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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)

PROFIT WARNING

This announcement is made by South West Eco Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on information currently available to the Board in the preparation of the final results of the Group for the year ending 31 December 2013 (the “**2013 Final Results**”), the Group expects to record a decrease of approximately 10% to 20% in the consolidated net profits attributable to owners of the Company for the year ending 31 December 2013 (the “**Record Period**”) as compared to its net profits for the previous financial year ended 31 December 2012 (the “**Previous Financial Year**”).

The decline in net profits was mainly attributable to the decrease by approximately 30% in the saleable gross floor area in respect of *Fond England* (a green residential development project of the Group in Nanning, the People’s Republic of China (the “**PRC**”)) during the Record Period as compared to that in the Previous Financial Year.

As the Group’s major revenue was and will be derived principally from the sales of its properties, the Group’s results of operation and net profits may fluctuate or vary significantly from period to period due to, among others factors, the overall development schedule and the timing of sales of properties comprised in the property development projects undertaken by the Group (that is, *Fond England* and the *Li Yuan* project (a residential and commercial property project located in New & Hi-Tech Industrial Development Zone in Nanning, the PRC)).

Given that (i) the Group’s properties currently available for sale comprise only the remaining unsold residential units of *Fond England* (which is insignificant in number); and (ii) the revenue, if any, from the *Li Yuan* project will only contribute to the Group’s revenue when completion of the sales and delivery of properties of the

Li Yuan project commence, which is expected to be not earlier than the fourth quarter of 2014 and assuming that the operating environment and other factors remain unchanged, it is expected that the Group will not, in the first three quarters of 2014 record such level of net profits comparable to those for the corresponding periods of 2013. There may probably be a material decrease in the Group's turnover which may consequently affect its overall financial results until the fourth quarter of 2014 when completion of the sales and delivery of properties in the *Li Yuan* project are expected to commence.

The Company is still in the process of preparing and completing the 2013 Final Results. The information contained in this announcement represents a preliminary assessment based on the information currently available to the Board and such information has not yet been finalised and has not yet been audited or reviewed by the auditor of the Company. As such, the actual financial results of the Group for the Record Period may be different from what is disclosed in this announcement. Shareholders and potential investors should refer to the Company's announcement on the 2013 Final Results, which is expected to be published before the end of March 2014, for details of the performance of the Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 December 2013

As at the date of this announcement, the executive directors of the Company 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 of the Company are Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee.

This announcement, for which the directors (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.