

CHIWAYLAND INTERNATIONAL LIMITED
(Company Reg. No. 200610437K)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

PART 1 -INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (“1Q”, “2Q”&“3Q”), HALF-YEAR (“HY”) AND FULL YEAR (“FY”) RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP			GROUP		
	2Q2016	2Q2015	%	1H2016	1H2015	%
	RMB'000	RMB'000	Change + / (-)	RMB'000	RMB'000	Change + / (-)
Revenue	398,652	756,268	(47%)	1,217,000	832,204	46%
Cost of sales	(358,303)	(715,340)	(50%)	(1,113,310)	(787,324)	41%
Gross profit	40,349	40,928	(1%)	103,690	44,880	131%
Other income	869	703	24%	3,776	1,180	220%
Selling and distribution expenses	(31,235)	(19,875)	57%	(47,497)	(33,950)	40%
Administrative expenses	(30,665)	(29,323)	5%	(73,127)	(61,738)	18%
Other operating expenses	(1,590)	(466)	241%	(1,892)	(590)	221%
Results from operating activities	(22,272)	(8,033)	177%	(15,050)	(50,218)	(70%)
Net finance costs	(17,871)	(14,320)	25%	(26,080)	(19,729)	32%
Share of results of joint ventures, net of tax	1,927	(128)	n.m	8,042	(364)	n.m
Loss before income tax	(38,216)	(22,481)	70%	(33,088)	(70,311)	(53%)
Income tax (expense)/credit	(4,287)	32,489	n.m	(24,538)	41,125	n.m
(Loss)/Profit for the period	(42,503)	10,008	n.m	(57,626)	(29,186)	97%
(Loss)/Profit attributable to:						
Owners of the Company	(34,955)	14,707	n.m	(54,128)	(21,166)	156%
Non-controlling interests	(7,548)	(4,699)	61%	(3,498)	(8,020)	(56%)
(Loss)/Profit for the period	(42,503)	10,008	n.m	(57,626)	(29,186)	97%

Note:

n.m : denotes not meaningful.

(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP			GROUP		
	2Q2016	2Q2015	%	1H2016	1H2015	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
			+ / (-)			+ / (-)
(Loss)/Profit for the period	(42,503)	10,008	n.m	(57,626)	(29,186)	(97%)
Other comprehensive income/(loss)						
<i>Items that are or maybe reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences on foreign operations/Total other comprehensive income/(loss) for the period	5,515	3,774	46%	18,013	(3,753)	n.m
Total comprehensive (loss)/income for the period	(36,988)	13,782	n.m	(39,613)	(32,939)	(20%)
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(29,419)	18,481	n.m	(36,098)	(24,919)	45%
Non-controlling interests	(7,569)	(4,699)	61%	(3,515)	(8,020)	(56%)
Total comprehensive (loss)/income or the period	(36,988)	13,782	n.m	(39,613)	(32,939)	20%

Note:

n.m : denotes not meaningful.

1(a)(ii) Notes to the income statement

Loss before income tax is stated after charging/ (crediting):

	Group		Group	
	2Q2016 RMB'000	2Q2015 RMB'000	1H2016 RMB'000	1H2015 RMB'000
Depreciation of property, plant and equipment	503	718	1,052	1,405
Finance income	(3,733)	(2,780)	(6,769)	(5,335)
Finance cost	21,604	17,100	32,849	25,064
Foreign exchange loss/(gain)	18	(1,032)	(1,257)	(487)
Allowance for impairment loss on financial assets	-	2,250	-	2,250
Gain on disposal of financial assets available-for-sale	-	-	(956)	(365)
Gain on disposal of property, plant and equipment	(21)	-	(21)	(35)
Overprovision of tax in respect of prior years	(2,311)	(32,636)	(2,311)	(32,636)

1(b)(i) A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Jun-2016	31-Dec-2015	30-Jun -2016	31-Dec -2015
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Property, plant and equipment	4,760	5,714	1	3
Investment properties	1,010,309	993,200	-	-
Subsidiaries	-	-	1,479,165	1,378,109
Joint ventures	5,313	15,062	-	-
Deferred tax assets	52,394	42,961	-	-
Non-current assets	1,072,776	1,056,937	1,479,166	1,378,112
Development properties	7,776,939	5,597,862	-	-
Contract work-in-progress	389,506	382,998	-	-
Financial assets	-	250,000	-	-
Trade receivables, other receivables and advance payments	1,253,852	2,664,697	208,373	195,028
Cash and cash equivalents	2,244,608	1,203,532	462	300
Current assets	11,664,905	10,099,089	208,835	195,328
Total assets	12,737,681	11,156,026	1,688,001	1,573,440
Equity				
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	180,532	216,630	(38,889)	(153,254)
Equity attributable to owners of the Company	479,109	515,207	1,543,383	1,429,018
Other equity instruments	214,695	214,695	143,781	143,781
	693,804	729,902	1,687,164	1,572,799
Non-controlling interests	499,302	516,317	-	-
Total equity	1,193,106	1,246,219	1,687,164	1,572,799
Liabilities				
Loans and borrowings	3,215,107	3,144,601	-	-
Deferred tax liabilities	122,857	121,440	-	-
Non-current liabilities	3,337,964	3,266,041	-	-
Loans and borrowings	2,052,666	1,075,260	-	-
Trade payables, other payables and advance receipts	5,686,094	5,078,377	837	641
Advance receipts from government	439,853	439,853	-	-
Tax payable	27,998	50,276	-	-
Current liabilities	8,206,611	6,643,766	837	641
Total liabilities	11,544,575	9,909,807	837	641
Total equity and liabilities	12,737,681	11,156,026	1,688,001	1,573,440

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,264,515	788,151	958,260	117,000

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,768,916	446,191	3,144,601	-

The secured borrowings of the Group are secured by the following:

- (i) the Group's investment properties and development properties with total carrying amounts of RMB7,727,658,071 (as at 31 December 2015: RMB4,877,602,000);
- (ii) the following equity interests in the Group entities are pledged as collaterals to financial institutions:
 - SCLG's 100% equity interest in Xuancheng Chiway;
 - SCLG's 75% equity interest in Suzhou Chiway Jinhui;
 - SCLG's 60% equity interests in Suzhou Chiway Shangcheng;
 - SCLG's 55% equity interests in Suzhou Xingshang;
 - Suzhou Chiway Jinhui's 100% equity interests in Suzhou Huayuan;
 - Suzhou Chiway Shangcheng's 100% equity interests in Suzhou Shanghong; and
 - Suzhou Chiway Shangcheng's 100% equity interests in Suzhou Hengtang.
- (iii) corporate guarantee provided by Chiway Holding Group Co. Ltd., a company in which Mr. Qian Jianrong, a director of the Company, has substantial financial interests; and
- (iv) a personal guarantee provided by Mr. Qian Jianrong.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	2Q 2016	2Q 2015	1H 2016	1H 2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss)/Profit for the period	(42,503)	10,008	(57,626)	(29,186)
Adjustments for:				
Depreciation of property, plant and equipment	503	718	1,052	1,405
Gain on disposal of financial assets available-for-sale	-	-	(956)	(365)
(Gain)/Loss on disposal of property, plant and equipment	(21)	-	(21)	(35)
Allowance for impairment loss on financial assets	-	2,250	-	2,250
Net finance costs	17,871	14,320	26,080	19,729
Share of results of joint ventures, net of tax	(1,927)	128	(8,042)	364
Foreign exchange loss/(gain)	18	(1,032)	(1,257)	(487)
Income tax expense/(credit)	4,287	(32,489)	24,538	(41,125)
	(21,772)	(6,097)	(16,232)	(47,450)
Changes in:				
- Development properties	(603,009)	357,589	(1,999,005)	34,721
- Trade receivables, other receivables and advance payments	432,890	(203,944)	1,431,232	(405,367)
- Trade payables, other payables and advance receipts	849,665	589,487	584,322	1,272,666
- Contract work-in-progress	(5,449)	-	(6,508)	-
Cash generated from operations	652,325	737,035	(6,191)	854,570
Income tax paid	(40,982)	(39,426)	(61,677)	(56,433)
Net cash from/(used in) operating activities	611,343	697,609	(67,868)	798,137
Cash flows from investing activities				
Acquisition of financial assets held for trading	-	-	(1,500)	-
Acquisition of property, plant and equipment	(68)	(230)	(123)	(250)
Proceeds from disposal of joint venture	15,733	-	15,733	-
Dividends from joint ventures	2,059	-	2,059	-
(Increase)/Decrease in amounts due from related corporations, non-trade	(1,852)	678	4,762	2,267
Decrease/(Increase) in amounts due from non-controlling interests, non-trade	33,500	(177,500)	33,500	(197,500)
Increase in amounts due from joint ventures, non-trade	(30,768)	(8,185)	(30,537)	(13,377)
Development expenditure on investment properties	(8,111)	(4,521)	(17,109)	(7,752)
Interest received	3,733	2,818	6,769	5,335
Proceeds from disposal of property, plant and equipment	46	-	46	89
Proceeds from redemption of financial assets available-for-sale	1,500	-	252,456	250,403
Net cash from/(used in) investing activities	15,772	(186,940)	266,056	39,215

	Group	Group	Group	Group
	2Q 2016	2Q 2015	1H 2016	1H 2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Capital contribution from non-controlling interests	2,500	-	2,500	45,000
Dividends paid	(16,000)	-	(16,000)	-
Interest paid	(110,819)	(114,005)	(218,772)	(219,004)
Increase in restricted cash	(491,931)	(34,023)	(698,943)	(82,400)
(Decrease)/Increase in amounts due to related corporations (non-trade)	(1,170)	4,324	(4,812)	(17,569)
Decrease in amounts due to non-controlling interests (non-trade)	(53,993)	(79,993)	(17,593)	(179,993)
Decrease in amounts due to joint ventures (non-trade)	-	(277)	-	(277)
Increase/(Decrease) in bills payable	5,200	(8,300)	45,800	(49,200)
Proceeds of borrowings from financial institutions	1,290,790	85,337	2,696,753	394,937
Repayment of borrowings from financial institutions	(1,121,600)	(301,000)	(1,509,100)	(676,000)
Proceeds of borrowings from non-controlling shareholders	74,178	-	624,178	-
Repayment of borrowings from non-controlling interests	(250,000)	-	(1,000,000)	-
Proceeds of borrowings from unquoted debt securities	132,389	-	244,581	-
Repayment of borrowings from unquoted debt securities	(8,500)	-	(8,500)	-
Net cash (used in)/from financing activities	(548,956)	(447,937)	140,092	(784,506)
Net increase in cash and cash equivalents	78,159	62,732	338,280	52,846
Cash and cash equivalents at the beginning of period	1,247,577	921,833	985,301	933,604
Effect of exchange rate changes on cash held	1,698	611	3,853	(1,274)
Cash and cash equivalents at the end of period	1,327,434	985,176	1,327,434	985,176
Restricted cash at the end of period	917,174	280,070	917,174	280,070
Cash and cash equivalents in the statement of financial position	2,244,608	1,265,246	2,244,608	1,265,246

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total ordinary equity RMB'000	Other equity instruments RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	298,577	(44,710)	113,767	(117,927)	265,500	515,207	214,695	729,902	516,317	1,246,219
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	(54,128)	(54,128)	-	(54,128)	(3,498)	(57,626)
Other comprehensive income										
Foreign currency translation differences on foreign operations	-	-	-	18,030	-	18,030	-	18,030	(17)	18,013
Total other comprehensive income	-	-	-	18,030	-	18,030	-	18,030	(17)	18,013
Total comprehensive income/(loss) for the period	-	-	-	18,030	(54,128)	(36,098)	-	(36,098)	(3,515)	(39,613)
Changes in ownership interests in subsidiaries										
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	2,500	2,500
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(16,000)	(16,000)
Total transactions with owners	-	-	-	-	-	-	-	-	(13,500)	(13,500)
At 30 June 2016	298,577	(44,710)	113,767	(99,897)	211,372	479,109	214,695	693,804	499,302	1,193,106

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total ordinary equity RMB'000	Other equity instruments RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	298,577	(44,710)	102,663	(114,929)	244,872	486,473	143,781	630,254	404,148	1,034,402
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	(21,166)	(21,166)	-	(21,166)	(8,020)	(29,186)
Other comprehensive loss										
Foreign currency translation differences on foreign operations	-	-	-	(3,753)	-	(3,753)	-	(3,753)	-	(3,753)
Total other comprehensive loss	-	-	-	(3,753)	-	(3,753)	-	(3,753)	-	(3,753)
Total comprehensive loss for the period	-	-	-	(3,753)	(21,166)	(24,919)	-	(24,919)	(8,020)	(32,939)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	45,000	45,000
Total transactions with owners	-	-	-	-	-	-	-	-	45,000	45,000
At 30 June 2015	298,577	(44,710)	102,663	(118,682)	223,706	461,554	143,781	605,335	441,128	1,046,463

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share	Warrants	Foreign currency	Retained	Total	Other	Total
	capital	reserve	translation	earnings	ordinary	equity	Total
	RMB'000	RMB'000	reserve	RMB'000	equity	instruments	equity
At 1 January 2016	1,582,272	6,094	(120,949)	(38,399)	1,429,018	143,781	1,572,799
Total comprehensive loss for the period							
Loss and total comprehensive loss for the period	-	-	-	(974)	(974)	-	(974)
Other comprehensive income							
Foreign currency translation differences	-	-	115,339	-	115,339	-	115,339
Total other comprehensive income	-	-	115,339	-	115,339	-	115,339
Total comprehensive income/(loss) for the period	-	-	115,339	(974)	114,365	-	114,365
At 30 June 2016	1,582,272	6,094	(5,610)	(39,373)	1,543,383	143,781	1,687,164

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share capital RMB'000	Warrants Reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total ordinary equity RMB'000	Other equity instruments RMB'000	Total equity RMB'000
At 1 January 2015	1,582,272	6,094	(102,867)	(22,216)	1,463,283	143,781	1,607,064
Total comprehensive loss for the period							
Loss and comprehensive loss for the period	-	-	-	(1,261)	(1,261)	-	(1,261)
Other comprehensive loss							
Foreign currency translation differences	-	-	(28,261)	-	(28,261)	-	(28,261)
Total other comprehensive loss	-	-	(28,261)	-	(28,261)	-	(28,261)
Total comprehensive loss for the period	-	-	(28,261)	(1,261)	(29,522)	-	(29,522)
At 30 June 2015	1,582,272	6,094	(131,128)	(23,477)	1,433,761	143,781	1,577,542

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital in 2Q2016. The share capital of the Company as at 30 June 2016 was RMB1,582,272,000 comprising 666,851,006 shares.

The Company did not have treasury shares as at 30 June 2016 and 30 June 2015.

The Company had 47,488,212 warrants as at 30 June 2016 and 30 June 2015.

As at 30 June 2016, the Company has issued perpetual capital securities of S\$30 million (RMB143.78 million) to the non-controlling shareholder. The Company issued the perpetual capital securities to the non-controlling shareholder on 17 October 2014. There were no change in the Company's other instruments as at 30 June 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 June 2016	31 December 2015
Total number of issued ordinary shares	666,851,006	666,851,006

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statement for the financial period ended 30 June 2016 reported on as those used in the audited consolidated financial statements of Chiwayland International Limited and its subsidiaries for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all new and revised Financial Reporting Standards (“FRS”) and interpretation to FRS (“INT FRS”) that are relevant to its operations and effective for the financial year beginning on 1 January 2016. The adoption of these new and revised FRS, and INT FRS did not result in substantial changes in the Group’s accounting policies, and there is no material impact on the consolidated financial statements of the Group and the financial statements of the Company.

6. Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

The basic earnings per share of the Group for the 2Q2016 and 1H2016 are computed based on weighted average number of ordinary shares outstanding in the period. The diluted earnings per share are the same as the basic earnings per share as the outstanding warrants are anti-dilutive.

	Group 2Q 2016	Group 2Q 2015	Group 1H2016	Group 1H2015
(Loss)/Profit for the period attributable to owners of the Company (RMB ‘000)	(40,309) ⁽¹⁾	11,687 ⁽¹⁾	(64,836) ⁽¹⁾	(27,206) ⁽¹⁾
Weighted average number of ordinary shares in issue	571,875,362	571,875,362	571,875,362	571,875,362
Earnings per ordinary share of the Group				
(i) Basic (RMB cents)	(7.05)	2.04	(11.34)	(4.76)
(ii) Diluted (RMB cents)	(7.05)	2.04	(11.34)	(4.76)

Note:

- (1) Net (loss)/profit for the period attributable to owners of the Company for the purpose of computing EPS is net of 1) the dividends payable on the perpetual capital securities amounting RMB3.19 million, and RMB6.39 million for 2Q2016 and 1H2016, respectively; and RMB3.02 million, and RMB6.04 million for 2Q2015 and 1H2015, respectively; 2) the dividends payable on redeemable preference shares by a subsidiary to non-controlling interests amounting to RMB2.16 million, and RMB 4.32 million for 2Q2016 and 1H2016, respectively, and nil for 2Q2015 and 1H2015.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group 30 June 2016	Group 31 Dec 2015
Net asset value per ordinary share of the Group⁽¹⁾		
(RMB cents)	146.7	154.7
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	666,851	666,851

	Company 30 June 2016	Company 31 Dec 2015
Net asset value per ordinary share of the Company⁽¹⁾		
(RMB cents)	231.4	214.3
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	666,851	666,851

Note:

(1)Based on total equity less other equity instruments.

8. A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on:

Review of Performance

2Q2016 vs 2Q2015

Revenue

The Group achieved revenue of RMB398.7 million for the quarter ended 30 June 2016 ("2Q2016"), a decrease of 47% or RMB357.6 million from RMB756.3 million in the same period in 2015. This is primarily due to a decrease in the number of property units handed over. As a result, the aggregate Gross Floor Area ("GFA") sold and recognized decreased by approximately 13.6% or 10,273 square metres ("sqm"), from 75,793 sqm for the quarter ended 30 June 2015 ("2Q2015") to 65,520 sqm for 2Q2016. Revenue for the projects sold and recognized was mainly attributable to Suzhou Hetai Garden and Xuancheng Chiway Top Town, which contributed RMB151.6 million and RMB126.9 million respectively, or approximately 38% and 32% of the total revenue generated for 2Q2016. The average selling price ("ASP") decreased by 38% from RMB9,674 per sqm in 2Q2015 to RMB 5,971 per sqm 2Q2016, as projects sold and recognised in this quarter are from

lower price projects like Suzhou Hetai Garden and Xuancheng Chiway Top Town.

Despite the lower revenue, the Group experienced an encouraging increase in its pre-sales activities for 2Q2016. The Group recorded pre-sales GFA of approximately 123,896 sqm with an aggregate consideration of approximately RMB1,118.9 million for the development properties projects in the People's Republic of China ("PRC") during 2Q2016. This represents an increase of GFA by 21%, or 21,191 sqm from 102,705 sqm, and a decrease in aggregate consideration by 12%, or RMB148.4 million from RMB1,267.3 million, as compared to 2Q2015.

The Group has also continued with its pre-sales activities for four of its property development projects in Australia. During 2Q2016, 26 units from these property development projects – Illumina, Marine's Hill and Uptown, were pre-sold, and 4 units from Vivir were sold with an aggregate consideration of AUD18.6 million.

Note:

Revenue from property sales is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage (i.e. at pre-sales) are recorded as advances from customers for sale of properties and is classified as current liabilities. Please refer to the circular dated 10 June 2014 for more details on, amongst others, the policies and risks on the Company's pre-sales activities, as well as significant factors affecting the Company's results of operations.

Cost of sales and gross profit margin

In tandem with the decrease in revenue, the Group's cost of sales, which comprises mainly of land acquisition costs, construction costs, capitalized borrowing costs and indirect costs incurred on those development properties sold, decreased by 50% or RMB357.0 million from RMB715.3 million in 2Q2015 to RMB358.3 million in 2Q2016.

Gross profit decreased by 1.4% or RMB0.6 million, from RMB40.9 million in 2Q2015 to RMB40.3 million in 2Q2016. Overall gross profit margin increased from 5.4% in 2Q2015 to 10.1% in 2Q2016. This was due mainly to higher profit margin contribution from revenue recognition of shops in Suzhou Royal Palace and residential units of Xuancheng Chiway Top Town, which recorded a higher gross profit compared to the projects of last year.

Other income

Other income, which mainly comprised of gain on disposal of financial assets available-for-sale, foreign exchange gain, and gain on disposal of property, plant and equipment, increased by 24% or RMB0.17 million from RMB0.7 million in 2Q2015 to RMB0.87 million in 2Q2016.

Selling and distribution expenses

Selling and distribution expenses comprised primarily of advertising and promotion expenses, sales

commissions, sales offices rental expenses and maintenance costs. Selling and distribution expenses increased by 57% or RMB11.4 million from RMB19.9 million in 2Q2015 to RMB31.2 million in 2Q2016. This was due mainly to the increase in expenditure on new projects' sales and marketing activities.

Administrative expenses

Administrative expenses comprised of salaries and staff related expenses for general administrative staff, utilities expenses, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general overheads expenses. The increase in administrative expenses by 5% or RMB1.4 million from RMB29.3 million in 2Q2015 to RMB30.7 million in 2Q2016, was attributable mainly to higher staff costs and other related expenses as a result of higher headcount, which was in line with the increase in business activities for new projects.

Net finance costs

Net finance costs were RMB17.9 million in 2Q2016, compared to of RMB14.3 million in 2Q2015, an increase of 25% or RMB3.6 million. This was mainly due to an increase in finance costs that could not be capitalized in development projects during the current quarter.

Share of results of joint ventures, net of tax

Share of results of joint ventures, net of tax was a profit of RMB1.9 million in 2Q2016, as compared to loss of RMB128,000 in 2Q2015. This was attributed to the handover of the Group's Vivir project in Australia and the liquidation profit of Suzhou Gaoxin as compared to a loss from Suzhou Gaoxin in 2Q2015.

Income tax expense

Income tax expenses comprises of enterprise income tax and land appreciation tax ("LAT"). The Group incurred a tax expense of RMB4.3 million in 2Q2016, as compared to an income tax credit of RMB32.5 million in 2Q2015, mainly due to overprovision of LAT expense previously recognised on certain development projects in the PRC.

Loss for the period

As a result of the foregoing, the Group reported a loss after tax of RMB42.5 million in 2Q2016, while the profit for the period in 2Q2015 was RMB10.0 million.

1H2016 vs 1H2015

Revenue

The Group achieved revenue of RMB1,217 million for the period ended 30 June 2016 ("1H2016"), an increase of 46% or RMB384.8 million from RMB832.2 million in the same period in 2015, primarily due to the increase in the number of property units handed over. As a result, the aggregate Gross Floor Area ("GFA") sold and recognized increased by approximately 52% or 46,051 square metres ("sqm"), from 88,594 sqm for the period ended 30 June 2015 ("1H2015") to

134,645 sqm for 1H2016. The increase in GFA sold and recognized was mainly attributable to the Suzhou Royal Palace, which contributed RMB764.7 million, or approximately 63% of the total revenue generated for 1H2016. The increase was also attributable to Xuancheng Chiway Top Town and Suzhou Hetai Garden, contributed RMB160.5 million and RMB155.5 million, or 13.2% and 12.8% of the total revenue, respectively. Average selling price (“ASP”) decreased by 3.4% from RMB 9,257 per sqm in 1H2015 to RMB 8,941 per sqm 1H2016. This is largely attributed to sales of unsold units of Suzhou Hetai Garden, an affordable housing project, which is repurchased by the municipal government according to contracted terms in 2009.

The Group also achieved strong pre-sales for 1H2016 with a total pre-sales GFA of approximately 188,133 sqm an aggregate consideration of approximately RMB1,826.3 million for the development properties projects in the People’s Republic of China (“PRC”). This represents an increase of 1.2% in GFA, or 2,255 sqm from 185,878 sqm, and a decrease of 7.4% in aggregate consideration, or RMB145.7 million from RMB1,972.0 million, from 1H2015.

The Group also presold four of its property development projects in Australia. During 1H2016, 59 units from these property development projects – Illumina, Marine’s Hill and Uptown were pre-sold and 5 units from Vivir were sold with an aggregate consideration of AUD40.1 million.

Cost of sales and gross profit margin

In tandem with the increase in revenue, the Group’s cost of sales, which comprises mainly of land acquisition costs, construction costs, capitalized borrowing costs and indirect costs, increased by 41% or RMB326.0 million from RMB787.3 million in 1H2015 to RMB1,113.3 million in 1H2016.

Gross profit increased by 131% or RMB58.8 million, from RMB44.9 million in 1H2015 to RMB103.7 million in 1H2016, due to the increase in revenue. Overall gross profit margin increased from 5.4% in 1H2015 to 8.5% in 1H2016. This was due mainly to higher revenue contribution from the Suzhou Royal Palace project, which has a higher gross profit compared to the projects of last year.

Other income

Other income, which mainly comprised gain on disposal of financial assets available-for-sale, foreign exchange gain, and gain on disposal of property, plant and equipment, increased by 220% or RMB2.6 million from RMB1.2 million in 1H2015 to RMB3.8 million in 1H2016. The increase was mainly due to foreign exchange gain of RMB1.3 million, and gain on disposal of financial assets available-for-sale of RMB1.0 million.

Selling and distribution expenses

Selling and distribution expenses comprised of primarily advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs. Selling and distribution expenses increased by 40% or RMB13.5 million from RMB34.0 million in 1H2015 to RMB47.5 million in 1H2016. This was due mainly to the increase in expenditure on sales and marketing activities for new projects.

Administrative expenses

Administrative expenses comprised of salaries and staff related expenses for general administrative staff, utilities expenses, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general overheads expenses. The increase in administrative expenses by 18% or RMB11.4 million from RMB61.7 million in 1H2015 to RMB73.1 million in 1H2016, was attributable mainly to higher staff costs and bonus and other related expenses due to higher headcount, which was in line with the increase in business activities for new projects.

Net finance costs

Net finance costs were RMB26.1 million in 1H2016, compared to of RMB19.7 million in 1H2015. This was mainly due to an increase in finance costs that could not be capitalized in development projects during the current period.

Share of results of joint ventures, net of tax

Share of results of joint ventures, net of tax was a profit of RMB8 million in 1H2016, as compared to loss of RMB364,000 in 1H2015. This was mainly due to the handover of the Group's Vivir project in Australia and the liquidation profit of Suzhou Gaoxin, while the figure in 1H2015 was only from Suzhou Gaoxin.

Income tax expense

Income tax expenses comprises of enterprise income tax and land appreciation tax ("LAT"). The Group incurred a tax expense of RMB24.5 million in 1H2016 as compared to an income tax credit of RMB41.1 million in 1H2015. This was mainly due to overprovision of LAT expense previously recognised on certain development projects in the PRC.

Loss for the period

As a result of the foregoing, the Group reported a loss after tax of RMB57.6 million in 1H2016, while the loss for the period in 1H2015 was RMB29.2 million.

Statement of Financial Position

Non-current Assets

Non-current assets comprised of property, plant and equipment, investment properties, interest in joint ventures and deferred tax assets. As at 30 June 2016, non-current assets amounted to RMB1,072.8 million as compared to RMB1,056.9 million as at 31 December 2015.

The increase in non-current assets of RMB15.8 million was due mainly to:

- (i) increase in investment properties of RMB17.1 million due to the costs incurred for investment properties under development;
- (ii) increase in deferred tax assets of RMB9.4 million from RMB43.0 million as at 31

December 2015 to RMB52.4 million as at 30 June 2016; and

- (iii) offset by a decrease in joint ventures from RMB15.1 million as at 31 December 2015 to RMB5.3 million as at 30 June 2016 due to the liquidation of Suzhou Gaoxin.

Current Assets

Current assets increased by RMB1,565.8 million from RMB10.1 billion as at 31 December 2015 to RMB11.7 billion as at 30 June 2016 due mainly to:

- (i) increase in development properties of RMB2,179.1 million due largely to the costs incurred for the Group's development properties;
- (ii) increase in cash and cash equivalents of RMB1,041.1 million; and
- (iii) offset by a decrease in trade receivables, other receivables and advance payments of RMB1,410.8 million mainly due to advance payments made to suppliers for the development properties.

Contract work-in-progress refers to a contract that the Group has entered into with the Suzhou Municipal Government to develop an education park, with an approximate land area of 3,500,000 sqm, on behalf of the local government. The construction costs incurred were funded by advances from the Suzhou Municipal Government.

Contract work-in-progress is stated at construction costs incurred on behalf of the Suzhou Municipal Government. It is not intended for the Group to derive a profit from the development of the education park.

Non-current liabilities

As at 30 June 2016, non-current liabilities were RMB3,338.0 million as compared to RMB3,266.0 million as at 31 December 2015. The increase in non-current liabilities of RMB71.9 million was due mainly to an increase of RMB70.5 million in loans and borrowings which was partially offset by the decrease in deferred tax liabilities of RMB1.4 million.

Current liabilities

Current liabilities as at 30 June 2016 amounted to RMB8.2 billion as compared to RMB6.6 billion as at 31 December 2015. The increase in current liabilities of RMB1,562.8 million was due mainly to the increase in loans and borrowings of RMB977.4 million to meet the financing demand of new projects, and the increase in trade payables, other payables and advance receipts of RMB607.7 million as a result of an increase in advance receipts increased.

Advance receipts from the government amounted to RMB439.9 million as at 30 June 2016 and 31 December 2015. The amount was provided by the government to fund the contract work-in-progress as aforementioned in the paragraph above entitled "Current assets".

Total equity

As at 30 June 2016, total equity was RMB1.19 billion as compared to RMB1.25 billion as at 31

December 2015. Please refer to the section 1(d)(i) for the movement of total equity as presented in the statement of changes in equity.

Cash flow statement

2Q2016 vs 2Q2015

During 2Q2016, the Group had a net cash inflow from operating activities of RMB611.3 million comprising operating cash outflows before movements in working capital of RMB21.8 million, net working capital inflows of RMB674.1 million and income tax payment of RMB41.0 million. The net working capital inflows were mainly due to the decrease in trade receivables, receivables and advance payments of RMB432.9 million, and increase in trade payables, other payables and advance receipts of RMB849.7 million, partially offset by an increase in development properties of RMB603.0 million.

The Group recorded a net cash inflow from investing activities of RMB15.8 million due mainly to decrease of RMB33.5 million due from non-controlling interests, non-trade, and proceeds of RMB17.8 million from liquidation of joint venture, partially offset by increase of RMB30.8 million due from joint ventures.

The Group recorded a net cash outflow from financing activities of RMB549.0 million during 2Q2016. This was due mainly to an increase in restricted cash of RMB491.9 million and interest of RMB110.8 million paid.

Overall, the Group's cash and cash equivalents has increased RMB 979.4million during 2Q2016.

1H2016 vs 1H2015

During 1H2016, the Group had a net cash inflow from operating activities of RMB67.9 million comprising operating cash outflows before movements in working capital of RMB16.2 million, net working capital inflows of RMB10.0 million and income tax payment of RMB61.7 million. The net working capital inflows were mainly due to the decrease in trade receivables, other receivables and advance payments of RMB1,431.2 million, and increase in trade payables, other payables and advance receipt of RMB584.3 million, partially offset by an increase in development properties of RMB1,999.0 million.

The Group recorded a net cash inflow from investing activities of RMB266.1 million due mainly to the decrease of RMB33.5 million from non-controlling interests, non-trade and proceeds of RMB252.5 million from the disposal of financial assets available-for-sale during 1H2016, partially offset by increase of RMB30.5 million due from joint ventures.

The Group recorded a net cash outflow from financing activities of RMB140.1 million during 1H2016. This was due mainly to the net proceeds of borrowings from financial institutions of RMB1,187.7 million, increase in restricted cash of RMB698.9 million, and interest paid of RMB218.8 million.

Overall, the Group's cash and cash equivalents has increased RMB 979.4million during 2Q2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results.

No forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As part of the Group's internationalisation strategy, it has announced on 8 June 2016 and 18 July 2016 its intention to expand to North America, Western Europe and Asia and a name change to "CWG International Ltd" respectively, subject to shareholders' approval at an EGM to be convened. The Group also strengthened its board with the appointment of Mr Thio Shen Yi and Mr Lai Huen Poh as Independent Directors on 1 July 2016 and 29 July 2016 respectively. Mr Thio is a founding partner of TSMP Law Corporation and the president of the Law Society of Singapore while Mr Lai Huen Poh is the Managing Director of RSP, one of the top architectural firms in Singapore.

Going forward, the Group expects revenue contribution from overseas projects to be at least 50% within the next five years and continues to prospect selectively for new projects in its current key markets.

The U.S. residential property market is gaining traction coupled with supply shortages with prices back to near-record high and growing at 5%¹. Against this backdrop, the Group has made its maiden foray into the U.S. and intends to develop a residential and hotel project in Mid-Wilshire, Los Angeles, as announced on 11 July 2016. The mixed-development project will be carried out through a 50:50 joint venture with Urban Commons, LLC. The Group has submitted plans to increase the current plot ratio of 3 to 6, with a total GFA of approximately 207,000sqft, and expects to receive approval within the next 12 months, similar to the approvals awarded on the several plots nearby. The project is expected to be completed by 2019.

Concurrently, the Group has made headway in Australia, and has on 30 June 2016 secured a land parcel of approximately 114,000 sqmin Caddens Penrith, Sydney to develop its seventh property development project in Australia. House prices in Australia are on an upward trend, with Australian capital city home prices increasing by 5% from January to May², driven by an increase in prices in Sydney and other capitals, aside from Perth. Sustained demand in terms of volume is expected to continue despite tighter rules for investors. The Group successfully handed over its first project, Brisbane's Vivir and currently has one project in Brisbane and two others in Sydney which have seen encouraging pre-sales activities.

¹ "U.S. home prices jump as supply pinch plays out", Wall Street Journal, 31 May 2016

² "Australian house prices are surging again," Business Insider, Australia, 2 June 2016

In China, property prices of first and second-tier cities, such as Nanjing, Wuhan, and Suzhou amongst others, continue to see strong price growth³ due to higher net immigration supported by a dynamic economy. The Group is progressing beyond cities with mature growth to tap on others that continue to yield fair returns and remains sanguine of its prospects in these growth cities.

Going forward, the Group plans to launch four new projects in Suzhou, one in Nanjing, two in Xuzhou, and two in Sydney with a total gross floor area of more than 400,000 sqm later this year. These projects will start contributing to presales from 2H 2016 onwards.

The Group plans to deliver two major projects – The Suzhou Industrial Park Royal Mansion (Phase 1) and Suzhou Royal Palace (Phase 3) in 4Q2016. These projects are well received by the market, which has both sold more than 90%. In view of the above-mentioned, barring any unforeseen circumstances, the Group expects to be profitable in the financial year ending 31 December 2016 (“FY2016”).

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any existing general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

14. Additional disclosure

³ “China's property price growth to attract regulatory tightening: Moody's”, China Daily Europe, 2016 and “Second-tier cities witness property price hike”, China Daily USA, 2016

As stated in the Circular dated 10 June 2014, additional disclosure in relation to the trust financing arrangements of the Group are as follows:

- (a) the aggregate trust financing obligations in the same format as presented in Section 2.9.8 entitled “Capitalisation and Indebtedness” of the Circular;

RMB'000	As at 30 June 2016	Adjusted as at 30 June 2016	Adjusted as at 31 July 2016
Cash and cash equivalents	2,244,608	2,244,608	*
Current Indebtedness			
<u>Secured</u>			
Borrowings (guaranteed)	1,066,850	1,066,850	1,066,850
Borrowings (non-guaranteed)	197,665	197,665	187,665 ⁽¹⁾
<u>Unsecured</u>			
Borrowings(non-guaranteed)	671,151	671,151	631,150 ⁽²⁾
Borrowings (non-guaranteed)	117,000	117,000	67,000 ⁽³⁾
Non-current Indebtedness			
<u>Secured</u>			
Borrowings (guaranteed)	2,584,916	2,584,916	2,779,916 ⁽⁴⁾⁻⁽⁸⁾
Borrowings(non-guaranteed)	184,000	184,000	164,000 ⁽¹⁾
<u>Unsecured</u>			
Borrowings (guaranteed)	446,191	446,191	446,191
Total Indebtedness	5,267,773	5,267,773	5,342,772
Total Shareholders' equity	1,193,106	1,193,106	*
Total Capitalisation and Indebtedness	6,460,879	6,460,879	*

* Not applicable for disclosure for the period reported on.

Notes:

- (1) On 13 July 2016, one of the Company's subsidiaries, Shanghai Real Estate repaid RMB 30 million to Bank of Jiangsu.
- (2) On 14 July 2016, Nanjing Hongrun repaid RMB40 million to Jiangsu Shagang Group.
- (3) On 29 July 2016, Suzhou Gaoxin Tech-Edu repaid RMB50 million to Bank of Jiangsu.
- (4) On 26 July 2016, Suzhou Huayuan repaid RMB335 million to Ping An UOB.
- (5) On 19 July 2016, Suzhou Shanghong repaid RMB50 million to Ping An UOB.
- (6) On 15 July 2016, Suzhou Huayuan and Industrial and Commercial Bank of China entered into a loan agreement, pursuant to which, Industrial and Commercial Bank of China provided an

aggregate loan facility of RMB600 million to Suzhou Huayuan for a period of three(3) years at an interest rate of 4.99%. As at 31 July 2016, RMB300 million remained outstanding.

- (7) On 14 July 2016, Suzhou Shanghong and Ping An Bank entered into a loan agreement, pursuant to which, Ping An Bank provided an aggregate loan facility of RMB220 million to Suzhou Huayuan for a period of three(3) years at an interest rate of 5.94%. As at 31 July 2016, RMB120 million remained outstanding.
- (8) On 29 July 2016, Xuzhou Chiway and Bank of China entered into a loan agreement, pursuant to which, Bank of China provided an aggregate loan facility of RMB240 million to Xuzhou Chiway for a period of two(2) years at an interest rate of 7.5%. As at 31 July 2016, RMB160 million remained outstanding.

RMB'000	Adjusted as at 30	Adjusted as at 31
	June 2016	July 2016
Total trust financing indebtedness	250,000	250,000
Total Indebtedness	5,267,773	5,342,772
Trust financing as a percentage of total Indebtedness	4.75%	4.68%

- (b) the progress of the Enlarged Group in reducing the amount of its trust financing as a percentage of its total indebtedness to less than 20.0% within 12 months from the Completion Date;

Not applicable. The trust financing as a percentage of its total indebtedness is less than 20% as at 30 June 2016 and 31 July 2016.

- (c) diagrammatic illustrations of the structure of the Enlarged Group's trust financing arrangements;

There is no outstanding Type 2 trust financing arrangement as at the date of this announcement. Please refer to the Company's circular dated 10 June 2014 for details of the two (2) Type 2 trust financing arrangements which were fully repaid as at the date of this announcement.

- (d) the relevant exit mechanisms for the Enlarged Group's trust financing arrangements;

There is no outstanding Type 2 trust financing arrangement as at the date of this announcement. The details of the exit mechanism for the two (2) Type 2 trust financing agreements entered into by the Group (which were fully repaid as at the date of this announcement) are set out on Page A-213, A-214 and A- 220 of the Company's circular dated 10 June 2014.

15. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of the listing manual of SGX-ST (the "Listing Manual")

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Confirmation by the Board

We, the undersigned, being Director of Chiwayland International Limited, do hereby confirm, on behalf of the Board of Directors of Chiwayland International Limited that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the results for the second quarter and six months ended 30 June 2016 of Chiwayland International Limited and its subsidiaries, to be false or misleading in any material respect.

On behalf of the Board of Directors

Qian Jianrong
Executive Chairman

Chua Hwee Song
Executive Director

5 August 2016

UOB Kay Hian Private Limited was the financial adviser to the Company for the acquisition of the entire issued and paid up share capital of Chiwayland Group (Singapore) Pte. Ltd. (the "Financial Adviser"). The Financial Adviser assumes no responsibility for the contents of this announcement.