



CEFC INTERNATIONAL LIMITED 中华能源国际有限公司
(Incorporated in Bermuda)
(Company Registration No. 35733)
(the “Company”)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4),
HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1a An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

| <u>The Group</u> | Three Months ended 31 March 2013 US \$'000 | Three Months ended 31 March 2012 US \$'000 | Increase /(Decrease) % |
|--|---|---|---------------------------------------|
| Revenue | 67,585 | - | N.M |
| Cost of goods sold | (67,408) | - | N.M |
| Gross Profit | 177 | - | N.M |
| Other Operating Income | 14 | - | N.M |
| Administrative Expenses | (526) | (147) | 258% |
| Finance Cost | (24) | - | N.M |
| Loss before taxation | (359) | (147) | (144%) |
| Taxation | (5) | - | N.M |
| Loss for the period | (364) | (147) | (147%) |
| Other Comprehensive Income | | | |
| Exchange difference on translation | - | - | - |
| Total Comprehensive Income for the period | (364) | (147) | (147%) |

n.m : not meaningful

The Group's loss before taxation is arrived at after charging / (crediting):

| <u>The Group</u> | Three Months ended 31 March 2013 US \$'000 | Three Months ended 31 March 2012 US \$'000 | Increase /(Decrease) % |
|---|---|---|---------------------------------------|
| Other Income | | | |
| Government Credit | (13) | - | N.M |
| Interest Income | (1) | - | N.M |
| Administrative Expenses | | | |
| Depreciation and Amortisation | 19 | 1 | 1800% |
| Director's Remuneration and Fees | 93 | - | N.M |
| Professional Fees | 23 | - | N.M |
| Operating Lease expenses | 157 | - | N.M |
| Foreign currency exchange gain/(loss) | (28) | 11 | (355%) |
| Under provision of tax in respect to prior year | 5 | - | N.M |

1b(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

| | The Group | | The Company | |
|--|-------------------------------|----------------------------------|-------------------------------|----------------------------------|
| | 31 March 2013 US \$'000 | 31 December 2012 US \$'000 | 31 March 2013 US \$'000 | 31 December 2012 US \$'000 |
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | 6,725 | 7,268 | 363 | 423 |
| Other Receivables | 249 | 246 | 19 | 17 |
| Trade Receivables | 43,924 | - | - | - |
| Amount due from Subsidiary | - | - | 1348 | 1362 |
| Total Current assets | 50,898 | 7,514 | 1,730 | 1,802 |
| Non-current Assets: | | | | |
| Intangible Asset | 7 | 10 | 7 | 10 |
| Plant and Equipment | 264 | 276 | - | - |
| Investment in Subsidiaries | - | - | 160 | 160 |
| Total Non-current assets | 271 | 286 | 167 | 170 |
| Total Assets | 51,169 | 7,800 | 1,897 | 170 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | |
| Current liabilities | | | | |
| Other Payables | 275 | 301 | 260 | 212 |
| Income tax payables | 123 | 125 | - | - |
| Amount due to Subsidiary | - | - | 41 | - |
| Advance from holding Company | 7,321 | 7,362 | 2,515 | 2,545 |
| Trade Payables | 43,802 | - | - | - |
| Total Current Liabilities | 51,521 | 7,788 | 2,816 | 2,757 |
| Non-current liabilities | | | | |
| Provision | 31 | 31 | - | - |
| Total Non-current Liabilities | 31 | 31 | - | - |
| Total Liabilities | 51,552 | 7,819 | 2,816 | 2,757 |
| Capital and Reserves | | | | |
| Share Capital | 454 | 454 | 454 | 454 |
| Share Premium | 18,116 | 18,116 | 18,116 | 18,116 |
| Foreign Exchange Translation Reserve | 43 | 43 | 49 | 49 |
| Accumulated Losses | (18,996) | (18,632) | (19,538) | (19,404) |
| Total Equity | (383) | (19) | (919) | (785) |
| Total Equity | (383) | (19) | (919) | (785) |
| Total Liabilities and Equity | 51,169 | 7,800 | 1,897 | 1,972 |

1b(ii) Aggregate amount of the Group's borrowings and debt securities

| | <u>Unsecured</u> | | <u>Secured</u> | |
|--|------------------|---------------------|------------------|---------------------|
| | 31 March 2013 | 31 December 2012 | 31 March 2013 | 31 December 2012 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Amount payable in one year or less or on demand | 7,321 | 7,362 | - | - |
| Amount payable after one year | - | - | - | - |

The Company's controlling shareholder, Singapore Petrochemical & Energy Development Pte. Ltd. (formerly known as Singapore Petrol Development Co Pte Ltd) continues to provide interest free loan to the Group and the loan balance as at the end of the first quarter of FY2013 ("1QFY2013") was approximately US\$7.321 million. The financial support was provided to the Group to assist it in its new petroleum trading business and to meet its liabilities as and when they fell due.

In 1QFY2013, United Overseas Bank Limited, Singapore ("UOB") issued a back to back letter of credit ("L/C") for an amount of US\$44,450,000 to the Group's supplier for a trade transaction. This was the first L/C facility granted to the Group on an ad hoc basis and is in line with the oil industry's normal practice of conducting fuel oil transactions on a L/C basis.

Details of any collateral

Nil.

Contingent liabilities

As at 31 March 2013, the Group has no contingent liabilities.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

| <u>The Group</u> | Three Months ended 31 March 2013 US \$'000 | Three Months ended 31 March 2012 US \$'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Loss before taxation | (364) | (147) |
| Adjustment for: | | |
| Depreciation and Amortisation | 19 | 1 |
| Unrealised Foreign Currency Difference | (28) | - |
| Interest Income | (1) | - |
| Operating Cash (outflow) before movement in working capital | <u>(374)</u> | <u>(146)</u> |
| (Increase) in Trade Receivables | (43,924) | - |
| Increase in Trade Payables | 43,802 | - |
| (Increase) in Other receivables, deposit and prepayment | (6) | (8) |
| (Decrease) in Other payables and accrued charges | (23) | (83) |
| Interest Income | 1 | - |
| Net cash used in operating activities | <u>(524)</u> | <u>(237)</u> |
| INVESTING ACTIVITIES | | |
| Acquisition of Plant and Equipment | (4) | (8) |
| Net cash used in investing activities | <u>(4)</u> | <u>(8)</u> |
| FINANCING ACTIVITIES | | |
| Advance from Holding Company | - | 1,353 |
| Amount(repaysment from)/due to Ultimate Holding | - | 219 |
| Net cash generated from financing activities | | <u>1,572</u> |
| Net (decrease)/increase in cash and cash equivalents | (528) | 1,327 |
| Cash and cash equivalents at the beginning of the period | 7,268 | 17 |
| Effect of foreign Exchange rates changes | (15) | - |
| Cash and cash equivalents at the end of the period | <u>6,725</u> | <u>1,344</u> |

1d(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| <u>Group</u> | Share capital | Share premium | Foreign Currency Translation Reserves | Accumulated Reserves | Total |
|---|---------------|---------------|---------------------------------------|----------------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| At 1 January 2013 | 454 | 18,116 | 43 | (18,980) | (367) |
| Total comprehensive loss for the period | - | - | - | (364) | (364) |
| At 31 March 2013 | 454 | 18,116 | 43 | (19,344) | (731) |
| At 1 January 2012 | 454 | 18,116 | 43 | (18,833) | (220) |
| Total comprehensive loss for the period | - | - | - | (147) | (147) |
| At 31 March 2012 | 454 | 18,116 | 43 | (18,980) | (367) |
| <u>Company</u> | Share capital | Share premium | Foreign Currency Translation Reserves | Accumulated Reserves | Total |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| At 1 January 2013 | 454 | 18,116 | 49 | (18,963) | (344) |
| Total comprehensive loss for the period | - | - | - | (134) | (134) |
| At 31 March 2013 | 454 | 18,116 | 49 | (19,097) | (478) |
| At 1 January 2012 | 454 | 18,116 | 49 | (18,820) | (201) |
| Total comprehensive loss for the period | - | - | - | (143) | (143) |
| At 31 March 2012 | 454 | 18,116 | 49 | (18,963) | (344) |

- 1d(ii) Details of any changes in the Company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since the end of the financial period ended 31 December 2012 ("FY2012").

- 1d(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at 31 March 2013 and as at 31 December 2012 respectively was 3,527,654,875 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2013 and 31 December 2012.

- 1d(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company does not have any treasury shares.

- 2. Whether the figures has been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have neither been reviewed nor audited by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised International Financial Reporting Standards (IFRS) and IFRS interpretations which became effective for the financial years beginning on or after 1 January 2012.

- 5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

| | Group | |
|---|-----------------------|-----------------------|
| | Three Months Ended | |
| | 31 March 2013 US\$ | 31 March 2012 US\$ |
| Net Profit/(Loss) attributable to shareholders | (364,242) | (146,841) |
| | US\$ cents | US\$ cents |
| Earnings per ordinary share | | |
| (a) Based on the weighted average number of ordinary shares in issue; and | (0.01033) | (0.00416) |
| Weighted average number of ordinary shares in issue | 3,527,654,875 | 3,527,654,875 |
| (b) On a fully diluted basis | (0.01033) | (0.00416) |
| Weighted average number of ordinary shares in issue | 3,527,654,875 | 3,527,654,875 |

7. Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

| | <u>The Group</u> | | <u>The Company</u> | |
|--|------------------|----------------|--------------------|----------------|
| | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2013 | 31 Dec 2012 |
| | US\$ cents | US\$ cents | US\$ cents | US\$ cents |
| Net asset / (liabilities) value per ordinary share | (0.0109) | (0.0005) | (0.026) | (0.022) |

The calculation of net asset value per ordinary share is based on the Group's net liabilities as at 31 March 2013 of approximately US\$383,397 (31 December 2012: US\$19,065) and the Company's net liabilities value as 31 March 2013 of approximately US\$919,934 (31 December 2012: US\$785,028) and share capital of 3,527,654,875 shares (31 December 2011: share capital of 3,527,654,875 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Revenue

In 1QFY2013, the Group completed two fuel oil trading transactions. The Company is working hard to increase trading opportunities by expanding its list of counterparties and securing top industry players. The Group's current counterparties are well established companies in the industry. The Group's turnover for these two transactions was approximately US\$67 million.

Gross Margin

In the 1QFY2013, the Group recorded a gross profit of US\$0.177 million, which amounted to 0.26% gross profit margin generated from the fuel oil trading transactions.

Other Operating Income

Other income derived in 1QFY2013 comprised mainly of Productivity and Innovation Credit ("PIC") on qualified expenditure and bank interest income.

Administrative expenses

Administrative expenses in this quarter were mainly due to staff salary and office lease expenses which were essential in connection with the Group's business operations.

Other expenses

Other expenses reported in this quarter were the result of the Singapore dollar strengthening against United States Dollar and additional accrued tax expenses in respect to the tax provision for FY2012.

Profit Before Tax

Due to the seasonal effects of the Lunar New Year holidays, fewer transactions were achieved in 1QFY2013. In addition, the finance cost which mainly included bank charges for the L/C issuance has impacted the Group's profits. These factors resulted in the Group recording a net loss of US\$364,243 for 1QFY2013.

Taxation

No tax was accrued due to the loss position of the operating subsidiary and the Group. The reported amount was due to under provision of the Group's FY2012 corporate tax cost.

Review of the Group's Cash Flow in First Quarter of FY2013

In 1QFY2013, the Group reported a negative cash flow in operating activities of US\$0.524 million, compared to negative US\$0.237 million in the corresponding comparative period. The negative cash flow in operating activities was due to the loss incurred and increase in the trade receivables.

As at the end of the 1QFY2013, the balance of cash & cash equivalent was US\$6.725 million.

Review of the Group's Financial Position as at 31 March 2013 and 31 December 2012

The increase in trade receivables of US\$43.924 million was largely due to the payment terms of one of the deals which granted 15 days from Notice of Readiness date being the date on which the vessel being ready in all respects to commence discharging of the cargo. Full settlement has been collected from the customer within the credit term. Accordingly, the increase in trade payable of US\$43.802 million was due to the same factor which reflects the back to back nature of the Group's trade transactions.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group has applied to the SGX-ST to request for the removal from the SGX-ST Watch List on 19 March 2013. The Board will keep the shareholders informed of the progress of the application for the removal from the SGX-ST Watch List and will make such further announcements as and when appropriate.

In relation to the Group's beauty business, pursuant to its review, the Board concluded that it may not be in the best interest of the Company or shareholders to continue with it. Accordingly the Board has unanimously approved the disposal of the beauty business. The Company will keep the shareholders informed of the progress and will make further announcements as and when appropriate.

The Group continues to expand its existing trading business segment. In April 2013, the Group was successfully awarded a long term proposal from both upstream and downstream customers to supply 65,000 MTS to 100,000 MTS of fuel oil at one cargo per month from May 2013 to May 2014. The Group intends to secure other long term business contracts and/or arrangements with its suppliers and customers.

Besides maintaining the profitable relationships with its existing valued customers, the Company's management is focusing on securing other top industry players as the Group's new counterparties. In April 2013, the Group signed contracts with the companies like Toyota Tsushu Corporation, BP Singapore Pte Limited and TH KMG Singapore Pte Ltd as the Group's new customers and suppliers to diversify and secure a stable supply of products and to create more revenue for the products that the Company trades in. In April 2013, the Group has signed sales contracts with aggregate contract value of approximately US\$240 million and with total quantity of approximately 368,500 metric tons of fuel oil.

In addition, the Company's Management is also actively focusing on establishing stable relationships with financial institutions to seek more bank facilities, in addition to the Group's existing bank facilities, to support any possible trade shortfall while leverage on its existing facilities and to enhance the liquidity of the Company, in order to tap on the potential of emerging business development in FY2013. On 25 April 2013, subject to the terms and conditions set out in the letter of offer dated 25 April 2013 by UOB, UOB has agreed to make available an uncommitted banking facility of US\$100 million to the Group. The Management is currently discussing with other banks with a view to securing additional facilities to meet the Group's business requirements.

11. Dividend

(a) Current Financial Period Reported On

None.

Corresponding Period of the Immediately Preceding Financial Year

None.

Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect.

No dividend has been declared or recommended in this first quarter of FY2013.

13. If the Group has obtained a general mandate from the Shareholder for IPTs, the aggregate value of such transactions as required under Rule 902 (1)(a) (ii). If no IPT mandate has been obtained, please make a statement to that effect

There were no interested person transactions carried out in the 1Q FY2013 except for the interest-free advances made by Singapore Petrochemical & Energy Development Pte. Ltd to the Group.

The Company does not have a general mandate from shareholders for interested person transactions.

BY ORDER OF THE BOARD

Ye Jianming
Executive Chairman
Date: 15 May 2013

CONFIRMATION BY THE BOARD

We, Ye Jianming and Zang Jian Jun two directors of CEFC International Limited (“the Company”), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the financial period ended 31 March 2013 to be false or misleading in any material aspect.

On behalf of the board of directors

Ye Jianming
Executive Chairman

Zang Jian Jun
Executive Director