
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in South West Eco Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

**PROPOSALS FOR
DECLARATION OF FINAL DIVIDEND,
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in the lower portion of the front and inside cover pages shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the 2014 AGM of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 28 April 2014 at 2:00 p.m. is set out on pages 16 to 20 of this circular.

A form of proxy for the 2014 AGM is enclosed with this circular. If you do not intend to attend the 2014 AGM, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014) in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the 2014 AGM or any adjournment thereof should you so wish.

This circular 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 posting and on the website of the Company at www.southwesteco.com.

6 March 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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This circular is prepared in both English and Chinese. In the event of inconsistency, the English text of the circular will prevail.

DEFINITIONS

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

“2014 AGM”	the AGM of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 28 April 2014 at 2:00 p.m.
“AGM”	the annual general meeting
“Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of the Directors
“Company”	South West Eco Development Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed and traded on the GEM (Stock Code: 8291)
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Elaine Eick”	Dr. Lee Tse Ching, Elaine (李紫清) (also known as Dr. Eick Lee Tse Ching, Elaine), the vice-chairman, an executive Director and one of the controlling shareholders of the Company as well as the daughter of Dr. Lee and Mrs. Lee
“Dr. Lee”	Dr. Lee Kai Hung (李啟鴻), the founder of the Group, the chairman of the Board, the chief executive officer, an executive Director and one of the controlling shareholders of the Company as well as the spouse of Mrs. Lee and the father of Dr. Elaine Eick
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Issue Mandate”	the general mandate proposed to be granted to the Directors at the 2014 AGM to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution for approving the issue mandate
“Latest Practicable Date”	3 March 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Mrs. Lee”	Ms. Chan Koon Woon (陳莞緩) (also known as Mrs. Lee Chan Koon Woon (李陳莞緩), an executive Director and one of the controlling shareholders of the Company as well as the spouse of Dr. Lee and the mother of Dr. Elaine Eick
“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the 2014 AGM to repurchase shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution granting the repurchase mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers as amended from time to time and administered by the Securities and Futures Commission of Hong Kong
“UK”	the United Kingdom
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

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)

Mr. CHENG Bun

Independent Non-executive Directors:

Mr. WONG Chi Wai

Mr. WONG Tat Yan, Paul

Mr. CHAN Chun Yee

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Office No. 3517

35th Floor

Wu Chung House

213 Queen's Road East

Wanchai

Hong Kong

6 March 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
DECLARATION OF FINAL DIVIDEND,
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the last AGM of the Company held on 3 May 2013, general mandates were granted by the Shareholders to the Directors to exercise the powers of the Company to issue Shares and repurchase its own Shares. Pursuant to the provisions of the GEM Listing Rules, these general mandates will lapse at the conclusion of the 2014 AGM.

LETTER FROM THE BOARD

The purpose of this circular is to give you the information regarding resolutions to be proposed at the 2014 AGM relating to the declaration of a final dividend, the granting to the Directors the general mandates to issue and repurchase Shares and the re-election of the Directors.

DECLARATION OF FINAL DIVIDEND

The Board has recommended that subject to the approval by Shareholders at the 2014 AGM, a final dividend of HK cents 1.8 per Share for the year ended 31 December 2013 will be paid to the Shareholders whose names appear on the Company's register of members on Friday, 9 May 2014.

The Company's register of members will be closed during the following periods:

- (i) from Thursday, 24 April 2014 to Monday, 28 April 2014, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Wednesday, 23 April 2014; and
- (ii) from Wednesday, 7 May 2014 to Friday, 9 May 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the above final dividend. In order to qualify for the final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Monday, 5 May 2014.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfer of shares will be registered.

ISSUE MANDATE

An ordinary resolution will be proposed at the 2014 AGM to grant the Issue Mandate to the Directors. Based on 300,000,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or no Shares are repurchased after the Latest Practicable Date and up to the date of the 2014 AGM, the Directors will be authorised to allot, issue and deal with for up to a total of 60,000,000 Shares if the Issue Mandate is granted at the 2014 AGM, which will remain in effect until the earliest of (i) the conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

LETTER FROM THE BOARD

REPURCHASE MANDATE

An ordinary resolution will be proposed at the 2014 AGM to grant the Repurchase Mandate to the Directors. The Repurchase Mandate, if granted, will be effective until whichever is the earliest of (i) the conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; and (iii) the passing of an ordinary resolution by the Shareholders in general meeting of the Company revoking or varying the authority given to the Directors.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all the requisite information as required under the GEM Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

Subject to the passing of the ordinary resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the 2014 AGM to extend the Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Issue Mandate.

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, there were four executive Directors of the Company, namely Dr. Lee, Mrs. Lee, Dr. Elaine Eick and Mr. Cheng Bun; and three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee.

In accordance with Article 105(A) of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Further, Article 105(B) of the Articles of Association provides that the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

LETTER FROM THE BOARD

Accordingly, Dr. Lee, Dr. Elaine Eick and Mr. Wong Tat Yan, Paul, (the “Retiring Directors”) will retire from office by rotation and being eligible, have offered themselves for re-election at the forthcoming 2014 AGM.

Details of the Retiring Directors to be re-elected are set out in Appendix I to this circular in accordance with the relevant requirements of the GEM Listing Rules.

The Board, upon the recommendation of the Nomination Committee of the Company, has proposed the re-election of the Retiring Directors.

2014 ANNUAL GENERAL MEETING

The notice of the 2014 AGM is set out on pages 16 to 20 of this circular. At the 2014 AGM, resolutions will be proposed to approve, among others, the declaration of a final dividend, the granting of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate and the re-election of Directors. A form of proxy for use at the 2014 AGM is enclosed with this circular and such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.southwesteco.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014), together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the 2014 AGM or any adjournment thereof should he/she/it so wishes.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions proposed at the 2014 AGM shall be voted by poll and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the declaration of a final dividend, the granting of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate and the re-election of Directors are in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the 2014 AGM as set out in the notice of the 2014 AGM on pages 16 to 20 of this circular.

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

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the retiring Directors (as required by the GEM Listing Rules) proposed to be re-elected at the 2014 AGM.

Each of the following retiring Directors proposed for re-election confirmed that save as disclosed below, there are no other matters that need to be brought to the attention of the Shareholders nor should there be any other information as required to be disclosed pursuant to Rule 17.50(2) (h) to (v) of the GEM Listing Rules.

(1.) Dr. Lee Kai Hung (李啟鴻博士) (“Dr. Lee”)

Dr. Lee, aged 78, is an executive Director, the Chairman and the Chief Executive Officer of the Company and the founder of the Group. Dr. Lee is primarily responsible for leading the strategic planning and business development of the Group. Together with other members of the senior management, Dr. Lee also oversees all key aspects of the operations of the Group, including financial management and project development. Dr. Lee has over 20 years of experience in real estate investment and property development business. Dr. Lee has been serving as the Group’s chairman of the board, vice-chairman of the board or director since 1993.

Dr. Lee was the driving force of the Group in initiating the use of green technologies in the development of Fond England, a residential project of the Group in Nanning, Guangxi, the PRC. To achieve this objective, Dr. Lee procured his team to explore the appropriate technologies that could be applied in the development of Fond England that would conserve energy and other resources, promote a green and sustainable environment, and at the same time create a comfortable living environment.

Besides being a distinguished business leader, Dr. Lee is recognised for his active participation in charity and community works. In 1991, the Lee Kai Hung Foundation was established. Dr. Lee also served as the honorary chairman of the United Kingdom Chinese Education Foundation, which was set up in 2005 to provide advice and financial assistance to students studying in Chinese schools in the UK. He was commissioned as a deputy lieutenant of Greater Manchester and awarded a doctorate degree in laws by the University of Manchester in 2003.

Dr. Lee assists in promoting inward investments from the UK to Nanning, and acts as a go-between for companies from Nanning to enter the UK market. He received the award of honorary citizenship of Nanning and served as the chairman of the North West Chinese Council (UK) in 2002. He also served as the honorary chairman of the Confederation of Chinese Association (UK) and Guangxi Overseas Friendship Association (廣西海外聯誼會) in 2004 and 2011, respectively.

Save as disclosed above, Dr. Lee has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Dr. Lee is the spouse of Mrs. Lee, the father of Dr. Elaine Eick and the uncle of Mr. Cheng Bun, an executive Director. He is also the sole director and the sole shareholder of First Beijing International Limited (“First Beijing”), one of the controlling shareholders of the Company. Save as disclosed herein, Dr. Lee does not have any relationship with any Director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

Dr. Lee has entered into a service contract with the Company for an initial fixed term of two years commencing on 14 December 2012 (the “Listing Date”), renewable automatically for successive terms of one year each upon expiry of the then current term, until terminated by not less than three months’ notice in writing served by either party on the other. Pursuant to the service contract, Dr. Lee is entitled to a basic annual salary of RMB 3,607,200 (subject to an annual increment after 31 December 2012 at the discretion of the Directors of not more than 10% of the annual salary immediately prior to such increase) commencing from the Listing Date. In addition, he is entitled to a discretionary management bonus as the Board may approve based upon the recommendation of the remuneration committee of the Company. The discretionary management bonus shall not exceed 5% of the audited combined or (if applicable) consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year. Dr. Lee shall not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him. Dr. Lee’s emolument is determined by the Board with reference to his experience, responsibilities and the prevailing market conditions. Dr. Lee’s appointment is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

As at the Latest Practicable Date, Dr. Lee was deemed to be interested in 90,000,000 Shares registered in the name of First Beijing, of which the entire issued share capital is solely and beneficially owned by him. He is also the sole director of First Beijing. Save as disclosed above, as at the Latest Practicable Date, Dr. Lee had no other interest (within the meaning of Part XV of the SFO) in any Shares, underlying Shares or debentures of the Company and/or its associated corporations.

(2.) Dr. Lee Tse Ching, Elaine (李紫清博士) (also known as Dr. Eick Lee Tse Ching, Elaine) (“Dr. Elaine Eick”)

Dr. Elaine Eick, aged 43, is an executive Director and the Vice Chairman of the Company. She graduated from the University of Manchester Institute of Science and Technology (now known as the University of Manchester) in England with a master’s degree in science in 1994, and obtained her doctorate degree in philosophy from the University of Cambridge in England in 1998. She joined the Group and was appointed as the managing director of Leepark Holdings Limited, a wholly-owned subsidiary of the Company, in October 2007. She is primarily responsible for planning and departmental coordination and implementation of business strategies and of the overall operational management of the Group.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Prior to joining the Group, in 2001, Dr. Elaine Eick had been a director for the Asia-Pacific region of a company headquartered in the UK with offices abroad and engaging in the medical communications business. She had also been the founder and managing director of Pharma Frontiers Limited since 2003, a medical communications agency where she was responsible for planning and implementing communication strategies for a range of pharmaceutical and biotechnology clients. Her expertise includes strategic counseling, promotional, marketing and business planning for corporate and product-focused clients. She has more than 12 years of experience in business management and commercial communication functions.

Save as disclosed above, Dr. Elaine Eick has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

Dr. Elaine Eick is the daughter of Dr. Lee and Mrs. Lee and the cousin of Mr. Cheng Bun, an executive Director. She is also the sole director and sole shareholder of Chosen Leader Limited (“Chosen Leader”), one of the controlling shareholders of the Company. Save as disclosed herein, Dr Elaine Eick does not have any relationship with any Director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

Dr. Elaine Eick has entered into a service contract with the Company for an initial fixed term of two years commencing on the Listing Date, renewable automatically for successive terms of one year each upon expiry of the then current term, until terminated by not less than three months’ notice in writing served by either party on the other. Pursuant to the service contract, Dr. Elaine Eick is entitled to a basic annual salary of RMB 960,000 commencing from the Listing Date (subject to an annual increment after 31 December 2012 at the discretion of the Directors of not more than 10% of the annual salary immediately prior to such increase). In addition, she is entitled to a discretionary management bonus as the Board may approve based upon the recommendation of the remuneration committee of the Company. The discretionary management bonus shall not exceed 5% of the audited combined or (if applicable) consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year. Dr. Elaine Eick shall not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to her. Dr. Elaine Eick’s emolument is determined by the Board with reference to her experience, responsibilities and the prevailing market conditions. Dr. Elaine Eick’s appointment is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

As at the Latest Practicable Date, Dr. Elaine Eick was deemed to be interested in 45,000,000 Shares registered in the name of Chosen Leader, of which the entire issued share capital is solely and beneficially owned by her. She is also the sole director of Chosen Leader. Save as disclosed above, as at the Latest Practicable Date, Dr. Elaine Eick had no other interest (within the meaning of Part XV of the SFO) in any Shares, underlying Shares or debentures of the Company and/or its associated corporations.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

(3.) Mr. Wong Tat Yan, Paul (黃達仁) (“Mr. Wong”)

Mr. Wong, aged 44, is an independent non-executive Director, the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Board. He obtained a bachelor’s degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master’s degree in business administration from the University of Queensland in Australia in 2004. Mr. Wong is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 20 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

Save as disclosed above, Mr. Wong has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

Pursuant to a letter of appointment dated 23 November 2012 entered into by the Company with Mr. Wong, Mr. Wong has been appointed for an initial term of one year commencing from 14 December 2012, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term. The appointment may be terminated by the giving of three months’ written notice by a party on the other and is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Mr. Wong is entitled to an annual director’s fee of HK\$120,000 and his emolument is determined by the Board by reference to his experience, responsibilities and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Wong had no interest (within the meaning of Part XV of the SFO) in any Shares, underlying shares, or debentures of the Company and/or its associated corporations.

Mr. Wong does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

Based on the information contained in the annual confirmation on independence provided by Mr. Wong to the Company pursuant to Rule 5.09 of the GEM Listing Rules, the Board has reviewed and evaluated the independence of Mr. Wong and is satisfied that he has met the criteria of independence expected of an independent non-executive director under the GEM Listing Rules. The Board is of the view that Mr. Wong remains to be independent, and have the character, integrity, independence and experience required to fulfil and discharge the role and duties of an independent non-executive Director in the event that he is re-elected at the 2014 AGM.

This appendix serves as an explanatory statement, as required by Rule 13.08 of the GEM Listing Rules, to provide the requisite information to you for consideration of the proposed grant of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

Under the GEM Listing Rules, a company is prohibited from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, no connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 300,000,000 fully paid Shares.

Subject to the passing of the ordinary resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the 2014 AGM date of passing of such resolution, the Directors would be authorised to repurchase up to a maximum of 30,000,000 Shares, representing 10% of the issued Shares as at the 2014 AGM date up to (i) the conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

3. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under the Cayman Islands laws, the memorandum of association of the Company, the Articles of Association and the GEM Listing Rules for such purpose.

5. IMPACT ON WORKING CAPITAL OR GEARING LEVEL

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital or gearing position of the Company compared with that as at 31 December 2013, being the date of its latest published audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

6. SHARE PRICES

The highest and lowest market prices at which the Shares has been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

Month	Traded Prices (HK\$)	
	Highest	Lowest
2013		
March	0.82	0.75
April	0.80	0.75
May	1.38	0.76
June	0.83	0.69
July	0.80	0.72
August	0.82	0.72
September	0.79	0.66
October	0.73	0.65
November	0.80	0.71
December	0.78	0.70
2014		
January	0.77	0.66
February	0.82	0.63
March (up to and including the Latest Practicable Date)	0.83	0.77

7. DIRECTORS AND THEIR ASSOCIATES

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the 2014 AGM.

8. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the memorandum of association of the Company and the Articles of Association.

9. EFFECT OF TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such an increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are not aware of any Shareholders or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, the following Shareholders were interested in more than 5% of the Shares then in issue:

Name of Shareholders	Number of issued Shares held	Approximate percentage of existing shareholding (Note 6)	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
First Beijing International Limited ("First Beijing") (Note 1)	90,000,000	30%	33.33%
Dr. Lee Kai Hung (Note 1)	90,000,000	30%	33.33%
Ease Gain Holdings Limited ("Ease Gain") (Note 2)	90,000,000	30%	33.33%
Ms. Chan Koon Woon (Note 2)	90,000,000	30%	33.33%
Chosen Leader Limited ("Chosen Leader") (Note 3)	45,000,000	15%	16.67%
Dr. Lee Tse Ching, Elaine (Note 3)	45,000,000	15%	16.67%
Dr. Holger Eick (Note 4)	45,000,000	15%	16.67%
Ms. Huang Yuanning (黃元寧)	22,924,000	7.64%	8.49%
Mr. Zhang Liming (張麗銘) (Note 5)	22,924,000	7.64%	8.49%

Notes:

- (1) These Shares were registered in the name of First Beijing, the entire issued share capital of which is owned by Dr. Lee, the chairman, the chief executive officer and an executive Director. Dr. Lee is deemed to be interested in all the Shares in which First Beijing is interested by virtue of the SFO. Dr. Lee is the sole director of First Beijing.
- (2) These Shares were registered in the name of Ease Gain, the entire issued share capital of which is owned by Mrs. Lee, an executive Director. Mrs. Lee is deemed to be interested in all the Shares in which Ease Gain is interested by virtue of the SFO. Mrs. Lee is the sole director of Ease Gain.
- (3) These Shares were registered in the name of Chosen Leader, the entire issued share capital of which is owned by Dr. Elaine Eick, the vice-chairman and an executive Director. Dr. Elaine Eick is deemed to be interested in all the Shares in which Chosen Leader is interested by virtue of the SFO. Dr. Elaine Eick is the sole director of Chosen Leader.
- (4) These Shares were registered in the name of Chosen Leader, which is solely and beneficially owned by Dr. Elaine Eick, who is the spouse of Dr. Holger Eick. By virtue of the SFO, Dr. Holger Eick is deemed to be interested in the Shares in which Dr. Elaine Eick is deemed to be interested by virtue of the SFO.
- (5) These Shares were registered in the name of Ms. Huang Yuanning, the spouse of Mr. Zhang Liming. By virtue of the SFO, Mr. Zhang Liming is deemed to be interested in the Shares which Ms. Huang Yuanning is interested by virtue of the SFO.
- (6) The percentage of shareholding was calculated based on the total issued share capital of 300,000,000 Shares of the Company as at 31 December 2013.

In the event that the Directors will exercise in full the Repurchase Mandate, the total interests of the above Shareholders would be increased to the respective approximate percentages shown in the last column of the table above and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate in whole will result in the aggregate amount of the issued share capital of the Company in the public hands falling below the prescribed minimum percentage of 25% as required by the Stock Exchange. The Directors confirm that the Repurchase Mandate will not be exercised to the extent as may result in a public shareholding falling below the prescribed minimum percentage.

10. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of the members of South West Eco Development Limited (the “Company”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 28 April 2014 at 2:00 p.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and the independent auditor for the year ended 31 December 2013 (the “Year”).
2. To declare a final dividend in respect of the Year.
3. To re-elect the following retiring directors of the Company (the “Directors”):
 - i. Dr. Lee Kai Hung as an Executive Director;
 - ii. Dr. Lee Tse Ching, Elaine (also known as Dr. Eick Lee Tse Ching, Elaine) as an Executive Director; and
 - iii. Mr. Wong Tat Yan, Paul as an Independent Non-executive Director.
4. To approve the Directors’ remuneration for the Year and to authorize the board of Directors (the “Board”) to fix the Directors’ remuneration for the year ending 31 December 2014.
5. To re-appoint BDO Limited, Certified Public Accountants (“BDO”) as the independent auditor of the Company for the ensuing year and authorize the Board to fix its remuneration.
6. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“That:

- (a) subject to paragraph (c) of this Resolution below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “GEM Listing Rules”, respectively), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to

NOTICE OF ANNUAL GENERAL MEETING

allot, issue and deal with unissued shares of HK\$0.1 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this Resolution above shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares upon the exercise of rights of subscription, conversion, or exchange under the terms of any warrants of the Company or any securities which are convertible into or exchange for shares, shall not exceed the aggregate of:
 - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution),

and the authority pursuant to paragraph (a) of this Resolution above shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised) of the Cayman Islands or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution;

“Rights Issue” means an offer of shares or offer or issue of warrants, options or other securities giving the rights to subscribe for shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“That:

- (a) subject to paragraph (b) of this Resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to purchase the shares in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “Commission”) and the Stock Exchange under the Hong Kong Code of Share Repurchases issued by the Commission for such purpose, and otherwise in accordance with the rules and regulations of the Commission, the Stock Exchange, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised) of the Cayman Islands (the “Companies Law”) and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.”

8. “**THAT** subject to the passing of Resolutions no. 6 and 7 set out in the notice convening the annual general meeting of the Company (the “Notice”), the authority of the Directors of the Company pursuant to Resolution no. 6 set out in the Notice be and is hereby approved to extend to cover such amount representing the aggregate nominal amount of the shares in the capital of the Company repurchased pursuant to the authority granted pursuant to Resolution no. 7 set out in the Notice.”

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

Hong Kong, 6 March 2014

Notes:

1. Any member of the Company (the “Member”) entitled to attend and vote at the AGM convened by the Notice or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more shares in the Company, more than one) proxy to attend and, on a poll, vote on his/her/its behalf subject to the provisions of the articles of association of the Company. A proxy need not be a Member but must be present in person at the AGM to represent the Member. If more than one proxy is so appointed, the appointment must specify the number and class of shares in respect of which such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014) not less than 48 hours before the time for holding the AGM or its adjourned meeting. Completion and return of a form of proxy will not preclude a Member from attending in person and voting at the AGM or any adjournment thereof should he/she/it so wish.

NOTICE OF ANNUAL GENERAL MEETING

3. For determining Members' entitlement to attend and vote at the AGM, the register of members will be closed from Thursday, 24 April 2014 to Monday, 28 April 2014 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on Wednesday, 23 April 2014.
4. For determining Members' entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014 (both dates inclusive), during which period no transfer of shares will be effected. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be Wednesday, 30 April 2014. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited whose office is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration no later than 4:30 p.m. on Monday, 5 May 2014.
5. In relation to the proposed Resolution no. 5 above, the Board concurs with the views of the Audit Committee of the Company and has recommended that BDO be re-appointed as the independent auditor of the Company.
6. The final dividend of HK cents 1.8 per share for the Year, if approved by the Members at the forthcoming AGM, is expected to be payable to the eligible Members on or about Friday, 30 May 2014.
7. In relation to the proposed Resolutions no. 6 and 8 above, approval is being sought from the Members for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. The Directors have no immediate plans to issue any new shares of the Company.
8. In relation to the proposed Resolution no. 7 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they consider appropriate for the benefit of the Members. An explanatory statement containing the information necessary to enable the Members to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix II to this circular.
9. In compliance with Rule 17.47(4) of the GEM Listing Rules, voting on all proposed resolutions set out in the Notice will be decided by way of a poll.

As at the date this notice, the Directors are:

Executive Directors

Dr. Lee Kai Hung (*Chairman and Chief Executive Officer*), 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) (*Vice Chairman*) and Mr. Cheng Bun

Independent Non-executive Directors

Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee

This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.