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SOUTH EAST GROUP LIMITED

(東南國際集團有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

INSIDE INFORMATION

ACQUISITION OF TARGET ASSETS IN HUIZHOU CITY

The Board wishes to announce that after trading hours on 4 August 2015, Guangdong Drawin, an indirect wholly owned subsidiary of the Company, the Vendor, the Vendor's Holding Company and the Vendor's Guarantor entered into the Agreement, pursuant to which the Company will acquire the Target Assets for a total consideration of RMB73,000,000 (equivalent to approximately HK\$ 91,250,000).

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTRODUCTION

Reference is made to the announcement of the Company dated 13 May 2015 in relation to the memorandum of understanding dated 13 May 2015 entered into between the Company, Zhuyou and the Shenzhen Superwatt.

The Board is pleased to announce that in order to expand the upstream property development sector of the Group, Guangdong Drawin, an indirect wholly owned subsidiary of the Company, entered into the Agreement on 4 August 2015 after trading hours as Purchaser with Vendor, Vendor's Holding Company and Vendor's Guarantor, all of whom are Independent Third Parties in respect of acquisition of the Target Assets at a total consideration of RMB73,000,000 (equivalent to approximately HK\$ 91,250,000).

* For identification purpose only

THE AGREEMENT

Date

4 August 2015 (after trading hours)

Parties

- (1) Huizhou City Superwatt Power Technology Co., Limited* (惠州市賽瓦特動力科技有限公司), as the Vendor;
- (2) Shenzhen Superwatt Power Technology Co., Limited* (深圳市賽瓦特動力科技股份有限公司), as the Vendor's Holding Company;
- (3) Du Wei* (杜維), as the Vendor's Guarantor; and
- (4) Guangdong China Minsheng Drawin Technology Limited* (廣東中民築友科技有限公司), as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, the Vendor's holding company and the Vendor's Guarantor are independent of the Company and not classified as connected persons of the Company.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser the Target Assets, with particulars as follows:

- (a) two parcel of land situated at Huang Sha area, Yang Na Village, Dan Shui Road, Hui Yang District, Huizhou City, the People's Republic of China (中國惠州市惠陽區淡水街道辦洋納村黃沙地段) with a total area of approximately 66,175 square metres (the "**Land**") and the buildings ownership for the area of 22,283.72 square metres located on the two parcel of Land (the "**Buildings**")
- (b) the machineries, equipment and facilities in the Building and all temporary and permanent buildings, structures and related ancillary facilities on the Land

Consideration and payment

The total consideration payable to the Vendor is RMB73,000,000 (equivalent to approximately HK\$ 91,250,000). The Purchaser shall settle the total consideration of RMB73,000,000 in three installments: (i) An initial payment of RMB25,550,000 shall be paid within 7 days from the date of the Agreement; (ii) RMB43,800,000 shall be paid within 7 days upon the Vendor has released the pledge on the Target Assets; and (iii) the remaining balance of RMB3,650,000 shall be paid upon 90 days after the legal title passed to the purchaser.

The consideration was determined after arm's length negotiations between the Company and the Vendor with reference to the assets value of the Target Assets, which was appraised at RMB84,000,000 by an independent valuer and the Board is of the view that the consideration is fair and reasonable. The consideration will be satisfied by internal resources of the Group.

Guarantee

The Vendor's Guarantor undertakes to the Purchaser in the Agreement that the Vendor's Guarantor and the Vendor shall bear joint and several liabilities in respect of the performance of obligations by the Vendor.

INFORMATION ON THE COMPANY AND REASONS FOR THE ACQUISITION

The Group was principally engaged in the business of property development (including the upstream property development sector) and investments in the PRC.

Guangdong Drawin is an indirect wholly owned subsidiary of the Company and it was established in the PRC in July 2015 with a registered capital of HK\$ 200 million. Guangdong Drawin is principally engaged in research and development, design, production and sales of intelligent and environmental friendly building construction technology and materials.

The acquisition marks the expansion of the Company's business into the Southern China market. The Board believes that such acquisition will further consolidate the Company's strength in construction industrialization. The Group shall leverage on its professional R&D strength, actively develop new technologies that are different from those in the traditional construction industry. Once new production facilities and equipment are in placed in the project, the Company expects its businesses in the production and sales of pre-cast units and materials will quickly emerge into the markets in Huizhou and other nearby cities, which will broaden the revenue stream and enhance the market position of the Company.

The Board strongly believes that the Acquisition is a very crucial first step to roll out its strategy in the upstream PRC property development sector. Further details as to the strategies and business plans of the Company are disclosed in the circular of the Company dated 30 April 2015.

The Directors consider that the Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As none of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition, are more than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and therefore, is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis.

Shareholders and investors should note that the Completion is subject to various conditions precedent and may or may not proceed, and are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Target Assets by the Purchaser under the Agreement
“Agreement”	the asset transfer agreement dated 4 August 2015 entered into between the Purchaser, the Vendor, the Vendor’s Holding Company and the Vendor’s Guarantor
“Board”	the board of Directors
“Company”	South East Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition under the Agreement
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Guangdong Drawin” or “Purchaser”	Guangdong China Minsheng Drawin Technology Limited* (廣東中民築友科技有限公司), a limited liability company incorporated in PRC and an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share”	share of nominal value of HK\$0.10 in the capital of the Company

“Shareholder”	registered holder of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	The Land and the Buildings, and certain machinery, equipment and facility for the manufacturing of pre-cast construction units and materials, further details of which are set out under the paragraph headed “Assets to be acquired” in this announcement
Vendor	Huizhou City Superwatt Power Technology Co., Limited* (惠州市賽瓦特動力科技有限公司), a company principally engaged in manufacturing and sales of generator sets, low voltage distribution facilities; vehicle power generating and energy-saving generating technology consulting
“Vendor’s Holding Company” or “Shenzhen Superwatt”	Shenzhen Superwatt Power Technology Co., Limited* (深圳市賽瓦特動力科技股份有限公司) (“ Shenzhen Superwatt ”), the Vendor’s Holding Company.
“Vendor’s Guarantor”	Du Wei* (杜維), the ultimate beneficial owner of the Vendor
“Zhuyou”	China Minsheng Zhuyou Co. Ltd.* (中民築友有限公司) (“ Zhuyou ”), a subsidiary of China Minsheng Jiaye Investment Co., Ltd.* (being the subscriber for the proposed subscription for new shares of the Company pursuant to the subscription agreement dated 9 February 2015 entered into by it with the Company, details of which are set out in the circular of the Company dated 30 April 2015)
“%”	per cent

By order of the Board of
South East Group Limited
Mi Hongjun
Chairman and Executive Director

Hong Kong, 4 August 2015

As at the date of this announcement, the Board comprises Mr. Mi Hongjun (Chairman), Mr. Yin Jun (Deputy Chairman), Mr. Yeung Chun Wai, Anthony (Deputy Chairman) and Mr. Chen Domingo as executive Directors; Ms. Fang Rong and Mr. Zhou Feng as non-executive Directors; Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing as independent non-executive Directors.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1.00:HK\$1.25. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.