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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 the board of directors (the “**Board**”) of 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.

Reference is made to the Company’s announcement dated 27 December 2013 (the “**Announcement**”) in which the Company disclosed, among others, that the Group would not be expected to record, in the first three quarters of 2014, such level of consolidated net profits attributable to owners of the Company (the “**Profits**”) comparable to those for the corresponding periods of 2013, and that there would be a material decrease in the Group’s turnover until the fourth quarter of 2014 when the sale and delivery of the properties in the *Li Yuan* project (a residential and commercial property project located in the New & Hi-Tech Industrial Development Zone in Nanning, the People’s Republic of China) have commenced.

As disclosed in the Announcement, the above initial assessment was made by the Board on the basis that:

- (i) the Group’s properties held for sale would comprise only the remaining unsold residential units and car park space of *Fond England* (which is insignificant in number); and
- (ii) the revenue, if any, from the *Li Yuan* project would only contribute to the Group’s revenue upon its completion and the sale and delivery of properties of the *Li Yuan* project have commenced (which are expected to take place in the fourth quarter of 2014 as scheduled).

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 first quarterly results of the Group (the “**1st Quarterly Results**”) for the three months ended 31 March 2014 (the “**Period**”), the magnitude of the decrease in the Profits for the Period is, due to the reasons disclosed in the Announcement, expected to be approximately 92% as compared to that for the corresponding period of 2013.

The decline in the Profit for the Period is as anticipated since the Group’s major revenue is and will be derived principally from the sale of properties comprised in the property development projects undertaken by the Group (that is, *Fond England* and the *Li Yuan* project currently). The Group’s results of operation may, therefore, fluctuate or vary significantly from period to period depending on, among other factors, the overall development schedule and the timing of sale and delivery of such properties.

Nevertheless, the Board considers that the Group’s overall operation remains sound, and its financial position remains healthy.

The Company is in the process of finalizing the 1st Quarterly Results. The information contained in this announcement represents a preliminary assessment of the Board based on such information available to it as at the date hereof. Shareholders and potential investors should refer to the Company’s announcement on the 1st Quarterly Results, which is to be published on 9 May 2014, for details of the performance of the Group for the Period.

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, 30 April 2014

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