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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 on Main Board: 1908)

(Stock Code on GEM: 8291)

Financial adviser to the Company



Halcyon Capital Limited

**TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO
THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

On 5 March 2014, an application was made by the Company to the Stock Exchange for the transfer of listing from GEM to the Main Board.

The Company has applied for the listing of, and permission to deal in (i) 300,000,000 Shares in issue; and (ii) 30,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board by way of transfer of the listing from GEM to the Main Board.

The Board confirms that all pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Main Board Listing Rules have been fulfilled in relation to the Company and its Shares as at the date of this announcement.

The approval-in-principle was granted by the Stock Exchange on 16 May 2014 for the Transfer of Listing.

The last day of dealings in the Shares on GEM (Stock code: 8291) is Friday, 23 May 2014. Dealings in the Shares on the Main Board (Stock code: 1908) will commence at 9:00 a.m. on Monday, 26 May 2014.

Reference is made to the announcement issued by the Company dated 5 March 2014 in relation to the Transfer of Listing.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 5 March 2014, an application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in (i) 300,000,000 Shares in issue; and (ii) 30,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board by way of transfer of the listing of the Company from GEM to the Main Board.

The Board confirms that all pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Main Board Listing Rules have been fulfilled in relation to the Company and its Shares as at the date of this announcement.

The approval-in-principle was granted by the Stock Exchange on 16 May 2014 for the Shares to be listed on the Main Board and de-listed from GEM.

REASONS FOR THE TRANSFER OF LISTING

The Group is principally engaged in the businesses of property development, property leasing, property management and consultancy services in Nanning, Guangxi, the PRC.

The Directors believe that the listing of the Shares on the Main Board will enhance the profile and public recognition of the Group as well as increase the trading liquidity of the Shares. The Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financial flexibility and business development of the Group. No change in nature of business of the Group is contemplated by the Directors following the Transfer of Listing.

The Transfer of Listing will not involve the issue of new Shares by the Company.

BUSINESS OF THE GROUP

The Group is principally engaged in the business of property leasing, property development, building management services and provision of advisory and consultancy services. It has always been and will continue to be the Group's strategy to develop the Group's three key business segments of property development, property leasing and building management services.

I. Property leasing business

As at 31 December 2013, the Group was the owner of the investment properties located in Nanning with an aggregate rentable GFA of approximately 23,658 sq.m. in the PRC, of which an aggregate GFA of approximately 17,742 sq.m. has been leased out. The Group's leasing properties are mainly located in two districts, namely Xingning District (興寧區) and Xixiangtang District (西鄉塘區) of Nanning. The investment properties owned by the Group comprise retail outlets, shopping centres, and commercial and residential buildings. The Group generates regular income from leasing out the investment properties that it owns, as well as from sub-leasing of properties owned by independent third parties.

II. Property development business

One of the principal businesses of the Group is property development. As at the date of this announcement, the Group had one on-going property project in Nanning under development.

Historically, the Group obtained its land reserves for property development through acquisition of equity interest of companies with land reserves of various uses (including factory, storage and industrial use). The Group would then negotiate and discuss with the relevant PRC governmental authorities to change the land use right for residential and commercial property development. The Directors consider that the Group will continue to adopt such strategy to acquire land reserves, if appropriate. The Directors will also consider participating in public tendering of land reserves or in co-development project with land owners in the PRC, subject to available financial resources of the Group and quality or suitability of the land so as to best align with the overall and long-term development of the businesses of the Group. The Group also owns certain retail outlets and buildings as investment properties which could be subject to redevelopment. Subject to the market condition and the obtaining of the requisite approvals from the relevant governmental authorities, the investment properties currently held by the Group could also form part of the Group's land reserve in the future.

At present, the Group has no land reserve immediately available for development. However, the Group holds the land use right certificates for two plots of allocation land located at No.14 Xixiangtang Dong Road, New and Hi-Tech Industrial Development Zone, Nanning. Due to the austerity measures implemented by the PRC government in recent years, the Group has been cautious when engaging in property development project and has always kept to the Group's strategy of being prudent and only actively engages in such number of development project(s) which the Group feels comfortable with at a time to ensure sufficient financial resources for completing each development project of the Group.

The Group has completed the *Fond England Project* in 2013. In mid-2012, when the *Fond England Project* was substantially completed, the Group has commenced the development of the *Li Yuan Project*, the completion of which is expected to take place by late 2014.

The Group has been in negotiation with the relevant PRC governmental authorities on the possible change in land use right of the two plots of allocation land located at No.14 Xixiangtang Dong Road, New and Hi-Tech Industrial Development Zone, Nanning ("*Li Yuan Phase II*"), which is located adjacent to the *Li Yuan Project*. The Group had completed the preliminary feasibility study of the development of *Li Yuan Phase II*. The Group is in communication and negotiation with the relevant PRC government authorities regarding (i) the preliminary development plan of *Li Yuan Phase II*; (ii) the intention to apply for change in land use rights and (iii) the expected plot ratio of *Li Yuan Phase II*. It is the current intention of the Board that, upon completion of the *Li Yuan Project* and subject to the relevant PRC governmental approval on the change in land use right having been obtained, the Group would commence the development of *Li Yuan Phase II* as soon as practicable.

Furthermore, the Group has also continually been seeking possible acquisition opportunities for suitable investment properties in the PRC, Hong Kong and overseas to enhance the Group's investment property portfolio. As regards the building management service, the Group is currently streamlining its building management service business by gradually shifting its participation in building management service projects with low profit margin to building management service projects in high-end offices and commercial areas in Nanning.

Risk associated with lack of immediate land reserve

As property sales have contributed a significant portion of the Group's revenue during the Track Record Period, the Group's business and results of operations are significantly affected by the availability of land reserves. The Group believes that the growth and success of the Group's business on property development depends on its ability to secure sufficient land reserves for further development. As at the date of this announcement, the Group has yet to acquire land for property development purposes. The Group may not be able to continue to identify and acquire land suitable for property development. The Group's ability to acquire land may depend on factors such as the overall economic environment, the level of competition and the effectiveness of its management in identifying and consummating such deals as well as the internal and other resources (for example, bank borrowing available for the purpose of financing the acquisition costs). Any failure to secure sufficient land reserve in the future will have an adverse effect on the Group's business, results of operations and financial position.

Development of the Li Yuan Project

As at the Latest Practicable Date, according to the latest progress report and the current status confirmed by the general contractor, the building administrator and the engineering department of the Group, the Board expects that the construction of the *Li Yuan Project* will be completed in the third quarter of 2014. The Group plans to commence delivery of the residential and commercial units of the *Li Yuan Project* to its customers by the fourth quarter of 2014.

The *Li Yuan Project* comprises two residential blocks, namely Block A and Block B, commercial units and car park spaces. As at the date of this announcement, these two blocks were constructed to their 32nd floor. The structural roof sealing of both blocks were completed and the interior walls thereof are almost completed. Leveling course of the second ground floor thereof is finished. Water, electricity and drainage pipes are almost completed and the installation of aluminum alloy window frames is also completed.

Set out below is the analysis on the pre-sales contract sum of the *Li Yuan Project* of the Group during the Track Record Period and up to the Latest Practicable Date:

| | For the year ended 31 December | | | For the period between 1 January 2014 up to the Latest Practicable Date |
|---|-----------------------------------|--------------|--------------|---|
| | 2011 | 2012 | 2013 | HK\$'million |
| | HK\$'million | HK\$'million | HK\$'million | HK\$'million |
| Pre-sales contract sum of the <i>Li Yuan Project</i> | — | — | 175.5 | 46.7 |

The Group obtained the pre-sale permit of the *Li Yuan Project* in the 4th quarter of 2012 and commenced the pre-sale of the *Li Yuan Project* in 2013.

Non-legally binding memoranda of understanding entered into by the Group with independent third parties

In 2012, the Group has also entered into non-legally binding memoranda of understanding with independent third parties in respect of the possible redevelopment of a sauce factory project in Nanning (the “**Sauce Factory Project**”) and a plot of land in Chen Cun Road, Nanning (the “**Chen Cun Road Project**”).

(i) *Sauce Factory Project*

According to the Directors, the Group has actively pursued to reach an agreement with the counterparty of the Sauce Factory Project. However, due to the divergence of views in respect of the development strategy between the Group and the counterparty, both parties have decided not to proceed with the negotiation further.

(ii) *Chen Cun Road Project*

In respect of the Chen Cun Road Project, it is the mutual understanding and agreement between the parties that, the Group would only proceed with the entering into of a legally binding agreement with the counterparty upon the counterparty obtaining the relevant approval from the relevant PRC

governmental authorities for the change in land use right of the plot of land located in Chen Cun Road, Nanning, from storage use to residential and commercial use. The negotiation by the counterparty with the relevant PRC governmental authorities is on-going. The Group would closely monitor the progress of negotiation and, subject to obtaining the approval to change the land use right, proceed to the next stage of negotiation regarding the project investment details (including but not limited to the manner of co-operation, funding and financing requirements, profit sharing, timing of development and project design).

Sales cancellation, delay in project completion and delivery

According to the Directors, save as the 19 sales cancellation (representing a total GFA of approximately 2,500 sq.m. out of a total saleable GFA of approximately 155,243 sq.m.) as disclosed on pages 9, 10 and 139 of the Prospectus regarding the *Fond England Project*, the Group did not record any sales cancellation in respect of its property development projects during the Track Record Period and up to the Latest Practicable Date.

As disclosed in the Prospectus, the 19 sales cancellations were the result of the then imposed austerity measures which prohibited the relevant purchasers from applying for mortgage loans and registering as owners of the relevant units.

During the Track Record Period and up to the Latest Practicable Date, the Group had not experienced any delay in project completion and/or delivery of the property projects developed by it so far.

III. Property management and consultancy business

The Group's property management business comprises managing properties that the Group holds in its investment property portfolio, properties that the Group has developed, as well as properties owned or legally used by independent third party property owners or users. The Group's management services include setting property management procedures, providing security, maintaining the properties, landscaping, developing environmental protection policies, event planning and consultancy services. These business activities are carried out under Nanning Golden Yu Feng Property Service Company Limited* (南寧金裕豐物業服務有限公司) ("**Golden Yu Feng**"), a subsidiary of the Company established in the PRC, which holds a valid Class 2 qualification allowing it to carry out property management of up to 300,000 sq.m. for each residential property and up to 80,000 sq.m. for each non-residential property it manages. In 2013, Golden Yu Feng was awarded the Star Enterprise of 2012 by

the Nanning Xingning District Government. As of 31 December 2013, the Group derived its property management income mainly from Yu Feng Plaza, Fond England, International Kitchen Supplies Centre and Guangxi International Trade Centre.

For the property consultancy business, the Group provides consultancy services to independent third party property owners or permitted users on sub-leasing or management of their properties. In addition, consultancy services that the Group offers include (i) locating prospective tenants; (ii) determining the market positioning of each property, or each level, or the units within the properties; and (iii) developing featured theme shopping malls, or selecting appropriate tenants. The Group also provides property agency services in respect of sale of properties.

CERTAIN FINANCIAL INFORMATION OF THE GROUP

Analysis of segmental revenue and reportable segment profit

Set out below is the analysis of segmental revenue and reportable segment profit of the Group during the Track Record Period and for the first quarter of 2014 prepared in accordance with the Hong Kong Financial Reporting Standards:

| | For the year ended 31 December | | | | | | For the three months ended 31 March 2014 | |
|-----------------------------------|--------------------------------|----------------------------------|----------------|---------------------------|----------------|---------------------------|--|----------------------------------|
| | 2011 | | 2012 | | 2013 | | Revenue | Reportable segment profit/(loss) |
| | Revenue | Reportable segment profit/(loss) | Revenue | Reportable segment profit | Revenue | Reportable segment profit | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Property leasing | 44,440 | 50,119 | 52,635 | 66,894 | 48,335 | 41,864 | 13,907 | 8,969 |
| Property development | 265,313 | 64,472 | 332,177 | 55,150 | 310,269 | 59,537 | 8,189 | (1,687) |
| Building management services | 17,399 | 660 | 19,745 | 3,028 | 19,047 | 589 | 4,435 | 64 |
| Advisory and consultancy services | 1,284 | (569) | 5,716 | 2,845 | 5,413 | 29 | 94 | (1) |
| | <u>328,436</u> | <u>114,682</u> | <u>410,273</u> | <u>127,917</u> | <u>383,064</u> | <u>102,019</u> | <u>26,625</u> | <u>7,345</u> |

During the Track Record Period, a substantial portion of the revenue and profit of the Group was contributed by the property leasing and property development businesses of the Group.

The record of a decrease in revenue and profit of the property leasing segment for the year ended 31 December 2013 was mainly contributed by the renovation and upgrading of certain investment properties and the streamlining of the tenant of a shopping mall of the Group during the year, of which no rental income was contributed by these investment properties during the year and resulted in a decrease in both revenue and profit contribution from property leasing segment.

Revenue and profit contributed by the property development segment remained at comparable level for the year ended 31 December 2013 as compared to the year ended 31 December 2012. The revenue and profit was mainly contributed by the sales and delivery of the *Fond England Project*.

Profit contributed by the property leasing segment includes profit derived from fair value gain of the investment properties. Set out below is the unaudited reportable segment profit contributed from property leasing segment after excluding the gain on fair value of the investment properties during the Track Record Period and for the first quarter of 2014 prepared by the management of the Group and as reviewed by the Directors in accordance with the Hong Kong Financial Reporting Standards:

| | For the year ended 31 December | | | For the three months ended 31 March |
|---|---|-----------------|-----------------|--|
| | 2011 | 2012 | 2013 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Reportable segment profit of the property leasing segment | 50,119 | 66,894 | 41,864 | 8,969 |
| Fair value changes of investment properties | (46,524) | (61,712) | (31,502) | (4,831) |
| Deferred tax on fair value changes of investment properties | <u>16,180</u> | <u>17,779</u> | <u>11,920</u> | <u>1,145</u> |
| Reportable segment profit contributed from property leasing segment (excluding fair value changes in investment properties) | <u>19,775</u> | <u>22,961</u> | <u>22,282</u> | <u>5,283</u> |

Adjusted profit after excluding the gain on fair value of the investment properties

Set out below is the unaudited adjusted profit/loss after excluding the gain on fair value of the investment properties during the Track Record Period and for the first quarter of 2014 prepared by the management of the Group and as reviewed by the Directors in accordance with the Hong Kong Financial Reporting Standards:

| | For the year ended 31 December | | | For the three months ended 31 March |
|---|---|-----------------|-----------------|--|
| | 2011 | 2012 | 2013 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit for the year/period | 78,294 | 88,329 | 69,307 | 3,666 |
| Fair value changes of investment properties | (46,524) | (61,712) | (31,502) | (4,831) |
| Deferred tax on fair value changes of investment properties | <u>16,180</u> | <u>17,779</u> | <u>11,920</u> | <u>1,145</u> |
| Profit/loss for the year/period (excluding fair value changes in investment properties) | <u>47,950</u> | <u>44,396</u> | <u>49,725</u> | <u>(20)</u> |
| Profit/loss attributable to owners of the Company (excluding fair value changes in investment properties) | 43,210 | 39,918 | 45,926 | (284) |
| Profit attributable to non-controlling interests (excluding fair value changes in investment properties) | <u>4,740</u> | <u>4,478</u> | <u>3,799</u> | <u>264</u> |
| | <u>47,950</u> | <u>44,396</u> | <u>49,725</u> | <u>(20)</u> |

The Group engages in the property leasing business and the Group holds various investment properties on hand for leasing purposes which are subject to periodical fair value assessment. During the Track Record Period, the Group recorded a significant portion of profit from the recognition of gain on fair value changes of investment properties which is non-cash in nature and unrealized. During the Track Record Period and for the first quarter of 2014, taking into account of the relevant deferred tax incurred, such gain on fair value changes of investment properties netting off the deferred tax effect amounted to HK\$30.3 million, HK\$43.9 million, HK\$19.6 million and HK\$3.7 million respectively.

Profit warning in respect of the first three quarters of 2014

As previously disclosed in the profit warning announcements of the Company dated 27 December 2013 and 30 April 2014, as the Group's major revenue was and will be derived principally from the sale of properties comprised in the property development projects undertaken by the Group (that is, the *Fond England Project* and the *Li Yuan Project*), the Group's results of operation and net profits may 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.

Given that (i) the Group's properties held for sale will comprise only the remaining unsold residential units and car park space of the *Fond England Project* (which is insignificant in number); and (ii) the revenue, if any, from the *Li Yuan Project* will only contribute to the Group's revenue upon its completion and when the sale and delivery of properties of the *Li Yuan Project* have commenced, which are 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 the sale and delivery of the properties in the *Li Yuan Project* are expected to commence.

As disclosed in the first quarter results announcement of the Company dated 9 May 2014, the profit of the Group attributable to owners of the Company for the first quarter of 2014 ended 31 March 2014 (the "Profit") decreased substantially by approximately 92% to approximately HK\$3.0 million as compared to that for the corresponding period of 2013. The substantial decline in the Profit for the first quarter of 2014 is as anticipated for the reasons as disclosed in the profit warning announcements of the Company dated 27 December 2013 and 30 April 2014.

UPDATE ON THE USE OF GEM PLACING PROCEEDS

The total net proceeds from the GEM Placing in 2012 amounted to approximately HK\$25.5 million. Out of the HK\$25.5 million of net proceeds, the Group has utilized approximately HK\$2.5 million as general working capital of the Group, and the remaining portion of the net proceeds (in the amount of approximately HK\$23 million) shall be applied as previously disclosed in Prospectus in the following manner:

- as to HK\$13.2 million, representing 51.8% of the net proceeds from the GEM Placing, for the development and operation of featured theme shopping mall and maintenance of featured theme shopping mall and maintenance of other investment properties; and

- as to HK\$9.8 million, representing 38.4% of the net proceeds from the GEM Placing, for the perusing of potential acquisition opportunities or invest in the property related industry (including holding companies of investment properties and/or land reserve, property management companies or business and/or property consulting companies or business).

The management of the Group has been actively exploring suitable venues in developing featured theme shopping mall, yet no suitable shopping malls was found appropriate for the Group's theme shopping mall development plan.

As regards potential acquisition opportunities, the management of the Group has paid visits to various investment properties and land reserves in Hong Kong and Nanning, the PRC respectively. Preliminary feasible study reports have been prepared by the management to study the possibility of property investment and/or property development. As at the date of this announcement, the Directors have yet to identify any suitable acquisition opportunities for the Group's investment.

As at the date of this announcement, the Directors do not have any immediate plan to change the use of the remaining portion of the net proceeds from the GEM Placing as stated above. However, the Directors consider that it is in the overall interests of the Company and its shareholders to allow flexibility in the use of the unutilized net proceeds of HK\$13.2 million originally allocated for use in the development and operation of featured theme shopping mall and maintenance of other investment properties in that, to the extent that the unutilized net proceeds are not applied for such purpose, they will be utilized to fund any potential acquisition or investment opportunities in the property related industry, whether in the PRC, Hong Kong or other overseas countries, as and when any suitable opportunity(ies) is/are identified. If this occurs, the Company will make appropriate announcement(s) to inform its shareholders and the investing public in accordance with the applicable GEM Listing Rules or, as the case may be, the Main Board Listing Rules.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 14 December 2012, the date on which the Shares were listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8291) is Friday, 23 May 2014. Dealings in the Shares on the Main Board (Stock code: 1908) will commence at 9:00 a.m. on Monday, 26 May 2014.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates.

No change will be made to the Chinese and English stock short names of the Company, the board lot size, the trading currency and the share registrars of the Shares in connection with the Transfer of Listing. Shares will be traded under the new stock code 1908 in board lots of 4,000 Shares each following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 23 November 2012 for the purpose of enabling the Group to grant options to selected eligible participants as incentives or rewards for their contribution to the Group. The Share Option Scheme will expire on 22 November 2022 (for a period of 10 years commencing from the date of its adoption).

As at the date of this announcement, the Share Option Scheme fully complies with the requirements of Chapter 17 of the Main Board Listing Rules, and will remain effective upon the Transfer of Listing.

Pursuant to the Share Option Scheme and as at the date of this announcement, the Company may grant options which would entitle the holders to subscribe for up to 30,000,000 Shares, representing 10% of the share capital of the Company in issue as at the date of listing of the Shares on GEM (that is, 14 December 2012), during the remaining term of the Share Option Scheme.

The listing of the Shares issued and to be issued upon exercise of options which may be granted pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

As at the date of this announcement, the Company has not issued any options under the Share Option Scheme, warrants or similar rights or convertible equity securities of which will be transferred to the Main Board.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted to the Directors to allot and issue new Shares and repurchase Shares by the Shareholders on 28 April 2014 will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or any applicable laws to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of Shareholders in general meeting.

BIOGRAPHICAL INFORMATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The Company discloses the biographical information of each Director and senior management as follows:

Executive Directors

Dr. Lee Kai Hung (李啟鴻) (“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.

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, 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.

As at the date of this announcement, 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, 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.

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.

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, one of the Controlling Shareholders. 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.

As at the date of this announcement, 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, 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.

Madam Chan Koon Woon (陳堯媛) (also known as Mrs. Lee Chan Koon Woon (李陳堯媛)) (“Mrs. Lee”)

Mrs. Lee, aged 72, is an executive Director. She has also been the chairman of the board of Bai Yi Commercial, a subsidiary of the Company since May 2006, the vice-chairman of WTS Real Estate, another subsidiary of the Company since January 2007 and a director of various subsidiaries of the Company. Mrs. Lee is primarily

responsible for the administrative management of the Company and has been working closely with the management of the Group in the general strategic planning, operation and development of the Group. She has over 20 years of experience in corporate management within the Group.

Mrs. Lee is the spouse of Dr. Lee, the mother of Dr. Elaine Eick and the aunt of Mr. Cheng Bun, an executive Director. She is also the sole director and the sole shareholder of Ease Gain, one of the Controlling Shareholders.

Save as disclosed herein, Mrs. Lee does not have any relationship with any Director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

As at the date of this announcement, Mrs. Lee was deemed to be interested in 90,000,000 Shares registered in the name of Ease Gain, of which the entire issued share capital is solely and beneficially owned by her. She is also the sole director of Ease Gain. Save as disclosed above, Mrs. 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.

Mr. Cheng Bun (鄭鑛) (“Mr. Cheng”)

Mr. Cheng, aged 50, is an executive Director, the Compliance Officer of the Company and one of the authorised representatives of the Company under Rule 5.24 of the GEM Listing Rules. He has also been a director of various subsidiaries of the Company. Mr. Cheng is primarily responsible for formulating the overall development strategies and managing the daily operations of the Group’s subsidiaries in the PRC. He is also responsible for internal management, investment planning and administrative functions of the Group. He graduated from the University of Sheffield in England with a post-graduate diploma in business in 1990 and obtained a master’s degree of computer science in the University of Salford in England in 1992. He joined the Group in 1993 as a project leader of the Group.

Mr. Cheng was awarded with the Honorary Credential for Outstanding Entrepreneurs 2006 of Qin Xiu District* (2006年度青秀區優秀企業家榮譽證書) jointly issued by the Committee of Qin Xiu District of the PRC* (中共南寧市青秀區委員會) and the People’s Government of Qin Xiu District, Nanning* (南寧市青秀區人民政府) in March 2007. He was also appointed by the Guangxi Returned Scholars Chamber of Commerce (廣西歸國留學人員商業界人士聯合會) (the “GRSCC”) in December 2010 as a council member of the first session of the council of the GRSCC for a term of 5 years. In October 2011, he was appointed as a committee member of Nanning Municipal Committee of the Chinese People’s Political Consultative Conference for a term of 5 years.

Mr. Cheng is the nephew of Dr. Lee and Mrs. Lee and the cousin of Dr. Elaine Eick.

As at the date of this announcement, Mr. Cheng 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.

Save as disclosed above, Mr. Cheng does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

Independent non-executive Directors

Mr. Wong Chi Wai (黃馳維) (“Mr. Wong”)

Mr. Wong, aged 47, is an independent non-executive Director. Mr. Wong currently also serves as an independent non-executive director for Bonjour Holdings Limited (stock code 653), Kin Yat Holdings Limited (stock code 638) and Arts Optical International Holdings Limited (stock code 1120) and China Ludao Technology Company Limited (stock code 2023), all of which are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of the Company, Bonjour Holdings Limited, Arts Optical International Holdings Limited and China Ludao Technology Company Limited and the chairman of the nomination committee of Kin Yat Holdings Limited.

Mr. Wong obtained a bachelor’s degree in social science from and was awarded postgraduate certificate in laws by the University of Hong Kong in 1988 and 1993 respectively. Mr. Wong is a practicing certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Wong has also been admitted as a barrister of the High Court of Hong Kong since 1998. Mr. Wong has over 24 years of experience in the accountancy profession and he is currently the owner of a certified public accountants firm in Hong Kong, Albert Wong & Co.

Mr. Wong was a director of Tin Tin Publication Development Limited (“**Tin Tin**”) during the periods from 3 June 2000 to 31 August 2000 and from 18 December 2000 to 27 June 2002. Tin Tin was incorporated in Hong Kong, engaging in the publication business. Mr. Wong confirmed that he had never participated in the management of Tin Tin during his appointment as a director of Tin Tin. His reappointment on 18 December 2000 as a director of Tin Tin was for the sole purpose of constituting a valid board quorum pursuant to the articles of association of Tin Tin so that Tin Tin could enter into settlement agreements with and release funds to its creditors after Tin Tin lost a court case in the Court of Final Appeal in July 2000. A judgment creditor obtained a judgment against Tin Tin on or about 11 January 2002 for a sum

of approximately HK\$4.68 million and then applied to the Court for the winding-up of Tin Tin. The order for the winding-up of Tin Tin was granted on 7 August 2002. No further information about the progress of the winding-up of Tin Tin is available after the resignation of Mr. Wong as a director of Tin Tin on 27 June 2002. Mr. Wong confirmed that this incident had been duly disclosed to the Stock Exchange at the time when Mr. Wong was first appointed as an independent non-executive director of Bonjour Holdings Limited in 2003 and his subsequent appointments as an independent non-executive director of each of Kin Yat Holdings Limited, Arts Optical International Holdings Limited in 2004 and China Ludao Technology Company Limited in 2013.

However, due to oversight, Mr. Wong omitted to mention his directorship in Tin Tin when he filled the application form for application of membership of the Hong Kong Federation of Insurers (“HKFI”) in May 2004. Mr. Wong subsequently informed HKFI of his omission in July 2004 and HKFI decided to suspend his membership as an insurance agent for 9 months until June 2005. Mr. Wong confirmed that he had disclosed the decision of the HKFI to the Stock Exchange in October 2004.

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.

As at the date of this announcement, 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.

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.

As at the date of this announcement, 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.

Mr. Chan Chun Yee (陳振宜) (“Mr. Chan”)

Mr. Chan, aged 36, is an independent non-executive Director, the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Board. He obtained a bachelor’s degree in laws from the City University of Hong Kong in 1999 and a master’s degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong and has been a practising solicitor in Hong Kong for more than 10 years in general legal practice and in different areas of law. From 2002 to the present, Mr. Chan works as a solicitor at the law firm of C.T. Chan & Co., Solicitors. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

Save as disclosed above, Mr. Chan 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.

As at the date of this announcement, Mr. Chan 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. Chan does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company.

Save as disclosed, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Main Board Listing Rules in relation to the Directors.

Senior management

Mr. Kwan Kei-Chor (關基楚) (“Mr. Kwan”)

Mr. Kwan, aged 47, is the finance manager of the Group. He is a bachelor’s degree holder in business administration awarded by the Open Learning Institute of Hong Kong (now known as the Open University of Hong Kong) in 1996, and a master’s degree holder in accounting awarded by Curtin University of Technology (now known as Curtin University) in Australia in 2004. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in 2008, Mr. Kwan had worked in the fields of financing, financial reporting, and company secretarial in other companies in Hong Kong. He held executive directorship in South East Group Limited (stock code: 726), a company whose shares are listed on the Main Board of the Stock Exchange, from December 2002 to May 2006 and had acted as the company secretary in Smart Rich Energy Finance (Holdings) Limited (now known as G-Resources Group Limited) (stock code: 1051), a company whose shares are listed on the Main Board of the Stock Exchange, from May 2007 to October 2007.

Mr. He Hao (何好)

Mr. He, aged 60, is a director, the vice general manager of various subsidiaries of the Company. Based in the PRC, he is primarily responsible for the management and daily operations of the Chinese subsidiaries of the Group, including human resources management, information technology and administration. He graduated from the Heilongjiang Commercial College (黑龍江商學院) (now known as the Harbin University of Commerce (哈爾濱商業大學)) in the PRC in 1988, majoring in food engineering. Prior to joining the Group in 2001, Mr. He had held various positions, including the vice general manager and the factory head of 南寧市飲食公司 (Nanning Food and Beverage Company*), the predecessor of Bai Yi Commercial, from 1974 onwards, and had been responsible for overseeing daily operations of this company. He obtained the Qualification Certificate of Intermediate Level of Speciality and Technology* (中級專業技術資格證書) in construction issued by the Personnel Department of Guangxi Zhuang Autonomous Region* (廣西壯族自治區人事廳) in the PRC in 2007.

Mr. Yim Ka Chi (嚴嘉智)

Mr. Yim, aged 41, is the finance manager of the Group and the general manager of Golden Yu Feng. He is a holder of Honors Diploma in Accounting of Shue Yan University. He obtained the associate membership of the Hong Kong Institute of Certified Public Accountants in 1999 and became a fellow member in 2006. He has over 15 years’ experience in financing, accounting and taxation gained in various listed companies.

Mr. Cai Zi-Qi (蔡梓麒)

Mr. Cai, aged 41, is a director, the vice general manager of various subsidiaries of the Group. He assists the general manager of Golden Yu Feng and is in charge of the leasing and management of Yu Feng High Street. He graduated from the Guangdong Radio & TV University (廣東廣播電視大學) in 1996, majoring in financial accounting via distance learning. Mr. Cai joined the Group in 2001. He has accumulated knowledge in property management when he obtained the 全國物業管理從業人員崗位證書 (Certificate of practitioners engaged in national property management*) jointly issued by 建設部人事教育司 (Human Resources and Education Department of the Ministry of Construction*) and 建設部住宅與房地產業 (Department of Housing and Real Estate Industry of the Ministry of Construction*) in 2002. He was qualified as an assistant engineer by obtaining the Qualification Certificate of Junior Level of Speciality and Technology (初級專業技術資格證書*) in industrial and civil construction issued by the Personnel Department of Guangxi Zhuang Autonomous Region (廣西壯族自治區人事廳) in 2007. He was also awarded qualification in corporate management with the China Career Manager Qualification Certificate* (中國職業經理人資格證書) jointly approved and issued by the 中國職業經理人資格評審委員會 (China Career Manager Qualification Assessment Committee*) and the China Career Manager Coalition (中國職業經理人聯合會) in 2008.

Ms. Zhong Jia-Ying (鍾家瑛)

Ms. Zhong, aged 68, is a director and the vice general manager of various subsidiaries of the Company and is currently primarily responsible for the financial management of the Group's business in the PRC. She graduated from the Guangxi Commercial College* (廣西商業學校) in the PRC in 1964, majoring in finance and accounting. She is a member of the Chinese Institute of Certified Public Accountants. Ms. Zhong was appointed by the Bureau of Finance in Nanning* (南寧市財政局) and Nanning Accounting Management Company* (南寧市會計管理公司) as the financial controller of Nanning Department Store Co., Limited in July 1999 pursuant to the 南寧市企業財務總監委派及工作規則暫行 issued by 南寧市國有資產管理委員會. Given her experience and in recognition of her expertise in accounting and financial management, Ms. Zhong had during the period from 1999 to 2002 been invited to serve on several entities to oversee their finance and accounting operations. From 1999 to 2002, she worked as the financial controller of Nanning Department Store Co., Limited* (南寧百貨大樓股份有限公司), a company listed on the Shanghai Stock Exchange. From 1964 to 2001, she was the finance department head, deputy general manager, general manager, director and chairman of the board of directors of

南寧市飲食公司 (Nanning Food and Beverage Company*) (being the predecessor of Bai Yi Commercial), Bai Yi Commercial and 南寧裕豐房地產開發有限公司 (Nanning Yu Feng Real Estate Development Company Limited*) (“**Yu Feng Real Estate**”), a subsidiary of the Company. She has accumulated experience and knowledge in financial management particularly in the property industry in the PRC since 1993 when she was appointed as a director of Yu Feng Real Estate. She served as the vice general manager and financial controller of 廣西運通數據設備有限責任有限公司 (Guangxi WIT Data & Equipment Co., Ltd.*) from June 2000 to May 2002. She also served as supervisor of 廣西航天金穗信息技術有限公司 (Guangxi Aisino Technology Co., Ltd.* and currently known as 廣西航天信息技術有限公司) from August 2001 to May 2002. From May 2003 to June 2005, Ms. Zhong worked as a practising certified public accountant in two accounting firms in Guangxi Province. She re-joined the Group in 2006.

Ms. Huang Fu Wei-Hong (皇甫衛紅)

Ms. Huang Fu, aged 57, is the vice general manager of the WTS Real Estate. She is primarily responsible for the marketing and brand promotion of Fond England. She has accumulated approximately 38 years of experience and knowledge in the construction and property development business from financial management to overall project management. In 1999, Ms. Huang Fu graduated from the Chongqing Jianzhu University (重慶建築大學) (now known as the Chongqing University (重慶大學)) in the PRC, majoring in construction accounting. From 1975 to 2001, she had been the finance department head, finance bureau head and deputy chief accountant of 廣西建工集團機械有限責任公司 (Guangxi Construction Group Mechanics Company Limited*). She joined the Group in 2001. She was awarded with the Qualification Certificate of Intermediate Level of Speciality and Technology (中級專業技術資格證書) in finance issued by the Bureau of Scientific and Technological Personnel, Guangxi Zhuang Autonomous Region* (廣西壯族自治區科技幹部局) in 1993, the Qualification Certificate of Intermediate Level of Speciality and Technology (中級專業技術資格證書) in construction issued by the Personnel Department of Guangxi Zhuang Autonomous Region (廣西壯族自治區人事廳) in 2008 and the 全國企業經濟管理人才庫資格證書 (Certificate of Qualification of the National Entrepreneurial, Economic and Managerial Talent Bank*) issued by 人事部全國人才流動中心 (National Centre for Human Resources*) in 2007. She was also a member of the Society of Registered Financial Planners, Hong Kong in 2008.

Mr. Qin Zhang-Xin (覃章新)

Mr. Qin, aged 63, is the vice general manager of WTS Real Estate. He is primarily responsible for the daily operations of WTS Real Estate. He graduated from the Renmin University of China (中國人民大學) in 1988, majoring in industrial economy. Before he joined the Group, he had been the vice president of Nanning Municipal Bureau of Commerce (南寧市商業局) from 1986 to 1997, responsible for managing commercial constructions and commercial properties industry. He was also appointed as the general manager and the chairman of the board of 南寧沛寧資產經營有限責任公司 (Nanning Peining Capital Operation Company Limited*), a Nanning state-owned enterprise, in 1997 and 2001, respectively, responsible for overall operations and decision making of that company. He had been elected as the chairman of the board of directors of Nanning Department Store Co., Limited* (南寧百貨大樓股份有限公司), a company listed on the Shanghai Stock Exchange, from December 1999 to November 2001, where he was responsible for overall decision making of that company. From 2001 to 2009, he was appointed as the vice president of Nanning Economic Council* (南寧市經濟委員會副主任), responsible for overseeing economic development in Nanning. In 2009, he joined the Group as a vice general manager of WTS Real Estate. He was awarded with the Qualification Certificate of Intermediate Level of Speciality and Technology (中級專業技術資格證書) in economics issued by the Bureau of Scientific and Technological Personnel, Guangxi Zhuang Autonomous Region* (廣西壯族自治區科技幹部局) in 1995.

Mr. Chen Wei-Han (陳慰漢)

Mr. Chen, aged 48, is the general manager or the vice general manager of various subsidiaries of the Company. He is mainly responsible for the engineering division in WTS Real Estate where he is in charge of formulating, implementing and managing engineering of projects. He is also responsible for the cost control division of WTS Real Estate where he is in charge of reviewing and approving budgets, financial statements and cost management of projects and daily operations. He graduated from the school of civil engineering in the South China University of Technology (華南理工大學) in the PRC in 1992, majoring in construction. He has accumulated experience and knowledge in property development and construction. He had worked in various construction companies and a property development company in the PRC from 1985 to 1993 and from 1996 to 2004 prior to joining the Group in 2006, and had been responsible for civil engineering as well as in charge of technology and project management. He was awarded with the Qualification Certificate of Intermediate Level of Specialty and Technology (中級專業技術資格證書) in industrial and civil construction issued by the Personnel Department of

Guangxi Zhuang Autonomous Region* (廣西壯族自治區人事廳) in 2005. In 2013, he was awarded the Certificate of Industrial and Civil Construction Senior Professional and Technical Qualification (高級工程師資格證書) issued by Department of Human Resources and Social Security of Guangxi Zhuang Autonomous Region (廣西壯族自治區人力資源和社會保障廳).

Mr. He Jia-Quan (何家荃)

Mr. He, aged 57, is the vice general manager and office supervisor of Bai Yi Commercial. He assists in formulating and implementing the annual operational plans, and is responsible for the execution of decisions made by the board of directors, the administrative management and the daily operations of Bai Yi Commercial. He is also the supervisor of Golden Yu Feng and Yu Feng Real Estate. Prior to joining the Group in 2006, he had over 1 year of working experience in the hotel operation business from 1972 to 1974. He had then held various positions, including the administrative department deputy head and the management office deputy head with 南寧市飲食公司 (Nanning Food and Beverage Company*), the predecessor of Bai Yi Commercial, from 1974 onwards, and had been responsible for daily operations of this company.

Mr. Cui Min (崔敏)

Mr. Cui, aged 62, is the vice general manager of Golden Yu Feng. He is primarily responsible for property management. He joined the Group in 2001 and was promoted to the supervisor of the management division of Golden Yu Feng in 2005. He was in charge of the management of Yu Feng Plaza. He has accumulated knowledge in property management when he was awarded with 全國物業管理從業人員崗位證書 (Certificate of practitioners engaged in national property management*) jointly issued by 建設部人事教育司 (Human Resources and Education Department of the Ministry of Construction*) and 建設部住宅與房地產業司 (Department of Housing and Real Estate Industry of the Ministry of Construction*) in 2005. Prior to joining the Group, he had worked in 南寧市礦務局 (Nanning Mining Bureau*) and 市礦務局醫院 (Nanning Mining Bureau Hospital*) for approximately 14 years and 4 years from 1972 to 1986 and from 1986 to 1990, respectively. He had then held various positions, including the deputy factory head with 南寧市飲食公司 (Nanning Food and Beverage Company*), the predecessor of Bai Yi Commercial, from 1990 onwards, and had been responsible for daily management of this company.

COMPETING INTERESTS

As at the date of this announcement, none of the Directors or their respective associates has any interest in any business which competes or potentially competes, either directly or indirectly, with the businesses of the Group.

QUARTERLY REPORTING OF FINANCIAL RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of its financial results and will follow the relevant requirements of the Main Board Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year end, respectively. The Board is of the view that investors and Shareholders will continue to have access to relevant information of the Company following the reporting requirements under the Main Board Listing Rules.

PUBLIC FLOAT

The Directors confirm that 25.0% of the total issued share capital of the Company is held by the public (as defined in the Main Board Listing Rules) as at the Latest Practicable Date. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the websites of the Company at *www.southwesteco.com* and the Stock Exchange at *www.hkexnews.hk*:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the first quarterly report of the Company for the three months ended 31 March 2014;
- (c) the published directors' report and annual accounts of the Company for the year ended 31 December 2013;
- (d) the third quarterly report of the Company for the nine months ended 30 September 2013;
- (e) the interim report of the Company for the six months ended 30 June 2013;
- (f) the first quarterly report of the Company for the three months ended 31 March 2013;

- (g) the circular of the Company dated 28 March 2013 in relation to the general mandates to issue and repurchase Shares and re-election of Directors; and
- (h) a copy of each of the announcement and other corporate communication made by the Company before the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

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

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| “Bai Yi Commercial” | 廣西南寧百益商貿有限公司 (Guangxi Nanning Bai Yi Commercial Limited*), a subsidiary of the Company established in the PRC |
| “Board” | the board of Directors |
| “BVI” | the British Virgin Islands |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Chosen Leader” | Chosen Leader Limited, a company incorporated in the BVI with limited liability on 20 September 2010, which is beneficially wholly-owned by Dr. Elaine Eick (being one of the Controlling Shareholders) |
| “Company” | South West Eco Development Limited (西南環保發展有限公司), an exempted company incorporated in the Cayman Islands on 18 February 2011 with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8291) |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Ease Gain” | Ease Gain Holdings Limited, a company incorporated in the BVI with limited liability on 3 November 2010, which is beneficially wholly-owned by Mrs. Lee (being one of the Controlling Shareholders) |

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| “First Beijing” | First Beijing International Limited, a company incorporated in the BVI with limited liability on 13 October 2009, which is beneficially wholly owned by Dr. Lee (being one of the Controlling Shareholders) |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM, as amended from time to time |
| “GFA” | gross floor area |
| “GEM Placing” | the placing of the Shares by the underwriters on behalf of the Company as described in the Prospectus |
| “Group” | the Company and its subsidiaries from time to time |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Latest Practicable Date” | 15 May 2014, being the latest practicable date prior to the issue of this announcement for ascertaining certain information in this announcement |
| “Main Board” | the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM |
| “Main Board Listing Rules” | the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange, as amended from time to time |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “Prospectus” | the prospectus of the Company dated 30 November 2012 |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |

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|-----------------------|--|
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Option Scheme” | the share option scheme of the Company adopted by the Company on 23 November 2012 |
| “sq.m.” | square meter(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Track Record Period” | the three financial years ended 31 December 2013 |
| “Transfer of Listing” | the transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of the Main Board Listing Rules |
| “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 subsidiary of the Company established in the PRC |

* For identification purpose only

By Order of the Board
South West Eco Development Limited
 西南環保發展有限公司
Lee Kai Hung
Chairman

Hong Kong, 16 May 2014

As at the date of this announcement, the executive Directors are 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; 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.