SOUTH EAST GROUP LIMITED
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 726)

CLARIFICATION ANNOUNCEMENT

The Board confirms that the Company, its directors and substantial shareholders have not received any offer for acquiring the equity interests in the Company and it has not been undergoing any discussions in such regard recently. The Company also wishes to clarify its position regarding the recent development of the Group's business activities.

The board of directors (the "Board") of South East Group Limited (the "Company") refers to articles appearing in various Hong Kong newspapers regarding the Company being a target for acquisition and takes this opportunity to comment on those articles.

The directors of the Company (the "Directors") confirm that they do not know what are the sources of information on which those articles are based. They further confirm that no offer for acquiring the equity interests in the Company as stated in those articles has been put forward to the Company, its directors or substantial shareholders by any party so far.

The articles contain inaccurate information regarding the Company and its subsidiaries (the "Group") mainly in two aspects:

1. No discussions regarding any takeover and merger transactions

   It is not correct in the articles that the controlling shareholder of the Company is under negotiation to sell his shareholding in the Company. The Company and its directors or substantial shareholders have not been recently approached by any party regarding any proposals that may lead up to any takeover and merger transactions. Accordingly, no negotiations in such regard have been conducted.

2. Recent development in the Group's business activities

   Property in Shanghai: The articles state that the Group acquired a property in Pudong, Shanghai with an area of 47,900 square metres in September 2004. However, this is not correct as the subject of the acquisition of interests in land that was completed in August 2004 is located in Songjiang area in Shanghai with an area of approximately 34,947 square metres and was acquired at a consideration of approximately RMB41,200,000. As respectively stated in the Company's announcement dated 8 September 2004, interim report 2004, annual report 2005 and interim report 2005, development for this property project has been delayed so that very little progress has been made so far. According to a valuation carried out by an independent valuer, the market value of this piece of land was estimated at HK$42,000,000 as at 31 March 2005. The Company has not made any profit forecasts on this property project.

   Property in Shandong: The articles state that the Group has acquired a property in Shandong with a total gross area of 44,300 square metres (comprising approximately 34,100 square metres for residential properties and approximately 10,200 square metres for commercial properties). The Board wishes to confirm that the Group has commenced development on the commercial properties in the current year, but no development has been made on the residential properties yet. The Company has not made any profit forecasts on this property project.

   Winery in Qingdao: The articles state that the controlling shareholder of the Company has been undergoing negotiations with various potential buyers for the disposal of the equity interest in the winery for the past few years. It is not correct as the Company and its controlling shareholder are not contemplating to dispose of the equity interest in the winery at this stage. Nor are there any negotiations underway for such disposal.

As the articles contain inaccurate information about the Company, the Company reserves its right to take action to safeguard its interests in such regard.

The Directors have noted the recent fluctuations in the price and increase in trading volume of the shares of the Company and wish to state that, other than as a result of the matters referred to herein, they are not aware of any reasons for such fluctuations and increase.

Save as disclosed above, the Directors also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23, neither are they aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Made by order of the Board the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
South East Group Limited
Budiman Rahardja
Chairman

24 May 2006

The directors of the Company as at the date of this announcement are Mr. Budiman Rahardja (Chairman) as executive director, Mr. Chen Zhi Yung as non-executive director and Mr. Lo Yuk Lam, Mr. Wong Kam Wah and Mr. Ng Chun Hung, Lawrence as independent non-executive directors.

** For identification purpose only*

Please also refer to the published version of this announcement in The Standard.