

## MANDATORY UNCONDITIONAL CASH OFFER

by



**KIM ENG CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200207700C)

for and on behalf of

**SINGAPORE PETROL DEVELOPMENT CO PTE. LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200416177H)

to acquire all the issued and paid-up ordinary shares in the capital of

**SUN EAST GROUP LIMITED**

(Incorporated in Bermuda)

(Company Registration No. 35733)

other than those already owned, controlled or agreed to be acquired by Singapore Petrol Development Co Pte. Ltd. or parties acting in concert with it

### 1. INTRODUCTION

- 1.1 **Acquisition.** Kim Eng Corporate Finance Pte. Ltd. ("**Kim Eng**"), the financial advisor of Singapore Petrol Development Co Pte. Ltd. (the "**Offeror**") for the purpose of this mandatory unconditional cash offer, wishes to announce, for and on behalf of the Offeror and the relevant concert parties, that the Offeror has on 15 November 2011, entered into a conditional share purchase agreement ("**Sale and Purchase Agreement**") with Ma Ong Kee and Sam Kok Yin (collectively, the "**Vendors**"), pursuant to which the Vendors have agreed to sell, and the Offeror has agreed to purchase an aggregate of 2,681,017,705 ordinary shares ("**Sale Shares**")<sup>1</sup> or such other number of shares, representing approximately 76 per cent. of the total issued shares<sup>2</sup> ("**Shares**") of Sun East Group Limited ("**Sun East**" or "**Company**"), at a price of approximately 0.2984 Singapore cents per Share for an aggregate cash consideration of S\$8,000,000 ("**Acquisition**").

The conditions precedent set out in the Sale and Purchase Agreement have been satisfied on the even date and the Acquisition has been completed and closed on 15 November 2011. Following the Acquisition, the Offeror holds 2,681,017,705 ordinary Shares, representing approximately 76 per cent. of the total issued Shares of Sun East Group Limited.

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<sup>1</sup> 1,182,362,205 Shares representing 33.52% of the Shares are from Ma Ong Kee and 1,498,655,500 Shares representing 42.48% of the Shares are from Sam Kok Yin.

<sup>2</sup> In this Announcement, for the purposes of computation of any percentage shareholdings, the total number of issued Shares of the Company is 3,527,654,875, as provided by Vendors to the Offeror as at the date of completion of the Acquisition.

**1.2 Offer.** In accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”) and Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, the Offeror shall, on the date of completion of the Acquisition, make a mandatory unconditional cash offer (“**Offer**”) for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror or any party acting in concert with it (“**Offer Shares**”).

## **2. OFFER**

**2.1 Offer Terms.** The Offer will be made for all the Offer Shares, in accordance with Section 139 of the Securities and Futures Act and the Code and subject to the terms and conditions set out in the formal document in relation to the Offer to be issued by Kim Eng, for and on behalf of the Offeror (the "**Offer Document**").

The Offer, if and when made, will be on the following basis:

(i) Offer Price : 0.2984 Singapore cents (“**Offer Price**”) in cash for each Offer Share.

(ii) Offer Shares : The Offer Shares will be acquired fully-paid and free from all liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights, benefits and entitlements attached to them as at the date of this Announcement, and thereafter attaching to them (including the right to receive and retain all dividends, rights and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the date of this Announcement, together with all interest accrued thereon).

**In the event that the record or books closure date for determining the entitlement to any dividends, rights or other distributions announced or declared by the Company falls on or after the date of this Announcement, the Offeror and parties acting in concert with it reserve the right to reduce the Offer Price by the amount of such dividends, rights or other distributions.**

(iii) Unconditionality : **The Offer, if and when made, will be unconditional in all respects.**

**2.2 No Convertible Securities.** Following the completion of a debt restructuring exercise undertaken by the Company on 10 February 2011 as approved by shareholders of the Company at the special general meeting on 31 January 2011, an aggregate of 2,044, 696,688 options were granted to three optionholders, Ma Ong Kee, Sam Kok Yin and his spouse Tan Hui Har each holding 944,169,250 options, 1,012,037,375 options and 88,490,063 options of the Company respectively. On 11 August 2011, Ma Ong Kee and Sam Kok Yin had each exercised 418,750,000 options for the subscription for a total of 837,500,000 ordinary Shares of the Company. As a result, there are a total of 1,207,196,688 outstanding options of the Company owned by Ma Ong Kee, Sam Kok Yin and Tan Hui Har prior to the commencement of the Acquisition.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, on or before the completion of the Acquisition, Ma Ong Kee and Sam Kok Yin have each surrendered and have procured the surrender by Tan Hui Har to the Company for cancellation in respect of all the options they owned for an aggregate of 1,207,196,688 options.

Subsequent to the aforesaid cancellation of all outstanding options of the Company, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of securities which carry voting rights, in the Company as at the date of this Announcement.

**2.3 No Revisions.** The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.

**2.4 Offer Document.** Further information on the Offer will be set out in the Offer Document. The Offer Documents which will set out the full terms and conditions of the Offer and enclose the appropriate form(s) of acceptance of the Offer, will be despatched to the shareholders of the Company not earlier than 14 and not later than 21 days from the date of this Announcement. The Offer will remain open for acceptance by shareholders of the Company for a period of at least 28 days from the date of posting of the Offer Document.

Shareholders are advised to exercise caution when dealing in the Shares.

**The Offeror does not intend to extend the Offer beyond the closing date of the Offer, which shall be stated in the Offer Document.**

**2.5 Overseas Shareholders.** This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or purchase any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer, if made, will be made solely by the Offer Document and the forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and persons in such jurisdictions in which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**"), and the Offer will not be made to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of the Offer to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. Shareholders of the Company who are not resident in Singapore should inform themselves about, and observe, any applicable requirements in their own jurisdiction. Further details in relation to shareholders of the Company who are not resident in Singapore will be contained in the Offer Document.

### 3. INFORMATION ON THE OFFEROR

**The Offeror.** The Offeror was incorporated in Singapore as a private limited company on 15 December 2004 and has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares as at the date of this Announcement. The principal activity of the Offeror is general wholesale trade (including general importing and exporting).

In connection with the Acquisition, the Offeror is a special purpose vehicle for the Acquisition of the Sale Shares and the making of the Offer in compliance with the requirements incurred under the Code. The current sole shareholder of the Offeror is a Singapore permanent resident holding a Chinese passport, Mr Ye Jianming (叶简明). Mr Ye is the controlling shareholder of Dahua Guohua Petrol Co., Ltd. (大华国化石油有限公司), (the “**Dahua Guohua**”), which is a China-based company mainly involved in the energy industry, carrying out activities such as trading of petrochemical products and other ancillary financial activities, and has established a comprehensive commercial network, including upstream and downstream businesses all over Southeast Asia, Middle East, Africa and North America regions.

### 4. INFORMATION ON THE COMPANY

**4.1 Corporate Information.** The Company was incorporated in Bermuda on 24 August 2004 and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 4 April 2006.

**4.2 Principal Activities.** Sun East is a company engaged in the branding, manufacturing and distribution of a range of beauty, skincare and hygiene products under their principal brand “sunRun”. Its products are marketed under its wholly-owned brands such as “3-yuan” for beauty products, “Sha Lang Xue Fu” and “Miellé” for skincare products and “Shao bing” for hygiene products.

Its products are sold directly to retail outlets in Beijing, and via distributors which distribute to retail outlets in major cities such as Shanghai, Chongqing and more than 15 provinces in China which include Fujian and Guangdong.

### 5. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

**The Offeror’s Intentions for the Company.** Pursuant to the terms of the Sale and Purchase Agreement, the Offeror will nominate and procure the appointment of additional directors to the Board of the Company after closing of the Acquisition (“**Closing**”).

It is the intention of the Offeror that the Company continues to carry on its existing business (“**Sun East’s Business**”) and maintain its listing status on the SGX-ST. However, the Offeror may explore synergies between the complementary businesses and operations of Sun East and its subsidiaries (“**Sun East Group**”), and the Offeror as well as Dahua Guohua and its subsidiaries (the “**Dahua Guohua Group**”), including but not limited to venturing into the

business of trading of petrochemical products. This could be achieved by undertaking a comprehensive review of the organisation, businesses and operations of Sun East Group and working closely with Sun East Group to develop appropriate initiatives.

The Offeror presently has no intentions to redeploy the fixed assets of Sun East Group or discontinue the employment of the employees of Sun East Group, but will work with Sun East Group to facilitate employee retention. It is noted that as of the date hereof, Sun East Group has a total of 1 employee in its payroll.

The intentions of the Offeror for the Company as set out in this Section 5 are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror. There is no assurance that the current intentions will be carried into effect, and the directors of the Offeror retain the flexibility at any time to consider any options in relation to Sun East Group which may present themselves and which they may regard to be in the interest of the Offeror or Dahua Guohua Group.

## 6. LISTING STATUS

6.1 **No Compulsory Acquisition.** The Company is incorporated in Bermuda. Under Section 102 of the Bermuda Companies Act, where an offeror who has, within four (4) months after the making of an offer under a scheme or contract:

- (a) obtained acceptances from shareholders holding not less than 90% in value of the shares in a target Bermuda company whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries); and
- (b) where, at the date of the offer, shares in the target Bermuda company whose transfer is involved, are already held by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the target Bermuda company, such accepting shareholders also represent not less than 75% in number of the holders of shares in the target Bermuda company whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

the offeror may at any time within two (2) months beginning from the date on which such threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares ("**Acquisition Notice**"). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror will be entitled and bound to acquire those shares on the same terms of the offer, unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the "**Court**") within one (1) month from the date on which the notice was given and the Court thinks fit to order otherwise. Under Section 103 of the Bermuda Companies Act, the Offeror and parties acting in concert with it may, after the close of the Offer, give notice to the remaining Shareholders of their intention to acquire the remaining Shareholders' Shares on the terms set out in the notice if the Offeror has received acceptances in respect of such number of Shares which, when taken together with the Shares held by the Offeror and parties acting in concert with it, result in the Offeror and parties acting in concert with it holding not less than 95% of the total issued Shares. When such a notice is

given, the Offeror and parties acting in concert with it shall be entitled and bound to acquire the Shares of the remaining Shareholders unless a remaining Shareholder applies to the Court to have the Court appraise the value of such Shares. Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.

**However, it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. As such, the Offeror does not intend to exercise any right of compulsory acquisition which it may have under Section 102 of the Bermuda Companies Act.**

- 6.2 No Intention to Delist.** Under Rule 1105 of the Listing Manual of the SGX-ST (“**Listing Manual**”), in the event that the Offeror and its concert parties, as a result of the Offer or otherwise, own or control more than 90 per cent. of the total issued Shares (excluding treasury shares), the SGX-ST may suspend the listing of the Shares until such time when the SGX-ST is satisfied that at least 10 per cent. of the total issued Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total issued Shares (excluding treasury shares), thus causing the percentage of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer (if and when made). In addition, under Rule 724 of the Listing Manual, if the percentage of the Shares held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact. Rule 725 of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10 per cent., failing which the Company may be delisted.

The present intention of the Offeror is to maintain the listing status of the Company on the SGX-ST, and in the event that the SGX-ST suspends the listing of the Shares as a result of the Company failing to meet public float requirements as set out in the Listing Manual, the Offeror will seek to have the Company undertake a compliance placement of such number of Shares as may be necessary for the purposes of meeting the shareholding spread and distribution requirements of the Listing Manual within such period of time as may be permitted by the SGX-ST.

- 6.3 Irrevocable Undertaking not to accept the Offer.** As disclosed in paragraph 8.3 below, on 15 November 2011, the Offeror has received the irrevocable undertakings from two shareholders of the Company, Ma Ong Kee in respect of all his outstanding 180,557,045 shares in the Company following the completion of the Acquisition; and Tan Hui Har, in respect of all her 176,980,125 shares in the Company, that are subsisting as at 15 November 2011, not to accept the Offer.

## 7. FINANCIAL EVALUATION OF THE OFFER

7.1 **Financial Evaluation.** The Offer Price represents the following premium over / (discount to) the benchmark prices of the Offer Shares:

Period	Benchmark Price (S\$) <sup>(1)</sup>	Premium over/ (discount to) Benchmark Price <sup>(2)</sup>
(i) Last transacted price as quoted on the SGX-ST on 2 November 2011, being the last trading day on which the shares were traded (" <b>Last Trading Day</b> ") prior to the release of this Announcement	S\$0.003	(0.53%)
(ii) Volume weighted average price (" <b>VWAP</b> ") for the one-week period up to the Last Trading Day	S\$0.003	(0.53%)
(iii) VWAP for the one-month period up to the Last Trading Day	S\$0.003	(0.53%)
(iv) VWAP for the three-month period up to the Last Trading Day	S\$0.0086	(65.43%)
(v) VWAP for the six-month period up to the Last Trading Day	S\$0.0118	(74.82%)

**Notes:**

<sup>(1)</sup> The figures are based on data extracted from Bloomberg.

<sup>(2)</sup> Figures rounded to the nearest two decimal places.

7.2 **Further Financial Information.** Further information on the financial aspects of the Offer will be set out in the Offer Document to be despatched to the shareholders in due course.

## 8. DISCLOSURE OF SHAREHOLDINGS, DEALINGS AND TRANSFERS

8.1 **Holdings of Shares.** Save as disclosed below, as at the date of this Announcement, none of (i) the Offeror and its directors; and (ii) Kim Eng, controls or has agreed to acquire any (a) Shares; (b) securities which carry voting rights in the Company; (c) securities which are convertible into Shares or securities which carry voting rights in the Company; or (d) rights to subscribe for, or options in respect of, such Shares or securities:

Name	Number of Shares	Percentage (%)
The Offeror	2,681,017,705	76%

8.2 **Dealings in Shares.** Save as disclosed below, as at the date of this Announcement, none of (i) the Offeror and its directors, and (ii) Kim Eng, has dealt for value in any Shares or convertible securities during the six-month period immediately preceding the date of this Announcement:

<b>Date of Acquisition</b>	<b>Number of Shares acquired</b>	<b>Consideration per Share, excluding brokerage fee, clearing fee and other applicable tax</b>
15 November 2011	2,681,017,705	0.2984 Singapore cents

**8.3 No Irrevocable Undertakings.** As at the date of this Announcement, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any holder of Offer Shares to accept or reject the Offer (if and when made), save as disclosed below:

Each of Ma Ong Kee and Tan Hui Har irrevocably and unconditionally undertakes on 15 November 2011 **not** to accept the Offer in respect of:

- (a) all Shares which he/she has an interest in (directly or indirectly or through a nominee) as at 15 November 2011; and
- (b) any other Shares of which he/she may thereafter become the beneficial owner of or in which he/she may become so interested whether or not pursuant to the exercise of any of the options, warrants or other convertible securities that are subsisting on 15 November 2011.

**8.4 Confidentiality.** In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer (if and when made). Further enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the Offer Document.

## **9. CONFIRMATION OF FINANCIAL RESOURCES**

Kim Eng Corporate Finance Pte. Ltd., as the financial adviser to the Offeror in relation to the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances in respect of the Offer (other than the remaining Shares beneficially held by Ma Ong Kee and Tan Hui Har).

## **10. RESPONSIBILITY STATEMENT**

The directors of the Offeror (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, information relating to the Company), the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by  
**Kim Eng Corporate Finance Pte. Ltd.**

For and on behalf of  
**SINGAPORE PETROL DEVELOPMENT CO PTE. LTD.**

15 November 2011

Any inquiries relating to this Announcement or the Offer (if and when made) should be directed to the following:

**Kim Eng Corporate Finance Pte. Ltd.**

Ding Hock Chai  
Executive Director  
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#### **IMPORTANT NOTICE**

This Announcement contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of the Offeror, the board of directors of the Offeror and other members of its senior management about the transactions described in this Announcement. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which the Offeror operates, and other factors affecting the level of the Offeror’s business activities and the costs and availability of financing for the Offeror’s activities. Any forward-looking statement contained in this Announcement based on past or current trends and/or activities of the Offeror should not be taken as a representation that such trends or activities will continue in the future. No statement in this Announcement is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed the historical or published earnings of the Company. Each forward-looking statement speaks only as of the date of the particular statement. The Offeror and Kim Eng expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Offeror’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.