

CHIWAYLAND INTERNATIONAL LIMITED

Registration No. 200610437K

(Incorporated in Singapore)

UPDATE ON PROPOSED JOINT VENTURE RELATING TO BLUESKY PARRAMATTA PTY LTD

1. INTRODUCTION

The Board of Directors of Chiwayland International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 29 May 2015 (“**Announcement**”) regarding the incorporation of Bluesky Parramatta Pty Ltd (“**Bluesky**”), an indirect subsidiary of the Company, and the operations of Bluesky (“**Proposed JV**”). Capitalised terms not defined herein shall have the meaning ascribed to them in the Announcement.

Bluesky is 75%-owned by Chiwayland Australia Pty Ltd (“**Chiwayland Australia**”), a wholly-owned subsidiary of the Company. 20% of the equity interest of Bluesky is held by Chiway International Group (S) Pte. Ltd. (“**CIGS**”) and the remaining 5% is held by Chen Min, a director of Chiwayland Australia who is not regarded to be an interested person as defined under Chapter 9 of the Listing Manual. CIGS is an interested person of the Group as it is owned by Mr Qian Jianrong (“**Mr Qian**”), the Executive Chairman and Chief Executive Officer and controlling shareholder of the Company and his spouse, holding 50% each.

The Board of Directors of the Company wishes to announce that Chiwayland Australia, CIGS and Chen Min have entered into a shareholders’ agreement dated 29 June 2016 (“**Shareholders’ Agreement**”) and the key terms are set out in paragraph 3 below.

2. RATIONALE FOR ENTERING INTO THE PROPOSED JV AND SHAREHOLDERS’ AGREEMENT

The incorporation of Bluesky and the entry by Chiwayland Australia into the Shareholders’ Agreement are interested person transactions (“**IPT**”) as defined under Chapter 9 of the Listing Manual. The Proposed JV was to jointly develop the land purchased by the Group in Parramatta, Sydney (as announced on 19 December 2014) by taking on partners with experience in the real estate business who would be able to contribute to the success of the project through their capital contributions and expertise, thereby mitigating the risks of the property development project for the Group. In furtherance of the Proposed JV, the shareholders of Bluesky have entered into the Shareholders’ Agreement to formalise the relationship of the parties and to regulate the respective parties’ rights and obligations under the Proposed JV.

As at the date of this announcement, the issued share capital of Bluesky is A\$120 comprising 120 ordinary shares, with each of the respective shareholders contributing to the issued share capital proportionately according to their respective shareholding in Bluesky. As such, the value of the IPT for the Proposed JV is the equity participation into Bluesky, which is less than 3% of the Group’s latest audited net tangible assets (“**NTA**”) as at 31 December 2015. The Company and Chiwayland Australia have also provided corporate guarantees to secure a bank loan of an aggregate amount of A\$7.45 million granted to Bluesky.

As at the date of this announcement, the shareholders of Bluesky have provided the following loans to Bluesky:

- (i) non-interest bearing loans of an aggregate amount of A\$13.5 million in proportion to their shareholding percentage in Bluesky and on the same terms, with the amount of shareholders’ loan extended by Chiwayland Australia to Bluesky being A\$10,125,000; and
- (ii) interest-bearing loans of an aggregate amount of approximately A\$9.06 million at a rate of 7% per annum which is in line with the applicable lending rates charged by major

banks in Australia, with the amount of shareholders' loan extended by Chiwayland Australia to Bluesky being approximately A\$2,060,000,

(the loans extended by Chiwayland Australia to Bluesky are collectively known as the "Loans").

Bluesky is a 75%-owned indirect subsidiary of the Company and is not regarded as an associate of Mr Qian as his indirect equity interest in Bluesky is 20%, which is below the 30% threshold to become an associate of Mr Qian for the purpose of Chapter 9 of the Listing Manual. As such, any transactions between the Group and Bluesky (including the provision of the Loans and the corporate guarantees) will not be regarded as an IPT under Chapter 9 of the Listing Manual. The provision of the interest-bearing loans of approximately A\$7,000,000 by CIGS to Bluesky is an IPT and the value at risk to the Group is the interest payable to CIGS of approximately A\$490,000 per annum, which is less than 3% of the Group's latest audited NTA as at 31 December 2015.

3. SHAREHOLDERS' AGREEMENT

The salient terms of the Shareholders' Agreement, *inter alia*, are as follows:

- (i) Chiwayland Australia has the right to appoint 2 directors to the board of Bluesky. Only shareholders holding more than 50% of the issued share capital of Bluesky are entitled to appoint a director to the board of Bluesky;
- (ii) Shareholders holding at least 75% of the issued share capital of Bluesky have veto rights over various reserved matters, including but not limited to matters such as trade sales, merger and acquisitions, establishment of new subsidiaries, establishment of a dividend policy, provision of securities and guarantees, variation of the share capital of Bluesky and cessation or winding up of Bluesky; and
- (iii) Unless otherwise determined by the board of Bluesky, shareholders' loans provided to Bluesky for working capital purposes shall be provided pro-rata to each shareholder's respective shareholding interest in Bluesky on the terms set out in the Shareholders' Agreement.

4. OPINION OF THE AUDIT COMMITTEE

Taking into account the terms of the Shareholders' Agreement, the Audit Committee is of the opinion that:

- (i) the provision of the Loans is not prejudicial to the interests of the Company and its minority shareholders;
- (ii) the risks and rewards of the Proposed JV are in proportion to the equity of each shareholder as each shareholder had subscribed for shares in proportion to their respective shareholding percentage; and
- (iii) the terms of the Proposed JV are not prejudicial to the interests of the Company and its minority shareholders.

As such, the value at risk to the Group is the equity participation into Bluesky of A\$90, and the interest payable to CIGS of approximately A\$490,000 per annum.

5. TOTAL VALUE OF IPT

The aggregate value of IPT, excluding transactions which are less than S\$100,000, entered into by the Group with Mr Qian, is approximately RMB4.78 million for the current financial year ending 31 December 2016 up to the date of this announcement, which represents approximately 0.4% of the Group's latest audited NTA as at 31 December 2015.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the above other than through their shareholdings (if any) in the Company.

By Orders of the Board of
CHIWAYLAND INTERNATIONAL LIMITED

QIAN JIANRONG
Executive Chairman and Chief Executive Officer
29 June 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.*