporate Guarantee are summarised as follows:

- (a) SPE irrevocably and unconditionally guarantees to the Fund, commencing from the Effective Date, the due payment by Huaxin of the Transferring Receivable Amount.
- (b) SPE undertakes to the Fund that it shall fulfil its payment obligations under the Corporate Guarantee in US dollars or Renminbi (based on an exchange rate of US\$ 1 : RMB 6.8750) at the Fund's option.
- (c) If SPE fails to pay the sum due from it under the Corporate Guarantee on the due date of payment under the Corporate Guarantee, SPE shall pay interest on the overdue sums at an interest rate equal to 0.03% per day until the date payment is made.

4. **RATIONALE AND USE OF PROCEEDS**

The Consideration Amount under each of the Sale and Purchase Deed represents a discounted amount of the Transferring Receivable Amount.

Taking into consideration (i) the early repayment of the Transferring Receivable Amount to optimise cash flows for working capital purposes, (ii) the limitation of exposure to and reduction in credit risk of SPE, and (iii) the working capital requirements of SPE, the Board is of the view that the Assignments are in the best interests of SPE. The proceeds from the Assignments will be utilised for the Group's working capital requirements.

5. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the transactions set out in this announcement other than through their respective shareholdings in the Company (if any).

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the transactions set out in this announcement and the Group, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement, the Sale and Purchase Deeds and the Guarantee may be inspected at the Company's share registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Zhao Guangming
Executive Director and Chief Executive Officer
13 March 2017