



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

PROPOSED ACQUISITION OF 100% OF THE SHARE CAPITAL OF CEFC ASSETS MANAGEMENT & EQUITY INVESTMENT (HONG KONG) CO., LIMITED

1. INTRODUCTION

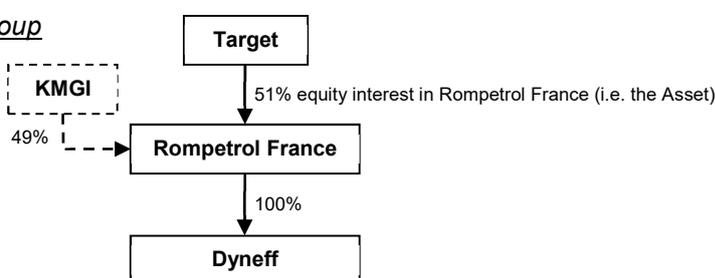
The Board of Directors of the Company (together with its subsidiaries, the “**Group**”) refers to the announcement dated 3 August 2016 in respect of the term sheet (the “**Term Sheet**”) in relation to the proposed acquisition of 100% of the shares in the share capital of CEFC Assets Management & Equity Investment (Hong Kong) Co., Limited (the “**Target**”).

Further to the Term Sheet, the Company has on 9 November 2016 entered into a conditional sale and purchase agreement (the “**SPA**”) with CEFC Shanghai Group Assets Management Co., Ltd (the “**Seller**”) for the acquisition by the Company of 20,000,000 shares in the Target (the “**Target Shares**”), comprising 100% of the share capital of the Target, on the terms and conditions of the SPA (the “**Proposed Acquisition**”).

2. INFORMATION ON THE TARGET COMPANIES AND THE SELLER

2.1 Information on the Target Companies

Structure of Target Group



The Target is a company incorporated in Hong Kong and owns 51% interest in Rompetrol France SAS (“**Rompetrol France**”) (the “**Asset**”), a French simplified stock corporation. The remaining 49% interest in Rompetrol France is owned by KMG International NV (“**KMGI**”).

Rompetrol France was previously 100% owned by KMGI. Subsequently, the Target and KMGI had entered into a sale and purchase agreement dated 17 September 2015 for the acquisition by the Target of the Asset from KMGI (the “**Past Acquisition**”) and are parties to a shareholder’s agreement dated 16 December 2015 (the “**Shareholder’s Agreement**”) in respect of their current shareholdings in Rompetrol France.

Rompetrol France is the holding company of Dyneff SAS (“**Dyneff**”), one of the leading independent fuel distributors in France with business operations in France and Spain. Dyneff offers a full choice of motor fuels, biofuels, heating fuels, supplementary products

and services that fulfill all the market requirements and has played an active role in the fuel distribution sector for more than 50 years covering three distribution channels: filling stations, a network of commercial agencies and two wholesale agencies. Dyneff also has established logistics infrastructure in France and Spain, with strategic capabilities at the main Mediterranean and Atlantic ports.

The Target and its subsidiaries (which includes, amongst others, Rompetrol France and Dyneff) shall be collectively referred to as the “**Target Companies**”.

2.2 Information on the Seller

The Seller was established on 1 February 2012 and carries out the business activities of, amongst others, asset management and investment management. Based on its consolidated financial statements as of 30 June 2016, the Seller has assets of RMB 1,647,803,776.16, cash of RMB20,896.46 and bank balances of RMB17,583,847.50. The Seller is an indirect subsidiary of CEFC Shanghai International Group Limited, which is in turn a subsidiary of CEFC China Energy Company Limited, a private collective enterprise on the Fortune Global 500 List with energy and financial services as its core business and its headquarters in Shanghai.

2.3 As previously clarified in the announcements dated 8 September 2015, 12 July 2016 and 3 August 2016, despite the similarities in corporate name, the Company is not part of CEFC China Energy Company Limited’s group of companies.

2.4 The information provided in paragraphs 2.1, paragraph 2.2 and the first paragraph of paragraph 3.3 have been provided by the Seller and/or the Target Companies. The Company has not independently verified the accuracy and correctness of such information and the sole responsibility of the Company has been to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration

The purchase consideration for the Target Shares is US\$20,500,000 (“**Purchase Consideration**”). The Purchase Consideration will be satisfied in cash as follows:

- (a) US\$2,050,000, comprising 10% of the Purchase Consideration, to be paid on 31 March 2017 or the date of completion of the Proposed Acquisition (“**Completion**”), whichever is later; and
- (b) the remaining US\$18,450,000, comprising 90% of the Purchase Consideration, to be paid on 31 December 2017.

The Purchase Consideration was agreed upon after arm’s length negotiations between the Parties on a willing-buyer, willing-seller basis, and was arrived at after taking into account, amongst others, the previous transaction valuation of the Asset pursuant to the Past Acquisition and the Valuation Report (as defined below).

The Proposed Acquisition will be funded through internal resources.

3.2 Conditions

Completion is conditional upon, amongst others:

- (a) anti-trust clearance having been obtained from the relevant anti-trust authorities in respect of the Proposed Acquisition;
- (b) the approval of the French Ministry of Economy having been obtained in respect of the Proposed Acquisition or the absence of a decision of being made by the French Ministry of Economy within the prescribed time period in accordance with the French Code Monétaire et Financier;
- (c) certain approvals and/or waivers having been granted by the shareholders of certain Target Companies in respect of the Proposed Acquisition;
- (d) completion of a tax, legal and financial due diligence exercise by the Company on the Target Companies and the results of such exercise being satisfactory to the Company at its sole discretion;
- (e) repayment and settlement of all outstanding liabilities exceeding HK\$1 million owed by the Target to any party, save for the loan of HKD43,412,577 owing from the Target to 上海华信集团 (香港) 有限公司 (the “**HKD Loan**”);
- (f) completion of a capital injection amounting to US\$10 million by the Seller into the Target; and
- (g) there being no material adverse change to the Target Companies between the date of the SPA and Completion,

(collectively, the “**Conditions**”).

The Company and the Seller may at any time agree to waive the Conditions set out in paragraphs 3.2(a) and (b). The Company may at any time waive the Conditions set out in paragraphs 3.2(c), (d), (e), (f) and (g).

The Conditions are to be satisfied or waived on or before the date falling six (6) months from the SPA or 31 March 2017 (whichever is later) (the “**Original Long-Stop Date**”), or if the Condition set out in paragraph 3.2(b) is not obtained by the Original Long-Stop Date such later date as may be agreed between the Parties, or such other date as may be agreed between the Parties (the “**Long-Stop Date**”). If the Conditions are not satisfied or waived on or before the Long-Stop Date, save as otherwise provided in the SPA, the SPA shall lapse.

3.3 Put Option

According to statements released by Rompetrol France on its official website on 9 May 2016 and 17 June 2016, its 49% shareholder, KMG I, has been summoned as civil liability party in a case currently being under investigation by the Directorate for Investigating Organized Crime and Terrorism of Romanian (“**DIICOT**”)¹. In connection with such investigation,

¹ <http://m.rompetrol.com/press-release-kmg-international-official-statement>

DIICOT has seized certain assets of KMGI and the High Court of Cassation and Justice has maintained the seizure established by DIICOT in May 2016².

As at the date of this announcement, the Target Companies are not affected by the seizure by DIICOT.

To mitigate the potential risks arising from the investigations and seizure by DIICOT, the Seller has granted the Company a put option over the Sale Shares pursuant to which the Company has the right (but not the obligation) to require the Seller to purchase from the Company all the Sale Shares held by the Company, at a sum amounting to the Purchase Consideration, during the Option Period (as defined below), upon the occurrence of any of the following events:

- (a) any order, notice, summons, investigations, inquiries, proceedings and/or other legal actions, by any government or regulatory authority to appropriate, confiscate, destroy, expropriate, freeze, repossess, requisition for title and/or seize any assets of any Target Company or disrupt, stop and/or terminate of the business or operations of any Target Company, arising from the actions of KMGI, any member of the KazMunayGas Group (“**KMG Group**”) or any Target Company (the “**Romanian Investigations**”) which are the subject of the Romanian Investigations (as defined below) and resulting in a material adverse effect on the value, financial conditions, assets, liabilities, businesses and/or operations of any Target Company; or
- (b) the transfer of the minority 49% equity interest in Rompetrol France to a third party has not been completed within 5 years of the date of Completion.

The Put Option shall be valid from the date of Completion until:

- (a) one (1) month after the order, notice, summons, investigations, inquiries, proceedings and/or other legal actions by the government or regulatory authorities in Romania in respect of the assets, business and/or operations of KMGI, any member of the KMG Group or any Target Company have been permanently discontinued, or concluded in writing with no adverse order, notice and/or summons being made, against any Target Company or in respect of the assets, business and/or operations of any Target Company; or
- (b) the transfer of the minority 49% equity interest in Rompetrol France SAS to a third party is completed,

whichever is earlier, (the “**Option Period**”).

4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition is part of the Company’s strategy of enhancing its global presence in its core business of oil and petrochemical trading for its long-term growth. In particular, the Company is of the view that the Proposed Acquisition will yield benefits in the following areas:

² <http://www.rompetrol.com/kmg-international-%E2%80%93-official-statement-related-decision-taken-high-court-cassation-and-justice>

4.1 **Synergies with the Company's strategic plans**

The Proposed Acquisition fits in with the Company's strategic plans to gain a foothold in Europe's mid to downstream oil and gas industry assets as well as logistics and storage business. Dyneff's existing oil and gas distribution network, logistics and storage facilities in Europe will be a strategic fit in line with the Company's expansion plans.

4.2 **Establishment of an investment and financing platform in Europe**

Rompétrol France's footprint in Europe and relationships with the local banks and regional oil and gas players will be beneficial for the Company in capitalizing on the low funding cost to set up an investment and financing platform in Europe.

4.3 **Scaling up of the Group's operations**

The Proposed Acquisition is earnings accretive and will increase the Group's scale of operations on the global platform. The larger scale of business operations will enhance the Group's market position and open doors to more business and investment opportunities.

5. **VALUE OF THE TARGET SHARES**

Unless otherwise stated, all currency conversions among US\$, HK\$, S\$, € amounts in this announcement shall be based on the exchange rates of US\$1 to €0.91, US\$1 to HK\$7.76, US\$1 to S\$1.39 as extracted from www.oanda.com as at 8 November 2016.

5.1 **Valuation**

The Company commissioned Censere Singapore Pte Ltd (the "Valuer") to conduct a valuation on the Target. The Valuer carried out its valuation on a market value basis, which is defined as the estimated amount for which an asset should be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Accordingly, the Valuer is of the opinion that the market value of a 100% equity interest in the Target ranges from €17.4 million to €26.7 million with a mid-point value of €21.5 million as at the date of valuation of 30 June 2016.

5.2 **Book Value and Net Tangible Assets of the Target**

Prior to the completion of the Past Acquisition, the Target was dormant. As the Past Acquisition was not completed in FY2015, the Target's unaudited financial statements for FY2015 did not consolidate the assets and liabilities of Rompétrol France as at 31 December 2015.

Based on the unaudited financial statements of the Target for FY2015 provided by the Seller, the Target's book value and net tangible asset value are approximately HK\$0.03 million (or US\$0.004 million) as at 31 December 2015.

Based on the unaudited financial statements of the Target for 1H2016 provided by the Seller, the Target's book value after minority interest is approximately HK\$105.4 million (or US\$13.6 million) and the net tangible asset value after minority interest is approximately HK\$34.8 million (or US\$4.5 million) as at 30 June 2016.

As stated in the Conditions listed in section 3.2 of this announcement,, the Seller will restructure the Target and complete a capital injection of US\$10 million into the Target prior to Completion, such that the assets and liabilities of the Target as at Completion will consist mainly of the Asset, a €5.1 million shareholders' loan granted by the Target to the Asset ("**EUR Loan**") and the HKD Loan.

5.3 **Financial Information of the Target**

Prior to the completion of the Past Acquisition, the Target was dormant. As the Past Acquisition was not completed in FY2015, the Target's unaudited financial statements for FY2015 did not consolidate the results of Rompetrol France for FY2015.

Based on the unaudited financial statements of the Target for FY2015 provided by the Seller, the Target's unaudited net profit after tax is approximately HK\$0.03 million (or US\$0.004 million) as at 31 December 2015.

Following the completion of the Past Acquisition in 2016, based on the unaudited consolidated financial statements of the Target for 1H2016 provided by the Seller, the Target recorded an unaudited consolidated net profit after tax and minority interests of approximately HK\$25.6 million (or US\$3.3 million) as at 30 June 2016.

6. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

6.1 **Assumptions**

The financial effects of the Proposed Acquisition on the Group set out below is for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion.

The *pro forma* financial effects of the Proposed Acquisition on the Group are prepared based on the audited consolidated financial statements of the Group and unaudited financial statements of Rompetrol France for FY2015, disregarding all goodwill impairment and expenses in connection with the Proposed Acquisition and Past Acquisition.

This is because prior to the completion of the Past Acquisition, the Target was dormant and as the Past Acquisition was not completed in FY2015, the Target's unaudited financial statements for FY2015 did not consolidate the financial statements of Rompetrol France for FY2015.

Based on the unaudited consolidated financial statements of Rompetrol France for FY2015 provided by the Seller, Rompetrol France recorded a net profit after tax of approximately €2.8 million as at 31 December 2015. Accordingly, the unaudited net profits after tax attributable to the Asset (being the 51% equity interest in Rompetrol France) for FY2015 is approximately €1.4 million (or US\$1.5 million) as at 31 December 2015.

Based on the unaudited consolidated financial statements of Rompetrol France for financial year ending 31 December 2015 ("**FY2015**") provided by the Seller, the net tangible asset value attributable to the Asset is approximately €11.0 million (or US\$12.1 million) as at 31 December 2015.

6.2 NTA

For illustrative purposes and assuming the Proposed Acquisition and the Past Acquisition had been completed 31 December 2015, the *pro forma* financial effects on the consolidated NTA for FY2015 are as follows:

	Before the Proposed Acquisition	<i>Add NTA attributable to the Target and Asset as at 31 December 2015</i>	<i>less Purchase Consideration</i>	After Completion of the Proposed Acquisition
NTA (US\$ millions)	197.6	12.1	(20.5)	189.2
Number of shares	4,233,185,850	4,233,185,850	4,233,185,850	4,233,185,850
NTA per share (US cents)	4.67			4.47

6.3 EPS

For illustrative purposes and assuming the Proposed Acquisition and the Past Acquisition had been completed 1 January 2015, the *pro forma* financial effects on the earnings per share of the Group for FY2015 are as follows:

	Before the Proposed Acquisition	<i>Add Net Profit attributable to the Target and Asset for FY2015</i>	After Completion of the Proposed Acquisition
Net profit attributable to shareholders after tax (US\$ millions)	17.9	1.5	19.4
Number of weighted average shares	4,233,185,850	4,233,185,850	4,233,185,850
Earnings per share (US cents)	0.42		0.46

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable
(b)	Net profits attributable to the Target Shares acquired,	-772.7% ⁽¹⁾

compared with the Group's net profits before tax and minority interests

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|-----|--|----------------------|
| (c) | Aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares | 3.85% ⁽²⁾ |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable |
| (e) | Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves | Not applicable |

Notes:

- (1) Based on the unaudited consolidated profit before income tax, minority interests and extraordinary items of the Target and the unaudited loss before income tax, minority interests and extraordinary items of the Group for the financial period ended 30 June 2016 of approximately HK\$66.1 million (or US\$8.5 million) and US\$1.1 million respectively. In relation to the relative figure under Rule 1006(b) of the Listing Manual, Rule 1014(2) of the Listing Manual provides that Rule 1014 does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b) of the Listing Manual.
- (2) Based on the Purchase Consideration of US\$20.5 million (or S\$28.5 million) and the Company's market capitalization of S\$740.8 million based on its issued share capital of 4,233,185,850 Shares as at the date of this announcement and the weighted average price of S\$0.175 transacted on the Mainboard of the SGX-ST on 3 November 2016 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).

As none of the relative figures under Rule 1006 of the Listing Manual exceeds 5%, the Proposed Acquisition constitutes a non-discloseable transaction within the meaning of Chapter 10 of the Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 Mr Zang Jian Jun, Mr Lu Da Chuan and Mr Liu Zhong Qiu are executive directors of the Company and are also directors of CEFC China Energy Company Limited, the ultimate holding company of the Seller. Mr Zang Jian Jun, the executive chairman and executive director of the Company also has an approximately 11% indirect effective interest in the Seller based on the latest shareholder structure provided by the Seller. Mr Ye Jian Ming, the controlling shareholder of the Company, is also the executive chairman of CEFC China Energy Company Limited.
- 8.2 Save as disclosed in paragraph 8.1 above, none of the directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings in the Company (if any).

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS FOR INSPECTION

While the registered office of the Company is in Bermuda, the principal office of the Company is in Singapore. Taking into account that Singapore is a more accessible location than Bermuda, copies of the SPA and the Valuation Report are available for inspection during normal business hours at the principal office of the Company in Singapore at, 1 Raffles Place, #11-61, One Raffles Place, Tower 2, Singapore 048616, for a period commencing three (3) months from the date of this announcement.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm that 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 Proposed Acquisition, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when trading in the Company's shares in relation to this Announcement as the impact of the investigations and seizure by DIICOT is currently unclear notwithstanding that the Target Companies are not affected by the seizure by DIICOT as at the date of this announcement. There is no certainty or assurance that investigations and seizure by DIICOT will not adversely affect the Target Companies after the date of this announcement or that the Proposed Acquisition will be completed or that the Put Option can be successfully exercised in the event that the Seller is wound up or otherwise dissolved and is unable to satisfy its obligations under the Put Option.

By Order of the Board

Lu Da Chuan
Executive Director
9 November 2016