



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 2014

**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 2014 US \$'000	Three Months ended 31 March 2013 US \$'000	Increase /(Decrease) %
Revenue	150,141	67,585	122%
Cost of Sales	(149,350)	(67,408)	122%
Gross Profit	791	177	347%
Other Operating Income	4	14	(71%)
Administrative Expenses	(680)	(526)	29%
Other Operating Expenses	(15)	-	N.M
Finance Expenses	(93)	(24)	288%
Profit/(Loss) Before Income Tax	7	(359)	102%
Income Tax Expense	-	(5)	N.M
Profit/(Loss) for the Period	7	(364)	102%
Total Comprehensive Income / (Loss) for the Period	7	(364)	102%

N.M: Not Meaningful

The Group's Profit before Income tax is arrived at after charging / (crediting):

<u>The Group</u>	Three Months ended 31 March 2014 US \$'000	Three Months ended 31 March 2013 US \$'000	Increase /(Decrease) %
Other Operating Income			
Government Credit	(3)	(13)	(77%)
Interest Income	(1)	(1)	-
Administrative Expenses			
Depreciation and Amortisation	20	19	5%
Directors' Remuneration	65	39	66%
Directors' Fees	53	54	(2%)
Professional and Listing Fees	28	23	22%
Operating Lease Expenses	153	157	(3%)
Staff Salary and related expenses (excluding Key Management Personnel)	301	190	58%
Other Operating Expenses			
Foreign Exchange Loss / (Gain)	15	(28)	(154%)
Interest Expenses	93	24	288%

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 2014 US \$'000	31 December 2013 US \$'000	31 March 2014 US \$'000	31 December 2013 US \$'000
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	16,745	8,308	255	34
Other Receivables	252	505	22	19
Advance Payment	7,528	-	-	-
Trade Receivables	20,575	22,486	-	-
Amount due from Subsidiary	-	-	450	928
Total Current Assets	45,100	31,299	727	981
Non-current Assets:				
Intangible Asset	5	6	5	6
Plant and Equipment	206	225	-	-
Investments in Subsidiaries	-	-	160	160
Total Non-current Assets	211	231	165	166
Total Assets	45,311	31,530	892	1,147
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current Liabilities				
Other Payables	118	598	78	152
Income Tax Payables	260	251	-	-
Advance from Holding Company	16,253	16,232	2,483	2,467
Amount due to Subsidiary	-	-	7	-
Advance Collection	1,236	-	-	-
Trade Payables	26,798	13,810	-	-
Total Current Liabilities	44,665	30,891	2,568	2,619
Non-current Liabilities				
Provision of Office Reinstatement Cost	30	30	-	-
Total Non-current Liabilities	30	30	-	-
Total Liabilities	44,695	30,921	2,568	2,619
Capital and Reserves				
Share Capital	454	454	454	454
Share Premium	18,116	18,116	18,116	18,116
Accumulated Losses	(17,954)	(17,961)	(20,246)	(20,042)
Total Equity	616	609	(1,676)	(1,472)
Total Liabilities and Equity	45,311	31,530	892	1,147

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

	<u>Unsecured</u>		<u>Secured</u>	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or on demand	16,253	16,232	-	-
Amount payable after one year	-	-	-	-

The Company's controlling shareholder, Singapore Petrochemical & Energy Development Pte. Ltd., continues to provide financial support by providing an interest-free loan which aggregate loan balance as at the end of the first quarter of FY2014 ("1QFY2014") was approximately US\$16 million. The financial support was meant to assist the Group in the expansion of its oil and petrochemical trading businesses and to meet its liabilities as and when they fall due.

The Company's oil related trading transactions relied on financing through letters of credit which is in line with industry practices. The management continues to focus on ensuring the availability of banking facilities from financial institutions. There were no changes to the back-to-back banking facilities which amounted to an aggregate of US\$370 million as at the end of 1QFY2014.

Details of any collateral

Nil.

Contingent liabilities

As at 31 March 2014, the Group had 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 2014 US \$'000	Three Months ended 31 March 2013 US \$'000
OPERATING ACTIVITIES		
Profit Before Income Tax	7	(359)
Adjustment for:		
Depreciation and Amortisation	20	19
Unrealised Foreign Currency (Gain)/Loss	15	(28)
Interest Expenses	93	24
Interest Income	(1)	(1)
Operating Cash Flows Before Movements in Working Capital	134	(345)
(Increase) / Decrease in Trade Receivables	1,911	(43,924)
Increase / (Decrease) in Trade Payables	12,988	43,802
(Increase) / Decrease in Other Receivables	(7,275)	(6)
Increase / (Decrease) in Other Payables	755	(28)
Cash (Used in)/generated from operations	8,513	(501)
Interest Paid	(93)	(24)
Interest Received	1	1
Net cash generated from/(used in) operating activities	8,421	(524)
INVESTING ACTIVITY		
Acquisition of Plant and Equipment	-	(4)
Net cash used in investing activity	-	(4)
FINANCING ACTIVITIES		
Advance from holding Company	21	-
Fixed Deposit pledged with financial institutions	2,976	-
Net cash generated from financing activities	2,997	-
Net increase/(decrease) in cash and cash equivalents	11,418	(528)
Cash and cash equivalents at the beginning of the period	4,103	7,268
Effect in foreign exchange rates changes	(5)	(15)
Cash and cash equivalents at the end of the period	15,516	6,725
<u>The Group</u>	Three Months ended 31 March 2014 US \$'000	Three Months ended 31 March 2013 US \$'000
Cash and Bank Balance	16,745	6,725
Deposits pledged	(1,229)	-
Cash and Cash Equivalents per consolidated statement of cash flows	15,516	6,725

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.

	Attributable to the owners of the Company				
	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Group</u>					
Balance at 1 January 2014	454	18,116	-	(17,961)	609
Profit for the period, representing total comprehensive income for the period	-	-	-	7	7
Balance at 31 March 2014	454	18,116	-	(17,954)	616
Balance at 1 January 2013	454	18,116	43	(18,632)	(19)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(364)	(364)
Balance at 31 March 2013	454	18,116	43	(18,996)	(383)
<u>Company</u>					
Balance at 1 January 2014	454	18,116	-	(20,042)	(1,472)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(204)	(204)
Balance at 31 March 2014	454	18,116	-	(20,246)	(1,676)
Balance at 1 January 2013	454	18,116	49	(19,404)	(785)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(134)	(134)
Balance at 31 March 2013	454	18,116	49	(19,538)	(919)

- 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 have been no changes in the Company's share capital since the end of the previous period reported.

- 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 each of 31 March 2014 and 31 December 2013 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 2014 and 31 December 2013.

- 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 (INT IFRS) which had come into effective for the financial years beginning on or after 1 January 2014.

- 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.**

In the current financial year, the Group has adopted the new and revised IFRS, and INT IFRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised IFRS or INT IFRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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:

	<u>The Group</u> Three Months ended	
	31 March 2014	31 March 2013
Net Profit/(Loss) Attributable to Shareholders	US\$ 6,881	US\$ (364,242)
Earnings per ordinary share	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	0.00020	(0.01033)
Weighted average number of ordinary shares in issue	3,527,654,875	3,527,654,875
(b) On a fully diluted basis	0.00020	(0.01033)
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 March 2014	31 December 2013	31 March 2014	31 December 2013
	US cents	US cents	US cents	US cents
Net asset / (liabilities) value per ordinary share	0.0175	0.0173	(0.0475)	(0.0417)

The calculation of net asset value per ordinary share is based on the Group's net assets of approximately US\$615,725 as at 31 March 2014 (31 December 2013: US\$608,844) and the Company's net liabilities of approximately US\$1,675,825 as at 31 March 2014 (31 December 2013: US\$1,471,897) and share capital of 3,527,654,875 shares (31 December 2013: 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

The Group's revenue was adversely affected by seasonal factors such as Lunar New Year holidays. In 1QFY214, the Group completed 2 fuel oil trading transactions and several petrochemical trading transactions. As compared to 1QFY2013, the Company's revenue increased by 122%. The growth affirmed the Group's effort to increase its transaction volume in the profitable petrochemical segment as compared to 1QFY2013 where the Group only carried out 2 fuel oil trading transactions.

Gross Margin

The diversification through petrochemical products has achieved the overall gross profit margin of 0.526% in 1QFY2014 as compared to 0.261% in 1QFY2013.

Other Operating Income

Other operating income derived in 1QFY2014 comprised bank interest income and wage credit scheme pay out.

Administrative Expenses

The modest increases in administrative expenses were mainly attributed to the remuneration for our growing number of staffs who oversee the Group's business expansion, professional and compliance cost and office rental.

Other Operating Expenses

Other operating expenses reported in this quarter were the result of the unrealised exchange loss incurred from the foreign currency controlling shareholder's loan and inter-company fund transfer.

Profit before Income Tax

Due to the gross profit margin increase, the Group had achieved a profit of US\$0.007 million in the 1QFY2014.

Review of the Group's Cash Flows in First Quarter of FY2014

The Group reported a positive operating cash flow in operating activities of US\$8.421 million mainly due to the proceeds received in relation the maturity of several export letter of credit ("LC") issued in favour of the Group on 4QFY2013 trade receivables.

The deposits pledged consist of cash margin for petrochemical trading transactions import LC issuance.

Review of the Group's Financial Position as at 31 March 2014

The outstanding trade receivables of US\$20.575 million were mainly due to credit term of 30 days granted to the oil customer from the contract stipulated date. The outstanding of trade payables of US\$26.798 million were also mainly due to the same aforementioned reason. Our negotiating bank has accepted trading documentations and successfully collected the full amount of funds from the customer in April 2014. Advance payment and advance collection emerged from agreed pre-settlement as required by the trading contract entered into between the Group and the counterparties. A positive net tangible asset of US\$615,725 was recorded in this quarter.

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 will continue to focus on its existing oil and petrochemical trading businesses. In addition, the Group continues to explore investments in potential energy related projects in order to increase its revenue streams. Barring any unforeseen circumstances or delays, the Group is expecting to drawdown up to US\$300 million from the controlling shareholder's loan in FY2014 for purposes of funding the commencement of businesses of the Group's subsidiary in Hong Kong.

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 for 1QFY2014.

- 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 in 1QFY2014 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

Zang Jian Jun
Executive Chairman
Date: 12 May 2014

CONFIRMATION BY THE BOARD

We, Zang Jian Jun and [Ju Jia], being two director 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 2014 to be false or misleading in any material aspect.

On behalf of the board of directors

Zang Jian Jun
Executive Chairman

Ju Jia
Executive Director