



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

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>Group</u>	Three Months Ended 31 Mar 2016 US\$'000	Three Months Ended 31 Mar 2015 US\$'000	Increase /(Decrease) %
Revenue	227,054	-	N.M
Cost of Sales	(225,902)	-	N.M
Gross Profit	1,152	-	N.M
Other Operating Income	16	75	(79%)
Administrative Expenses	(1,843)	(1,268)	45%
Other Operating Expenses	(12)	(14)	(14%)
Finance Expenses	(113)	-	N.M
Share of Results of Joint Venture	42	-	N.M
Loss Before Income Tax	(758)	(1,207)	(37%)
Income Tax Expense	-	-	-
Loss for the Period Representing Total Comprehensive Loss for the Period	(758)	(1,207)	(37%)

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

<u>Group</u>	Three Months Ended 31 Mar 2016 US\$'000	Three Months Ended 31 Mar 2015 US\$'000	Increase /(Decrease) %
Other Operating Income			
Government Credit	(9)	(6)	50%
Interest Income	(1)	-	N.M
Foreign Currency Exchange Gain	(6)	(69)	(91%)
Administrative Expenses			
Depreciation and Amortisation	39	20	95%
Key Management Personnel Compensation	384	290	32%
Directors' Fees	53	55	(4%)
Professional Fees	98	46	113%
Rental Expenses	273	156	75%
Staff Costs (excluding Key Management Personnel Compensation)	606	161	276%
Compensation cost	-	418	N.M
Finance Expenses	113	-	N.M

N.M : Not Meaningful

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

	<u>Group</u>		<u>Company</u>	
	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
<u>ASSETS</u>				
Non-current Assets:				
Property and Equipment	340	351	-	-
Intangible Assets	1	1	1	1
Investments in Subsidiaries	-	-	28,160	28,160
Investments in Joint Venture	26,551	26,575	-	-
Total Non-current Assets	26,892	26,927	28,161	28,161
Current Assets:				
Trade Receivables	150,089	197,692	-	-
Other Assets	3,287	3,060	42	23
Amount due from Subsidiaries	-	-	129,762	124,220
Cash and Cash Equivalents	38,370	43,606	16,540	22,411
Total Current Assets	191,746	244,358	146,344	146,654
Total Assets	218,638	271,285	174,505	174,815
<u>LIABILITIES AND EQUITY</u>				
Equity				
Share Capital	545	545	545	545
Share Premium	196,308	196,308	196,308	196,308
(Accumulated Losses)/Retained Earnings	(59)	699	(22,417)	(22,129)
Total Equity	196,794	197,552	174,436	174,724
Non-current Liabilities				
Provision	142	141	-	-
Total Non-current Liabilities	142	141	-	-
Current Liabilities				
Trade Payables	1,834	62,369	-	-
Derivative Financial Liabilities	32	-	-	-
Other Payables	175	1,491	69	91
Short Term Loan	10,269	-	-	-
Amount due to Holding Company	5,685	5,685	-	-
Income Tax Payable	3,707	4,047	-	-
Total Current Liabilities	21,702	73,592	69	91
Total Liabilities	21,844	73,733	69	91
Total Liabilities and Equity	218,638	271,285	174,505	174,815

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

	<u>Unsecured</u>		<u>Secured</u>	
	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Amount payable in one year or less or on demand	15,954	5,685	-	-
Amount payable after one year	-	-	-	-

The Company's controlling shareholder, Singapore Petrochemical & Energy Development Pte. Ltd., continues to extend financial support by providing interest-free loans. As at the end of the first quarter of FY2016 ("1Q2016") the aggregate loan balance was approximately US\$5.69 million. The financial support was meant to assist the Group in its oil and petrochemical trading businesses expansion and to meet its liabilities as and when they fall due.

As announced on 10 February 2016, a leading regional bank has agreed to make available uncommitted trade facilities of up to US\$120 million in aggregate to the Group. The current aggregate banking facilities granted by the banks are approximately US\$361 million as at end of 1Q2016.

The short term loan of US\$10.27 million resulted from short term financing granted by a bank for the Group's trading business.

Details of any collateral

Nil.

Contingent liabilities

As at 31 March 2016, 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>Group</u>	Three Months Ended 31 Mar 2016 US\$'000	Three Months Ended 31 Mar 2015 US\$'000
Operating Activities		
Loss Before Income Tax	(758)	(1,207)
Adjustment for:		
Depreciation and Amortisation	39	20
Fair Value Measurement on Derivative Instrument	32	-
Interest Expense	43	-
Interest Income	(1)	-
Share of Results of Joint Venture	(42)	-
Unrealised Exchange Differences	13	108
Operating Cash Flows Before Movements in Working Capital	(674)	(1,079)
Movements in Working Capital:		
Trade Receivables	47,603	18,478
Trade Payables	(60,535)	(16,864)
Other Assets	(226)	(423)
Other Payables	(1,316)	(24)
Cash (Used in)/Generated from Operations	(15,148)	88
Income Taxes Paid	(362)	-
Interest Paid	(43)	-
Interest Received	1	-
Net Cash (Used in)/Generated from Operating Activities	(15,552)	88
Investing Activities		
Refund of Excess Capital Injection in Joint Venture	66	-
Acquisition of Property and Equipment	(28)	(8)
Net Cash Generated from/(Used in) Investing Activities	38	(8)
Financing Activities		
Proceeds from Short Term Loan	10,269	-
Repayment to Holding Company	-	(830)
(Pledge)/Release of Fixed Deposit with Financial Institutions	(1,500)	1,001
Net Cash Generated from Financing Activities	8,769	171
Net (Decrease)/Increase in Cash and Cash Equivalents	(6,745)	251
Cash and Cash Equivalents at the Beginning of the Period	43,606	1,593
Effect of Exchange Rates Changes on Cash and Cash Equivalents	9	(34)
Cash and Cash Equivalents at the End of the Period	36,870	1,810

<u>Group</u>	Three Months Ended 31 Mar 2016 US\$'000	Three Months Ended 31 Mar 2015 US\$'000
Cash and Bank Balance	38,370	1,810
Fixed Deposit Pledged	(1,500)	-
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	36,870	1,810

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>	Attributable to the Owners of the Company			
	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Retained Earnings / (Accumulated Losses)</u> US\$'000	<u>Total Equity</u> US\$'000
Balance at 1 January 2016	545	196,308	699	197,552
Loss for the Period, Representing Total Comprehensive Loss for the Financial Period	-	-	(758)	(758)
Balance at 31 March 2016	545	196,308	(59)	196,794
Balance at 1 January 2015	454	18,116	(17,246)	1,324
Loss for the Period, Representing Total Comprehensive Loss for the Financial Period	-	-	(1,207)	(1,207)
Balance at 31 March 2015	454	18,116	(18,453)	117

Attributable to the Owners of the Company

<u>Company</u>	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Accumulated Losses</u> US\$'000	<u>Total Equity / (Capital Deficiency)</u> US\$'000
Balance at 1 January 2016	545	196,308	(22,129)	174,724
Loss for the Period, Representing Total Comprehensive Loss for the Period	-	-	(288)	(288)
Balance at 31 March 2016	545	196,308	(22,417)	174,436
Balance at 1 January 2015	454	18,116	(21,248)	(2,678)
Loss for the Period, Representing Total Comprehensive Loss for the Period	-	-	(112)	(112)
Balance at 31 March 2015	454	18,116	(21,360)	(2,790)

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 end of 31 March 2016 and 31 December 2015 was 4,233,185,850 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 2016 and 31 December 2015.

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 came into effect for the financial years beginning on or after 1 January 2016.

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:**

	Group	
	Three Months Ended	
	31 Mar 2016	31 Mar 2015
	US\$	US\$
Net Loss Attributable to Shareholders	(757,720)	(1,206,949)
Earnings per ordinary share	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	(0.018)	(0.034)
Weighted average number of ordinary shares in issue	4,233,185,850	3,527,654,875
(b) On a fully diluted basis	(0.018)	(0.034)
Weighted average number of ordinary shares in issue	4,233,185,850	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>Group</u>		<u>Company</u>	
	31 Mar 2016 US cents	31 Dec 2015 US cents	31 Mar 2016 US cents	31 Dec 2015 US cents
Net assets value per ordinary share	4.645	4.667	4.121	4.127

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$196,793,893 as at 31 March 2016 (31 December 2015: US\$197,551,614) and the Company's net assets of approximately US\$174,436,081 as at 31 March 2016 (31 December 2015: US\$174,724,033) and share capital of 4,233,185,850 shares (31 December 2015: 4,233,185,850 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 US\$227.05 million for 1Q2016. This was mainly due to the fact that the Group had successfully won a tender to supply diesel to Dyneff SAS ("Dyneff") early this year. The agreement with Dyneff marked the expansion of the Group's trading business into Europe and was an important milestone for the expansion of the European market as a globalization business strategy. The diesel supply business with Dyneff provides stable trade volume and contributes to the Group's revenue. Further, the increase in revenue was also due to the continuous significant contributions from CEFC Shanghai, with which the Group had entered into a framework cooperation agreement in 2015. The breakdown of the revenue contribution is as follows: -

<u>Revenue</u>	Three Months Ended 31 Mar 2016 US\$'000	Three Months Ended 31 Mar 2015 US\$'000
Physical trading	229,849	-
-CEFC Shanghai	172,190	-
-Dyneff	57,659	-
Derivatives trading	(2,795)	-
	<u>227,054</u>	<u>-</u>

Gross Profit

The Group's gross profit for 1Q2016 was approximately US\$1.15 million due to the abovementioned contributions from Dyneff and CEFC Shanghai transactions which are related parties of the Group.

Other Operating Income

Other operating income derived in 1Q2016 mainly comprised wage credit scheme pay out and foreign currency exchange gain.

Expenses

Administrative expenses increased by 45% from US\$1.27 million in 1Q2015 to US\$1.84 million in 1Q2016, mainly attributable to higher staff related expenses and rental of office premises.

Finance costs increased by US\$0.11 million in 1Q2016, mainly due to bank charges relating to letters of credit and interest expenses incurred in short-term loan financing for non-back-to-back transactions.

The Group's share of profit from its joint venture company, Rizhao Port Gold Brick Oil Storage and Transportation Corporation Limited ("Rizhao JV"), was approximately US\$0.04 million. This was mainly contributed by foreign exchange gains.

Profit/Loss

The Group recorded a net loss of US\$0.76 million in 1Q2016 due to higher expenses.

Review of the Group's Financial Position as at 31 March 2016

The Group's non-current assets stood at US\$26.89 million as at 31 March 2016, mainly comprised of property and equipment of US\$0.34 million and investment in joint venture of US\$26.55 million. The current assets decreased by US\$52.61 million, from US\$244.36 million as at 31 December 2015 to US\$191.75 million as at 31 March 2016, mainly due to (i) a decrease in trade receivables of US\$47.6 million from US\$197.69 million as at 31 December 2015 to US\$150.09 million as at 31 March 2016, of which US\$138.84 million resulted from an open credit line granted to a customer, and (ii) a decrease in cash and cash equivalent of US\$5.24 million.

The Group's current liabilities decreased by US\$51.89 million, from US\$73.59 million as at 31 December 2015 to US\$21.7 million as at 31 March 2016. The decrease was mainly attributable to (i) a decrease in trade payables of US\$60.54 million from US\$62.37 million as at 31 December 2015 to US\$1.83 million as at 31 March 2016, and (ii) a decrease in income tax payable of US\$0.34 million due to payment of prior year income tax. The decrease in current liabilities was partially offset by an increase of US\$10.27 million as a result of short term bridge financing granted by bank.

The Group's total equity was US\$196.79 million as at 31 March 2016, a decrease of US\$0.76 million as compared to 31 December 2015 due to losses made in 1Q2016.

Review of the Group's Cash Flows of 1Q2016

The Group's net cashflow from operating activities was negative US\$15.55 million in 1Q2016. This was mainly due to (i) loss of US\$0.76 million; (ii) an increase of US\$47.6 million in trade receivables; and (iii) a decrease of US\$60.54 million in trade payables. The net cash generated from investing activities of US\$0.04 million was mainly due to the refund of excess capital injection in Rizhao JV as a result of foreign currency exchange gain. The Group generated net cash from financing activities was US\$8.77 million, mainly due to the proceeds from short term loans from the banks to finance the non-back-to-back transactions. As a result of the above, the Group's cash and cash equivalents stood at US\$38.37 million as at 31 March 2016, of which US\$1.5 million was pledged with a bank for the Group's trading business.

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.

Entering 2016, the first quarter of trading in the year is usually seasonally weak and oil prices in the first quarter were lower compared to the fourth quarter last year. Fundamental market data still point to an oversupply in the global oil market. Despite a surplus market which should weigh on prices, changes in macroeconomic factors such as interest rate, US dollar movements, slowing economic growth in China as well as supply side economics linked to geopolitical situations and economic events have generated more uncertainty in the market. The accumulation of speculative market positions by market players further exacerbate the unpredictability of the direction of pricing windows in the midst of greater volatility. The Group keeps a close monitor on potential market risks and opportunities with a balanced view.

In light of this, the Group will continue to implement the following strategies, in an effort to enhance its core competitiveness:

1. Advance on the globalization business strategy. In particular, Europe is one of the key markets in focus given the size of its energy market and its tremendous consumption demand for petroleum products, established financial markets, developed legal framework and an attractive financing environment. The Group has been looking into both business and investment opportunities in the region to execute this strategy.
2. Expand the client base and partnership network to mitigate the risk of customer concentration and to drive its growth. The Diesel Supply Agreement with Dyneff SAS entered in 2016 marked the starting point for our customer diversification strategy, the contract already began to contribute to new revenue stream in the first quarter. Our trading team has been in talks with suppliers and clients to secure long-term contracts and partnerships so as to provide more reliable volume flow and ultimately improve our earnings visibility.
3. Explore investment opportunities in the mid-to-downstream segment, such as distribution network, logistics and storage facilities to complement organic growth. By gaining access to the distribution network, the Group will have better visibility of downstream demand and be in a better position to consolidate various resources and business interests across the value chain.
 - a. The Group announced in early April this year that it is currently engaged in discussions with a party to acquire equity interest in a European company that currently owns certain oil and gas distribution network, logistics and storage facilities in Europe, which is aligned with the strategic focus of our global business strategy.
 - b. The Group has disclosed in the announcement “Discussions on Potential Joint Ventures” dated 7 July 2015 that it was in discussions to acquire equity interests in a company engaged in the construction of certain port facilities and cargo transportation in China. The Group wishes to update that the proposed acquisition is currently going through the due diligence process.
 - c. The Group also disclosed in the same announcement that it was in discussions to acquire equity interest in another company that owns a floating storage tank. Both parties have yet to reach a consensus on certain commercial terms, and negotiation is ongoing.
4. Strengthen financial flexibility through the securing of more trading facilities. The Group has announced in February this year that a leading regional bank has agreed to make available uncommitted trade facilities of up to USD120m. Further to this, the Group also announced recently that ING Bank N.V. Singapore Branch

has also agreed to make available an uncommitted credit facility of up to USD150m that will be used for financing oil trading activities. Both credit lines can be partially used beyond traditional back-to-back trades.

5. In view of the unpredictable market conditions, the Group strictly adheres to its risk management policies to manage the risk and contain any potential losses within its risk appetite. The Company is in the process of setting up a Commodities Trading & Risk Management (“CTRM”) system to support the breadth of processes involved in trading a more diversified portfolio, more timely analysis of market information for decision making and also a better understanding of the portfolio’s risk exposure. Phase one of the CTRM implementation has been completed and is functioning well.

While maintaining a conservative stance in the short term, the successful implementation of the above strategies will translate into growth drivers for the Group in the long term.

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.

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

On 4 September 2015, the Company allotted and issued 705,530,975 new ordinary shares to Subscribers at the issue price of S\$0.35 per share representing gross proceeds of approximately S\$247 million, which was/will be utilised for expansion of trading business (including commodity and derivative trading), repayment of shareholder loan, general working capital of the Group and general corporate activities, including but not limited to potential acquisitions and joint ventures. By 31 March 2016, the utilisation of proceeds are as follows: -

Utilisation of Proceeds

	US\$'000
<u>Description</u>	
Expansion of trading business (including commodity and derivative trading)	105,263
Repayment of shareholder loan	9,100
General working capital of the Group ⁽¹⁾	5,700
General corporate activities, including but not limited to potential acquisitions and joint ventures	28,000
Total	<u>148,063</u>

Note:

(1) General working capital of the Group comprises entirely administrative expenses.

There were no interested person transactions carried out in 1Q2016 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.

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, there is no person occupying a managerial position in the Group or Company or any of its principal subsidiaries who is a relative of the director or chief executive officer or substantial shareholder.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Chairman
Date: 12 May 2016

CONFIRMATION BY THE BOARD

We, Zang Jian Jun and Lu Da Chuan, being 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 2016 to be false or misleading in any material aspect.

On behalf of the board of directors

Zang Jian Jun
Executive Chairman

Lu Da Chuan
Executive Director