

Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 30 November 2012 (the “Prospectus”) issued by South West Eco Development Limited (西南環保發展有限公司) (the “Company”).

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This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares or other securities of the Company. Potential investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.

SOUTH WEST ECO DEVELOPMENT LIMITED

西南環保發展有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 75,000,000 Shares

Placing Price : HK\$0.66 per Placing Share

**(excluding brokerage fee of 1%, SFC
transaction levy of 0.003% and Stock
Exchange trading fee of 0.005%)**

Nominal value : HK\$0.1 each

Stock code : 8291

Sole Sponsor



Haitong International Capital Limited

Joint Bookrunners and Joint Lead Managers

(in alphabetical order)



中国平安證券(香港)
PINGAN OF CHINA SECURITIES (HONG KONG)

- The Placing Price is agreed at HK\$0.66 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.66 per Placing Share, the net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are approximately HK\$23.8 million.
- The 75,000,000 Placing Shares offered by the Company under the Placing have been fully subscribed. The Offer Size Adjustment Option has not been exercised and has lapsed.
- 75,000,000 Placing Shares have been conditionally allocated to a total of 152 selected individual and/or professional investors.
- The Directors confirm that all the placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Substantial Shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the enlarged issued share capital of the Company immediately after the Placing. As such, the Directors confirm that there will not be any new substantial shareholder immediately after the Placing, and the number of Shares in public hands will satisfy the minimum percentage as required pursuant to Rule 11.23(7) of the GEM Listing Rules.
- The Directors confirm that, immediately after the Capitalisation Issue and the completion of the Placing, the public float of the Company will be 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 14 December 2012.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF PROCEEDS

Pursuant to the price determination agreement entered into between the Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) dated 7 December 2012, the Placing Price was agreed to be HK\$0.66 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are approximately HK\$23.8 million. The Directors intend to apply such net proceeds in the following manner:

- (a) as to approximately HK\$17.2 million, representing approximately 72.4% of the net proceeds from the Placing, for the development and operation of featured theme shopping mall and maintenance of other investment properties;
- (b) as to approximately HK\$5.2 million, representing approximately 21.8% of the net proceeds from the Placing, for the pursuit 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); and
- (c) as to approximately HK\$1.4 million, representing approximately 5.8% of the net proceeds from the Placing, for general working capital and other general corporate purposes of the Group.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING AND LAPSE OF OFFER SIZE ADJUSTMENT OPTION

The 75,000,000 Placing Shares offered by the Company under the Placing have been fully subscribed. The Offer Size Adjustment Option has not been exercised by the Joint Lead Managers and has lapsed.

RESULTS OF ALLOCATION

Pursuant to the Placing, 75,000,000 Shares have been conditionally allocated to a total of 152 selected individual and/or professional investors. The distribution of the Placing Shares is set out as below:

| | Aggregate number of Placing Shares allocated | Approximate percentage of the total number of the Placing Shares allocated | Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing |
|----------------|---|---|--|
| Top placee | 14,276,000 | 19.0% | 4.8% |
| Top 5 placees | 45,876,000 | 61.2% | 15.3% |
| Top 10 placees | 54,148,000 | 72.2% | 18.1% |
| Top 25 placees | 64,632,000 | 86.2% | 21.5% |

| Number of Placing Shares allocated | Number of placees |
|---|--------------------------|
| 4,000 to 15,000 | 43 |
| 15,001 to 100,000 | 58 |
| 100,001 to 1,000,000 | 41 |
| 1,000,001 to 5,000,000 | 6 |
| 5,000,001 and above | <u>4</u> |
| Total | <u><u>152</u></u> |

The Directors confirm that all the placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Substantial Shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the enlarged

issued share capital of the Company immediately after the Placing. As such, the Directors confirm that there will not be any new substantial shareholder immediately after the Placing, and the number of Shares in public hands will satisfy the minimum percentage as required pursuant to Rule 11.23(7) of the GEM Listing Rules.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and potential investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

Immediately after the completion of the Placing (taking no account of options that were granted or may be granted under the Share Option Scheme), the shareholding structure of the Company will be as follows:-

| | Number of Shares (Shares) | Percentage of shareholding in the Company (Approximately) |
|------------------------------|--|--|
| First Beijing ⁽¹⁾ | 90,000,000 | 30.0% |
| East Gain ⁽²⁾ | 90,000,000 | 30.0% |
| Chosen Leader ⁽³⁾ | 45,000,000 | 15.0% |
| Top six public shareholders | 48,148,000 | 16.0% |
| Other public shareholders | <u>26,852,000</u> | <u>9.0%</u> |
| | <u><u>300,000,000</u></u> | <u><u>100.0%</u></u> |

Notes:

- (1) The entire issued share capital of First Beijing is owned by Dr. Lee.
- (2) The entire issued share capital of East Gain is owned by Mrs. Lee.
- (3) The entire issued share capital of Chosen Leader is owned by Dr. Elaine Eick.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after the

Capitalisation Issue and the completion of the Placing, the public float of the Company will be 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date (i.e. 14 December 2012) or on any other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No receipt will be issued for subscription monies for the Placing Shares. The Company will not issue temporary documents of title.

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on or before 13 December 2012 for credit to the respective CCASS participants' stock accounts or investor participants' stock accounts of the Underwriters, the placees or their agents (as the case may be).

Potential investors of the Placing Shares should note that the Joint Lead Managers (for themselves and on behalf of the Underwriters) are, among others, entitled to terminate the Underwriting Agreement by notice in writing to the Company given by the Joint Lead Managers (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set forth under the paragraph headed "Grounds for Termination" under the section headed "Underwriting" in the Prospectus at any time prior to 8:00 a.m. on the Listing Date (i.e. 14 December 2012). In the event that conditions of the Placing as mentioned therein are not fulfilled prior to the date specified in the Prospectus, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the GEM website at www.hkgem.com and the Company's website at www.southwesteco.com.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 14 December 2012. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the GEM website at www.hkgem.com and the Company's website at www.southwesteco.com. The Shares will be traded in board lots of 4,000 Shares each. The stock code for the Shares is 8291.

By Order of the Board
South West Eco Development Limited
Dr. Lee Kai Hung
Chairman and Executive Director

Hong Kong, 13 December 2012

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement and a copy of the Prospectus will remain on the GEM website at www.hkgem.com and, in the case of the announcement, on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement and a copy of the Prospectus will also be published on the Company's website at www.southwesteco.com.