

CHIWAYLAND INTERNATIONAL LIMITED
(FORMERLY KNOWN AS R H ENERGY LTD.)

(Incorporated in Singapore)

(Company Registration No. 200610437K)

PROPOSED DISPOSAL OF INTEREST IN A SUBSIDIARY

1. INTRODUCTION

The Board of Directors of Chiwayland International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Suzhou Chiwayland Group Co., Ltd (“**Suzhou Chiwayland**”), an indirect wholly-owned subsidiary of the Company had on 9 July 2015 entered into a sale and purchase agreement (the “**SPA**”) with Qidong Junrui Industrial Co., Ltd. (启东君瑞实业有限公司) (“**Qidong Junrui**”) to dispose its 20% shareholding interest (“**Sale Shares**”) in Xuzhou Chiway Construction Co., Ltd (“**Xuzhou Chiway**”), for an aggregate consideration (“**Disposal Consideration**”) of RMB40 million (equivalent to approximately S\$8.69 million) to Qidong Junrui (“**Proposed Disposal**”).

2. INFORMATION ON XUZHOU CHIWAY

Xuzhou Chiway is a company incorporated in the People’s Republic of China (“**PRC**”) on 7 November 2012. As at the date of this announcement, Xuzhou Chiway is an indirect wholly-owned subsidiary of the Company and has a registered capital of RMB200 million. It is held by Suzhou Chiwayland (51%) and Shanghai Tongrui Investment Consulting Co., Ltd (“**Shanghai Tongrui**”) (49%), a wholly-owned subsidiary of Suzhou Chiwayland. Xuzhou Chiway is principally engaged in the business of property development. The property under the development of Xuzhou Chiway is Xuzhou Royale Palace Phase 3, a residential development which is expected to be completed by year 2017.

Upon the completion of the Proposed Disposal, Xuzhou Chiway will be held by Suzhou Chiwayland (31%), Shanghai Tongrui (49%) and Qidong Junrui (20%).

3. INFORMATION ON QIDONG JUNRUI

Qidong Junrui is a joint venture controlled by Shanghai Tongyuan Investment Co., Ltd (“**Shanghai Tongyuan**”) and Shanghai Hengtong Investment Co., Ltd (“**Shanghai Hengtong**”).

Shanghai Tongyuan is a company incorporated in the PRC and is principally engaged in the business of property investment and consulting. The shareholders of Shanghai Tongyuan are two individuals, namely Wang Li (王莉) (80%) and Zhang Caihua (张彩花) (20%).

Shanghai Hengtong is a company incorporated in the PRC and is principally engaged in the business of property investment, marketing planning and consulting. The sole shareholders of Shanghai Hengtong is Zhu Xinchang (朱新昌).

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in Qidong Junrui and/or related to the shareholders of Qidong Junrui.

4. RATIONALE FOR THE PROPOSED DISPOSAL

Qidong Junrui’s shareholders have extensive network in the property development business in the PRC. The Board is of the view that the Proposed Disposal will allow the Group to capitalise on the strengths of Qidong Junrui’s network and contacts for greater business opportunities for the Group’s property business in the PRC.

5. DISPOSAL CONSIDERATION

The Disposal Consideration will be settled by Qidong Junrui in cash and was arrived on a willing-buyer willing-seller basis, following arms' length negotiations between the Group and Qidong Junrui, which has taken into account, *inter alia*, the valuation of Xuzhou Chiway as at 30 September 2014 of RMB199,694,100 reported by the Independent Valuer (as defined below), of which the valuation represented by the Sale Shares was RMB39,938,820.

6. MATERIAL CONDITIONS

The completion of the Proposed Disposal is subject to, *inter alia*, the following conditions precedent:

- (a) the approval of the shareholders of the Company in a general meeting being obtained for the Proposed Disposal (if required); and
- (b) completion of the necessary administrative and registration procedures with the relevant administration office of industry and commerce in the PRC.

Completion of the Proposed Disposal is expected to take place as soon as practicable after the fulfilment or waiver of all the conditions precedent or such other date as they may agree in writing.

7. VALUE OF THE SHARES BEING DISPOSED

As at 31 March 2015, the unaudited net tangible asset value ("**NTA**") of Xuzhou Chiway was approximately RMB173,616,000 and the unaudited NTA represented by the Sale Shares was approximately RMB34,723,000.

Xuzhou Zhong Dexin Asset Appraisal Firm (徐州中德信资产评估事务所) (the "**Independent Valuer**") has been commissioned by the Group to perform a valuation on Xuzhou Chiway. Based on the valuation report prepared by the Independent Valuer dated 26 October 2014, the valuation was carried out on replacement cost basis and the value of Xuzhou Chiway as at 30 September 2014 was RMB199,694,100, of which the value represented by the Sale Shares was RMB39,938,820. The period of validity for the valuation is report is one year.

8. USE OF PROCEEDS

The Disposal Consideration represents an excess of approximately RMB5,277,000 over the unaudited NTA of the Sale Shares as at 31 March 2015.

The Group will utilise the Disposal Consideration towards the development of Xuzhou Royale Palace (Phase 3).

9. NET LOSS ATTRIBUTABLE TO SALE SHARES

For the three months period ended 30 March 2015 ("**1Q2015**"), the net loss attributable to the Sale Shares was approximately RMB685,000.

The Group would recognize a gain on disposal of approximately RMB5,277,000 from the Proposed Disposal

10. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The Proposed Disposal is governed by the rules of Chapter 10 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual, based on the latest announced unaudited consolidated financial statement of the Group for 1Q2015, are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Net asset value of the Sale Shares of approximately RMB34,723,000 represents approximately 3.36% of the Group's net asset value of approximately RMB1,032,681,000 as at 31 March 2015.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Net loss attributable to the Sale Shares of approximately RMB913,000 represents approximately 1.91% of the Group's net loss of approximately RMB47,830,000 ⁽¹⁾ for 1Q2015.
(c)	The aggregate value of the consideration given or received, compared with the group's market capitalisation	The Disposal Consideration of RMB40 million (equivalent to approximately SGD8.69 million) represents 17.37% of the Company's market capitalisation of approximately SGD50.01 million as at 9 July 2015 (being the market day preceding the date the SPA is executed).
(d)	The number of equity securities issued by the group as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
(e)	Aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Note (1): Represents profit before tax and minority interests from continuing operations

The relative figures for 1006 (c) exceeds 5% but are less than 20%. The Proposed Disposal is therefore categorised as a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

11. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position and results of the Company or the Group after the completion of the Proposed Disposal.

Share Capital

As the Proposed Disposal does not involve the issue and allotment of any new shares, the Proposed Disposal will not have any impact on the share capital of the Group.

NTA⁽¹⁾

(a) Assuming that the Proposed Disposal had been effected on 31 December 2014, and based on the Group's latest audited consolidated financial statements for FY2014, the financial effects to the NTA per share of the Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RMB'000)	486,473	491,065
Number of shares ⁽²⁾	666,851,006	666,851,006

NTA per Share (RMB cents)	72.95	73.64
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(b) Assuming that the Proposed Disposal had been effected on 31 March 2015, being the end of the Group's three months financial period, and based on the Group's latest unaudited consolidated financial statements for 1Q2015, the financial effects to the NTA per share of the Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RMB'000)	443,073	448,350
Number of shares ⁽²⁾	666,851,006	666,851,006
NTA per Share (RMB cents)	66.44	67.23

Notes:

(1) NTA is based on NTA attributable to owners

(2) Based on the enlarged share capital of the Company subsequent to completion of the RTO and the placement of 6,100,000 shares by the Company.

Earnings Per Share ("EPS")

Assuming that the Proposed Disposal had been effected on 1 January 2014, being the beginning of the most recently audited completed financial year, and based on Chiwayland Group's audited consolidated financial statements for FY2014, the financial effects to the EPS of Chiwayland Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated profit attributable to the equity holders of the Company (RMB'000)	9,648	12,554
Weighted average number of shares ⁽¹⁾	666,851,006	666,851,006
EPS (RMB cents)	1.45	1.88

Note:

(1) Based on the enlarged share capital of the Company subsequent to completion of the RTO and the placement of 6,100,000 shares by the Company.

12. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect (other than through their respective shareholding interests, if any), in the Proposed Disposal.

13. SERVICE CONTRACTS OF THE DIRECTORS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal.

14. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 6 Eu Tong Sen Street, #04-08 The Central, Singapore 059817 for three months from the date of this announcement.

BY ORDER OF THE BOARD

Qian Jianrong
Executive Chairman and Chief Executive Officer
10 July 2015

*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.*