

NEWS RELEASE – FOR IMMEDIATE RELEASE

CHIWAYLAND RECORDS 79% REVENUE GROWTH IN 3Q2014

Highlights:-

- Gross profit margin improved by 12ppts to 23% boosted by sale of retail commercial units
- Excluding one-off expenses, 3Q2014 operating profit would have surged 176% to RMB67.6m

FYE 31 December (RMB'm)	3Q2014	3Q2013	YoY Change	9M2014	9M2013	YoY change
Revenue	266.2	148.7	+ 79%	1,266.7	797.7	+ 59%
Gross profit	62.1	16.5	+ 277%	147.9	98.4	+ 50%
Non-operating expenses (One-off)	(105.6)	-	n.m.	(105.6)	-	n.m.
Operating loss ⁽¹⁾	(38.0)	24.5	- 255%	(11.6)	59.6	- 119%
<i>Operating profit ⁽²⁾</i>	<i>67.6</i>	<i>24.5</i>	<i>+176%</i>	<i>94.0</i>	<i>59.6</i>	<i>57.6%</i>
(Loss)/Profit before tax ⁽¹⁾	(47.0)	21.4	- 319%	(25.0)	47.9	- 152%
Net (loss)/profit after tax ⁽³⁾	(65.3)	27.7	- 336%	(54.8)	38.1	- 244%
<i>Net profit after tax ⁽²⁾</i>	<i>40.3</i>	<i>27.7</i>	<i>+ 46%</i>	<i>50.8</i>	<i>38.1</i>	<i>+ 33%</i>

Notes:-

- (1) From continuing operations.
 (2) Excluding one-off non-operating expenses related to the RTO exercise.
 (3) Including loss from discontinued operations.

SINGAPORE, 14 November 2014 – Mainboard-listed **Chiwayland International Limited**, together with its subsidiaries (“**Chiwayland**” or the “**Group**”), one of the leading property developers in the People’s Republic of China (the “**PRC**”), recorded a 79% surge in 3Q2014 revenue to RMB266.2 million with a net loss of RMB65.3 million. The net loss was due mainly to the one-off expenses related to the Group’s Reverse Takeover (“**RTO**”) exercise which was completed on 5th August 2014. Excluding these one-off expenses, the Group would have recorded a 46% increase in net profit to RMB40.3 million in 3Q2014.

Note: Chiwayland International Limited (formerly known as R H Energy Ltd.), had on 5th August 2014 completed its acquisition of Chiwayland Group (Singapore) Pte. Ltd. and its subsidiaries (“Chiwayland Singapore” or the “Chiwayland Singapore Group”) via a RTO exercise (the “Acquisition”).

Chiwayland continued to achieve higher revenue at RMB266.2 million and RMB1.3 billion in 3Q2014 and 9M2014 respectively. The increase in 3Q2014 was mainly attributed to the 95.4% or 22,039 square metres (“sqm”) increase in aggregate gross floor area (“GFA”) sold and recognised for Xuancheng Chiway Top Town and Suzhou Hetai Garden projects, as well as the retail commercial units in Wuxi Jun Mansion which are sold to a bank. These three projects collectively contributed to 93.3% of the total revenue recognised for 3Q2014. For the nine month period, the Group sold and recognised 109.3% or 122,346 sqm more GFA for Xuancheng Chiway Top Town and Suzhou Hetai Garden. These two projects accounted for 90.4% of total revenue in 9M2014.

Gross profit increased by 277.2% from RMB16.5 million in 3Q2013 to RMB62.1 million in 3Q2014 on the back of the higher revenue recognised from the sales in 3Q2014. Overall gross margin was lifted by 12.2 percentage points from 11.1% in 3Q2013 to 23.3% in 3Q2014 due mainly to the sale of retail commercial units in Wuxi Jun Mansion which were sold to a bank at a higher gross margin of 79.2%.

The overall gross margin for 9M2014, however, decreased from 12.3% in 9M2013 to 11.7% although the gross profit rose 50.4% from RMB98.4 million in 9M2013 to RMB147.9 million in 9M2014. The lower gross margin was attributed to the increase in contribution from fixed price housing project namely, Suzhou Hetai Garden, for 9M2014 as compared to 9M2013. Fixed price housing projects are government initiated public housing which command lower gross margin in nature. In addition, the absence of contributions from the higher gross margins projects such as Wuxi Chiway Regent Town, Wuxi Chiway Artdeco and Wuxi Jun Mansion which were recorded in 9M2013, has also lowered the gross margin for 9M2014.

The Group reported a loss after tax of RMB65.3 million for 3Q2014 and RMB54.8 million for 9M2014, after taking into account (i) the loss from discontinued operations, representing loss from R H Energy Ltd’s subsidiaries which was disposed in September 2014, and (ii) the one-off non-operating expenses related to the RTO exercise.

Excluding these one-off expenses, the Group would have recorded an operating profit of RMB67.6 million for 3Q2014 and RMB94.0 million for 9M2014, an increase of 176% and 57.6% respectively, from the corresponding periods in 2013. Consequently, the Group would have recorded a net profit after tax of RMB40.3 million for 3Q2014 and RMB50.8 million for 9M2014, an increase of 46% and 33% respectively, as compared to the corresponding periods in 2013. This reflects the strength of the Group’s core business operations. Going forward, there will not be further RTO-related expenses.

Financial Position

The Group's net assets attributable to owners of the Company was RMB435.7 million as at 30 September 2014. For illustrative purposes only, based on the total number of issued shares of 666,851,006, this translates into a net asset value per share of RMB 65.33 cents.

Its cash and cash equivalents balance decreased to RMB560.7 million as at 30 September 2014 from RMB568.3 million as at 31 December 2013.

“Our strategy to go into fixed price housing projects in recent years to complement our existing commercial and residential projects has mitigated the impact from the challenging Chinese real estate market amid the government's cooling measures. This has paid off despite the lower gross margin due to the nature of the projects.

We believe the Chinese real estate sector is on a recovery albeit at a slower pace. We remain confident about the long term potential of China's real estate sector, supported by China's sustained economic growth as well as urbanisation and the stable demand for quality residential developments in the key cities.

In addition, our listing in August this year has also given us the springboard to expand beyond China, with our first overseas projects in Brisbane, Australia. With Shagang's subscription in our perpetual capital securities in October, we are confident and committed to our long-term growth strategy to capitalise on rising opportunities as we forge ahead with our regional expansion plans,” said Mr. Qian Jianrong (钱建蓉), Executive Chairman and Chief Executive Officer of Chiwayland.

Business Outlook

The general sentiment towards the real estate sector in China continues to be undermined by the tight credit environment. Nonetheless, the Central Bank of the PRC has recently introduced various credit easing measures such as relaxation on bank reserve ratio requirements, to support homebuyers in purchasing their homes.

The Group will continue to focus on delivering a full suite of services ranging from real estate investment and development, township planning, project management, marketing and sales to building maintenance, based on its core value of building “quality real estate and quality living”.

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This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 14 November 2014.

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

About Chiwayland International Limited (SGX Stock code: ACW)

Chiwayland International Limited (中锐地产国际股份有限公司), together with its subsidiaries (“Chiwayland” or the “Group”), is one of the leading property developers in the People’s Republic of China (the “PRC”).

Based on its core values of building “quality real estate and quality living”, the Group focuses on delivering a full suite of services ranging from real estate investment and development, township planning, project management as well as marketing and sales to building maintenance.

The Group has established a stellar track record in developing affordable quality residential and commercial properties in the PRC. The Group’s portfolio of property developments comprises residential and commercial properties, office buildings, education hubs, and fixed price housing spanning the heart of the Yangtze River Delta Region, including Shanghai, Suzhou, Wuxi, Xuzhou, Zhangjiagang and Xuancheng. To date, it has completed nine property developments with an aggregate sold and pre-sold gross floor area (“GFA”) exceeding 2.0 million square metres. It has completed several large and comprehensive real estate projects including Suzhou Xuefu Garden and Suzhou Landscape Garden.

Amid the various control measures on the property industry by the PRC Government, Chiwayland expanded into fixed price housing (“定销房”) in response to growing demand for such developments in 2009. This was also in line with the Group’s strategy to strengthen its property development business presence in the PRC. The unique features of these property developments such as lower land costs, certainty in customer base, and buy-back commitment by the government, reduce the Group’s exposure to market fluctuations. Currently, Chiwayland has three such developments, namely, Suzhou Herun Garden, Suzhou Hetai Garden and Suzhou Hemei Garden.

Chiwayland is one of the few established property developers that has a strong track record in developing educational institutions and education zone. The Group’s expertise in integrating education institutions with residential developments has developed its competitiveness in enhancing the value of its property developments.

Over the years, Chiwayland has won numerous awards and accolades in the PRC, including being ranked as one of the Top 100 Real Estate Development Enterprises in the PRC, which are testaments to the quality of its property developments.

Chiwayland is listed on the Mainboard of the SGX-ST via a reverse takeover of R H Energy Ltd.

For more information, please visit the company website at www.chiwayland.com

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