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South West Eco Development Limited
西南環保發展有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8291)

CONNECTED TRANSACTION
SALE AND PURCHASE OF COMMODITY PROPERTY
TOGETHER WITH THE RIGHT TO USE ANCILLARY CAR PARKS
IN NANNING, THE PRC TO A DIRECTOR

On 10 December 2013 (after the close of trading hours), WTS Real Estate (an indirect non-wholly owned subsidiary of the Company), as vendor, and Mr. Cheng, as purchaser, entered into the Transaction (namely, the transactions contemplated under (i) the SP Agreement for the sale and purchase of the Property in Nanning, the PRC at a consideration of RMB2,560,445 (equivalent to approximately HK\$3,251,765); and (ii) the Car Park Usage Agreement for the use of four ancillary car parks to the Property by Mr. Cheng, subject to and upon the respective principal terms of the SP Agreement and the Car Park Usage Agreement as summarised in this announcement below).

As Mr. Cheng is an executive Director, he is a connected person of the Company under Rule 20.11(1) of the GEM Listing Rules. The Transaction therefore constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Given that the highest of the applicable percentage ratios for the Transaction is more than 0.1% but less than 5%, and the Transaction is entered into on normal commercial terms, the Transaction is exempted from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

On 10 December 2013 (after the close of trading hours), WTS Real Estate (an indirect non-wholly owned subsidiary of the Company), as vendor, and Mr. Cheng, as purchaser, entered into the Transaction (namely, the transactions contemplated under (i) the SP Agreement for the sale and purchase of the Property in Nanning, the PRC at a consideration of RMB2,560,445 (equivalent to approximately HK\$3,251,765); and (ii) the Car Park Usage Agreement for the use of four ancillary car parks to the Property by Mr. Cheng), subject to and upon the respective principal terms of the SP Agreement and the Car Park Usage Agreement as summarised below.

THE SP AGREEMENT

Date: 10 December 2013

Parties: (a) WTS Real Estate, as vendor (the “**Vendor**”); and
(b) Mr. Cheng, as purchaser (the “**Purchaser**”)

Subject Property: the commodity property located at 中國廣西南寧青秀區佛子岭路10號裕豐•英倫10號樓1單元1801號 (Unit 1801, Flat 1, Block 10, Fond England, No.10 Foziling Road, Qingxiu District, Nanning, Guangxi, the PRC*) with a gross floor area of approximately 275.08 sq. m.

User: Residential use

Consideration: RMB2,560,445 (equivalent to approximately HK\$3,251,765)

The consideration was arrived at after arm’s length negotiation between the parties to the SP Agreement, having taken into account the prevailing market prices of similar residential properties in Nanning, the PRC.

As at 30 November 2013, the book value of the Property was approximately RMB1,829,500 (equivalent to approximately HK\$2,323,465).

Payment terms: The consideration shall be payable by the Purchaser in cash as follows:

(i) approximately 30% of the consideration in the sum of RMB768,445 (equivalent to approximately HK\$975,925) shall be paid upon the signing of the SP Agreement; and

(ii) the balance of the consideration in the sum of RMB1,792,000 (equivalent to approximately HK\$2,275,840) shall be settled by the Purchaser and financed by mortgage loan to be applied for by the Purchaser from banks or provident fund management authorities.

The Purchaser shall attend to and complete all necessary procedures for the mortgage application within 30 days from the date of signing of the SP Agreement (unless otherwise extended by the Vendor). If the amount of mortgage loan approved and obtained is insufficient to cover the balance of the consideration, the amount of shortfall shall be settled by the Purchaser within 10 working days from the date of notice from the Vendor.

In the event that the mortgage loan application shall be unsuccessful (otherwise than due to the failure of the Purchaser to provide the necessary information for the mortgage application), the Purchaser shall, within 5 working days from the date when a notice is given by the Vendor, approach the Vendor and attend to the procedures to rescind the purchase of the Property (退房手續), and any amount of consideration already paid by the Purchaser shall be refunded (without interest). If the Purchaser fails to do so, the consideration or any balance of it shall be fully settled by him within 10 working days from the date when a notice is given by the Vendor, otherwise, the Purchaser shall be deemed to be in default of the terms of the SP Agreement. The Vendor shall then be entitled to take such actions against the Purchaser for breach of the SP Agreement in accordance with the terms thereof.

Delivery of the
Property:

By no later than 30 June 2014.

THE CAR PARK USAGE AGREEMENT

On 10 December 2013 (after the close of trading hours), the Vendor and the Purchaser also entered into a separate Car Park Usage Agreement by which it is agreed between the Vendor and the Purchaser that, conditional upon full payment by the Purchaser of the consideration payable under the SP Agreement and its completion, the sale of the Property under the SP Agreement is together with the right to use four ancillary car parks of Fond England by the Purchaser as owner of the Property without further payment on the part of the Purchaser in respect of such use. The possession of the Property and the use of the car parks are not severable, and the Purchaser is not permitted to lease, sell, or dispose of such car parks by way of gift separately to any third parties without the written consent of the Vendor.

The above provision of ancillary car park(s) to purchasers of residential units of Fond England and the terms thereof are generally common terms applicable to the sale of commodity properties for residential use in Fond England.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Fond England is a green residential project of the Group with a total gross floor area of over 150,000 sq. m. in Nanning, the PRC. The Board is of the view that the Transaction is in the ordinary and usual course of business of the Group. The Group is able to generate revenue, the level of which is comparable to that generated from sales of similar commodity properties to independent third party purchasers, for the Group and enhance the overall profitability of the property development segment of, as well as increase the working capital for, the Group.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Transaction, which is determined after arm's length negotiations, is entered into on normal commercial terms and the terms are fair and reasonable. The Transaction is in the interests of the Company and its shareholders as a whole.

Mr. Cheng, who has material interest in the Transaction by virtue of his being the purchaser to the Transaction, has abstained from voting on the Board resolution which was passed for approving the Transaction.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is principally engaged in the businesses of property development, property leasing, property management and consultancy businesses in Nanning, Guangxi, the PRC.

IMPLICATIONS UNDER THE GEM LISTING RULES

Mr. Cheng, being the purchaser to the Transaction, is an executive Director and a connected person of the Company under Rule 20.11(1) of the GEM Listing Rules. The Transaction therefore constitutes a connected transaction of the Company as defined under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios for the Transaction is more than 0.1% but less than 5%, and the Transaction is entered into on normal commercial terms, the Transaction is exempted from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions, unless otherwise stated, have the following meanings:

“Board”	the board of Directors
“Car Park Usage Agreement”	the conditional car park usage agreement dated 10 December 2013 entered into between WTS Real Estate and Mr. Cheng for the use of four ancillary car parks to the Property by Mr. Cheng
“Company”	South West Eco Development Limited (西南環保發展有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8291)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company

“Fond England”	a residential development located in the Fengling sub-district of Nanning, the PRC and a property development project of the Group
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mr. Cheng”	Mr. Cheng Bun, an executive Director and a connected person of the Company
“PRC”	the People’s Republic of China
“Property”	the commodity property being sold and purchased under the SP Agreement and located at 中國廣西南寧青秀區佛子岭路10號裕豐•英倫10號樓1單元1801號 (Unit 1801, Flat 1, Block 10, Fond England, No.10 Foziling Road, Qingxiu District, Nanning, Guangxi, the PRC*)
“RMB”	Renminbi, the lawful currency of the PRC
“SP Agreement”	the commodity property sale and purchase agreement dated 10 December 2013 entered into between WTS Real Estate as vendor and Mr. Cheng as purchaser for the sale and purchase of the Property
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the SP Agreement and the Car Park Usage Agreement

“WTS Real Estate” 南寧威特斯房地產開發投資有限公司 (Nanning WTS Real Estate Development and Investment Company Limited*), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company and the project company of Fond England

“%” per cent.

Unless otherwise specified, the conversion of RMB into HK\$ is based on an exchange rate of **RMB1 = HK\$1.27**. No representation is made that any amount in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or any other rates or at all.

** For identification purpose only*

By Order of the Board
South West Eco Development Limited
Lee Kai Hung
Chairman

Hong Kong, 10 December 2013

As at the date of this announcement, the executive Directors are Dr. Lee Kai Hung, Ms. Chan Koon Woon (also known as Mrs. Lee Chan Koon Woon), Dr. Lee Tse Ching, Elaine (also known as Dr. Eick Lee Tse Ching, Elaine) and Mr. Cheng Bun; and the independent non-executive Directors are Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.southwesteco.com.