



SUN EAST GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35733)
(the “Company”)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
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 30 June 2012 HK\$'000	Three months ended 30 June 2011 HK\$'000	Increase (Decrease) %	Six months ended 30 June 2012 HK\$'000	Six months ended 30 June 2011 HK\$'000	Increase (Decrease) %
Revenue	-	5	-100%	-	11	-100%
Cost of goods sold	-	(1)	-100%	-	(2)	-100%
Gross profit	-	4	-100%	-	9	-100%
Other operating income	-	(21)	-100%	-	(21)	-100%
Administrative expenses	(2,079)	1,380	-251%	(3,218)	(2,582)	25%
Other Expense	-	(99,249)	-100%	-	(102,904)	-100%
Finance Cost	-	-	0%	-	1,077	-100%
Loss before taxation	(2,079)	(97,886)	-98%	(3,218)	(104,421)	2982%
Loss for the year	(2,079)	(97,886)	-98%	(3,218)	(104,421)	2982%
Total comprehensive loss	(2,079)	(97,886)	-98%	(3,218)	(104,421)	2982%

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

	Three months ended 30 June 2012 HK\$'000	Three months ended 30 June 2011 HK\$'000	Six months ended 30 June 2012 HK\$'000	Six months ended 30 June 2011 HK\$'000
<u>Administrative expense</u>				
Depreciation of property, plant and equipment	(76)	(1)	(82)	(2)
Exchange gain/(loss)	37	-	(51)	-
Directors' remuneration and directors fees	(273)	(1,283)	(520)	(1,920)
Legal and professional fees	(752)	(171)	(908)	(440)
Listing fees	(55)	(1)	(69)	(146)
Staff salary and staff related expenses	(428)	-	(768)	-
Traveling and meeting related expenses	(291)	(3)	(365)	(10)
<u>Other Expenses</u>				
Loss on Option	-	(99,249)	-	(102,404)
Impairment Loss	-	-	-	(500)

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>The Group</u>		<u>The Company</u>	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	20,921	134	8,353	117
Due from subsidiary	-	-	7,925	-
Other receivables and prepayments	1,394	-	152	-
Total current assets	22,315	134	16,430	117
Non-current assets:				
Plant and equipment	2,129	7	99	-
Investment in subsidiary	-	-	1,254	-
Total non-current assets	2,129	7	1,353	-
Total assets	24,444	141	17,783	117
<u>LIABILITIES AND SHAREHOLDERS'</u>				
Current liabilities:				
Other payables	1,440	1,554	1,299	1,383
Amount due to holding company	3,038	293	1,684	293
Advance from holding company	24,891	-	18,792	-
Total current liabilities	29,369	1,847	21,775	1,676
Total liabilities	29,369	1,847	21,775	1,676
Capital and reserves:				
Share capital	3,528	3,528	3,528	3,528
Reserves	(8,453)	(5,234)	(7,520)	(5,087)
Total equity	(4,925)	(1,706)	(3,992)	(1,559)
Total liabilities and equity	24,444	141	17,783	117

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

	<u>Unsecured</u>		<u>Secured</u>	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount payable in one year or less or on demand	24,891	293	-	-

The Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd. (Formerly known as Singapore Petrol Development Co Pte Ltd), provided advances to the Company with an aggregate amount of approximately SGD3.7 million for the six months ended 30 June 2012 as continuous financial support to enable the Group and the Company to meet the liabilities as and when they fall due.

Details of any collateral

NIL

Contingent liabilities

As at 30 June 2012 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

	Three months ended 30 June 2012 HK\$'000	Three months ended 30 June 2011 HK\$'000	Six months ended 30 June 2012 HK\$'000	Six months ended 30 June 2011 HK\$'000
OPERATING ACTIVITIES				
Loss before taxation	(2,079)	(97,886)	(3,218)	(104,421)
Adjustments for:				
Depreciation and amortisation	76	-	82	1
Impairment loss on intangible asset	-	-	-	500
Cancellation of Financial Instrument	-	-	-	
Waiver of debts from Directors	-	-	-	
Exchange Loss	-	-	-	
Operating cash flows before movements in working capital	(2,003)	(97,886)	(3,136)	(103,920)
Trade Receivables	-	5	-	5
Trade Payables	-	1,087		-
Other receivables, deposits and prepayments	(1,329)	-	(1,394)	
Other payables and accrued charges	531	-	(114)	(16,133)
NET CASH GENERATED (USED IN) OPERATING ACTIVITIES	(2,801)	(96,794)	(4,644)	(120,047)
INVESTING ACTIVITIES				
Purchase of Fix asset	(2,142)	-	(2,204)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(2,142)	-	(2,204)	-
FINANCING ACTIVITIES				
Advance from Director	-	2,533	-	2,533
Loan form Director	-	348,841	-	37,996
Advance from FRN Holders	-	98,408	-	(21,145)
Amount due to Share Holder	-	(38,801)	-	-
Amount due to ultimate holding company	1,043	-	2,744	-
Advances from ultimate holding company	14,394	-	24,891	-
Capital restructuring	-	-	-	100,849
NET CASH GENERATED FROM FINANCING ACTIVITIES	15,437	96,981	27,635	120,233
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	10,494	187	20,787	186
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,427	24	134	25
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	20,921	211	20,921	211

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>	Accumulated			Total
	Share capital	Share premium	losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	3,528	140,760	(145,995)	(1,707)
Total comprehensive loss for the period	-	-	(3,218)	(3,218)
At 30 June 2012	3,528	140,760	(149,213)	(4,925)
At 1 January 2011	122,275	102,121	(361,840)	(137,444)
Capital Reorganisation	(121,786)	(102,121)	223,907	-
Debt Conversion	2,201	98,649	-	100,850
Total comprehensive loss for the period	-	-	(104,421)	(104,421)
At 30 June 2011	2,690	98,649	(242,354)	(141,015)

<u>Company</u>	Accumulated			Total
	Share capital	Share premium	losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	3,528	140,760	(145,847)	(1,559)
Total comprehensive loss for the period	-	-	(2,433)	(2,433)
At 30 June 2012	3,528	140,760	(148,280)	(3,992)
At 1 January 2011	122,275	102,121	(389,174)	(164,778)
Capital reorganisation	(121,786)	(102,121)	223,907	-
Debt Conversion	2,201	98,649	-	100,850
Total comprehensive loss for the period	-	-	(103,439)	(103,439)
At 30 June 2011	2,690	98,649	(268,706)	(167,367)

- 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 during the current financial period reported on.

- 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 is 3,527,654,875 shares as at 30 June 2012 and as at 31 December 2011. The Company does not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- 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.**

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

These figures have neither been reviewed or 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 method 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.**

The adoption of the new/revised IFRS and IFRS interpretations did not result in any substantial change to the Group's accounting policies nor any material impact on the Group's results.

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		Six Months Ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Net Loss attributable to shareholders	(2,079,204)	(97,886,000)	(3,218,390)	(104,421,000)
	HK cents	HK cents	HK cents	HK cents
Earnings per ordinary share (a) Based on the weighted average number of ordinary shares in issue; and Weighted average number of ordinary shares in issue	(0.059) 3,527,654,875	(3.64) 2,690,154,875	(0.091) 3,527,654,875	(4.738) 2,203,733,908
(b) On a fully diluted basis Weighted average number of ordinary shares in issue	(0.059) 3,527,654,875	(3.60) 2,719,075,620	(0.091) 3,527,654,875	(4.71) 2,218,274,172

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>	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share	(0.140)	(0.048)	(0.113)	(0.045)

The calculation of net asset value per ordinary share is based on the Group's net assets as at 30 June 2012 of approximately HK\$(4,925,243) (31 December 2011: HK\$(1,706,000)) and the Company's net asset value as at 30 June 2012 of approximately HK\$(3,992,329) (31 December 2011: HK\$(1,599,000)) 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.**

Review of the Group's performance for the financial period ended 30 June 2012 ("2QFY2012") as compared to the financial period ended 30 June 2011

Revenue

The Group's revenue decreased from HK\$11k for the six months ended 30 June 2011 to NIL for the six months ended 30 June 2012. The decrease in revenue was mainly due to the lack of support of promotion and branding program for the beauty products.

The current management of the Company has been continuously assessing the existing beauty products so as to determine the best method to improve the Company's current business. In addition, the current management has also been busy with the diversification by the Company's into its new businesses of trading in petroleum and petrochemical products approved by shareholders of the Company at the Special General Meeting held on 31 May 2012 so that the Company can generate new revenue streams to improve the financial position and to support existing beauty products business.

Gross Margin

Overall gross profit decreased from HK\$9k for the six months ended 30 June 2011 to NIL for the six months ended 30 June 2012.

Other Operating Income

There was no other Operating income in 2012. Negative HK\$21million in the three months ended 30 June 2011 was due to an overstatement in previous period.

Selling and distribution costs

No selling and distribution expenses were incurred during the six months ended 30 June 2012.

Administrative expenses

Administrative expenses of HK\$2.079 million in 2Q FY2012, comprised mainly legal and professional fees, Director's Fees, staff related expenses, travelling and meeting related expenses. The increase in administrative expenses in 2Q FY2012 over the previous quarter was driven mainly by the increase in staff head count.

Administrative expenses of HK\$(1.380) million was a result of reclassification of foreign exchange difference from administrative expenses to other expenses for the three months ended 30 June 2012.

Taxation

No taxation was provided for 2QFY2012 as well as for the six months ended 30 June 2012.

Net Loss

There was a net loss of HK\$3.218 million for the six months ended 30 June 2012 compared to a net loss of HK\$104.4 million for the six months ended 30 June 2011. The net loss was mainly due to the decrease in revenue, staff related expenses and other administration expenses incurred. Net loss achieved for the six months ended 30 June 2011 was mainly due to the changes in fair value of derivative financial instrument and cancellation of share options, no such other operating income achieved for the six months ended 30 June 2012.

Review of the Group's Cash Flow for Q2FY2012 as compared to Q2FY2011

Operating cash outflow for 2Q FY2012 was HK\$2.803 million due to the continuous loss of the Group.

Net cash inflow of HK\$27.635 million from financing activities for the six months ended 30 June 2012 was mainly represented by the loan advanced and expenses paid on behalf of the Company from the Company's Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd. (formerly known as Singapore Petrol Development Co Pte Ltd. The advance is intended to be used for the purposes of settling the Group's liabilities as and when they fall due.

Review of the Group's Financial Position as at 30 June 2012 and 31 December 2011

Fixed asset increased by HK\$2.122 million over the comparative period. This increase was largely due to purchase of motor vehicle, office equipment, accounting software and computer and peripherals.

The increase in other receivables was largely due to the office lease security deposit paid to secure the lease.

Advances from holding company increased by HK\$24.891 million over the same period in 2011 reflecting the financial support from the Company's Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd (Formerly known as Singapore Petrol Development Co Pte Ltd.). Amount due to holding company of HK\$3.038 million was paid on behalf of subsidiaries for expenses incurred. These amounts will be settled in the coming months.

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.

It was resolved at the Special General Meeting of the Company held on the 31 May 2012 that the Company carries out the new businesses of trading in the following products:

- (a) petrol and other raw materials used for blending gasoline, including but not limited to mixed aromatics such as methyl tertiary-butyl ether ("MTBE") C5 and MTBE C9;
- (b) petrochemicals including and not limited to paraxylene, ethanediol, styrene; and
- (c) fuel oil.

The current management of the Company is discussing business details with the customers and suppliers and expects the new businesses to contribute materially to the Group.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) 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 the period ended 30 June 2012.

13. Aggregate value of the Interested Person Transactions conducted during the period ended 30 June 2012 pursuant to Rule 920(a)(ii) of the Listing Manual. 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 are no interested person transactions conducted during the period ended 30 June 2012 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 the interested person transaction.

14. Update on internal controls

The Company wishes to update that since 31 December 2011, the following steps have been taken by the Board/Audit Committee of the Company:

- i) A full set of internal control policies and procedures have been officially approved and implemented since 18 June 2012. The procedures include Sales, Purchasing & Payment, Treasury & Financial Reporting, Investments and Human Resources. A matrix of the core process and key risk has been documented.
- ii) The Company has hired a suitably qualified in-house internal auditor who shall report directly to the Audit Committee of the Company.

BY ORDER OF THE BOARD

Ye Jianming
Executive Chairman
Date: 6 August 2012

CONFIRMATION BY THE BOARD

We, Ye Jian Ming and Chen Rong Liang, two directors of Sun East Group 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 30 June 2012 to be false or misleading in any material aspect.

On behalf of the board of directors

Ye Jiang Ming
Executive Chairman

Chen Rong Liang
Executive Director

Date: 6 August 2012