

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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

Chiwayland International Limited (FORMERLY KNOWN AS R H ENERGY LTD.) (the “Company” and together with its subsidiaries, the “Group”) had on 5 August 2014 completed its acquisition of Chiwayland Group (Singapore) Pte. Ltd. and its subsidiaries (“Chiwayland Singapore Group”) via a Reverse Take Over (“RTO”) exercise (“Acquisition”).

The Acquisition has been accounted for as a RTO in accordance with FRS 103, and the legal subsidiary, Chiwayland Singapore Group, is regarded as the acquirer and the Company as the acquiree, for accounting purposes. The consolidated financial statements have been prepared and presented as a continuation of Chiwayland Singapore Group’s financial statements. The unaudited consolidated financial statements for the first quarter ended 31 March 2015 comprise the financial statements of Chiwayland International Limited and its subsidiaries. The comparative figures presented in these unaudited consolidated financial statements are those of the unaudited consolidated financial statements of Chiwayland Singapore Group for the first quarter ended 31 March 2014.

Notes:

- The Group’s consolidated income statement for the first quarter ended 31 March 2015 comprised of the results of Chiwayland International Limited and its subsidiaries for the first quarter ended 31 March 2015.
- The Group’s consolidated income statements for the first quarter ended 31 March 2014 comprises the results of Chiwayland Singapore Group for the first quarter ended 31 March 2014.
- The Group’s consolidated balance sheet as at 31 March 2015 and 31 December 2014 comprised of the assets and liabilities of Chiwayland International Limited and its subsidiaries as at 31 March 2015 and 31 December 2014.
- The Group’s consolidated cash flow statement for the first quarter ended 31 March 2015 comprised of the cash flows of Chiwayland International Limited and its subsidiaries for the first quarter ended 31 March 2015.
- The Group’s consolidated cash flow statements for the first quarter ended 31 March 2014 comprised the cash flows of Chiwayland Singapore Group for the first quarter ended 31 March 2014.
- The Company’s balance sheet as at 31 March 2015 and 31 December 2014 refers to that of Chiwayland International Limited.

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.

Consolidated statement of profit or loss

	GROUP		
	1Q2015	1Q2014	Change
	RMB'000	RMB'000	+ / (-)
Revenue	75,936	268,385	(72%)
Cost of sales	(71,984)	(252,410)	(71%)
Gross profit	3,952	15,975	(75%)
Other income	477	215	122%
Selling and distribution expenses	(14,075)	(15,353)	(8%)
Administrative expenses	(32,415)	(20,199)	60%
Other operating expenses	(124)	(13)	854%
Results from operating activities	(42,185)	(19,375)	(118%)
Net finance (costs)/income	(5,409)	1,832	(395%)
Share of results of joint ventures, net of tax	(236)	39	(705%)
Loss before income tax	(47,830)	(17,504)	(173%)
Income tax expense	8,636	(2,975)	(390%)
Loss for the period	(39,194)	(20,479)	(91%)
Loss for the period attributable to:			
Owners of the Company	(35,873)	(18,837)	90%
Non-controlling interests	(3,321)	(1,642)	102%
	(39,194)	(20,479)	91%

(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.

Consolidated statement of comprehensive income

	GROUP		
	1Q2015 RMB'000	1Q2014 RMB'000	Change + / (-)
Loss for the period	(39,194)	(20,479)	91%
Other comprehensive loss			
<i>Items that are or maybe reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences on foreign operations/Total other comprehensive loss for the period, net of tax	(7,527)	-	100%
	(46,721)	(20,479)	91%
Total comprehensive loss attributable to:			
Owners of the Company	(43,400)	(18,837)	90%
Non-controlling interests	(3,321)	(1,642)	102%
Total comprehensive loss for the period, net of tax	(46,721)	(20,479)	91%

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

Loss before taxation is stated after charging/ (crediting):

	Group	
	1Q2015	1Q2014
	RMB'000	RMB'000
Depreciation of property, plant and equipment	666	643
Finance income	(2,555)	(2,860)
Finance costs	7,964	1,028
Foreign exchange loss/(gain)	1,340	(3)
Gain on disposal of financial assets available-for-sale	(365)	-
(Gain)/Loss on disposal of property, plant and equipment	(14)	8

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	
	31-Mar-2015	31-Dec-2014	31-Mar -2015	31-Dec -2014
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Property, plant and equipment	7,110	7,831	5	6
Investment properties	811,031	807,800	-	-
Interests in subsidiaries	-	-	1,393,759	1,393,759
Interests in joint ventures	24,174	24,410	-	-
Deferred tax assets	67,190	51,538	-	-
Non-current assets	909,505	891,579	1,393,764	1,393,765
Development properties	7,131,948	6,712,045	-	-
Contract work-in-progress ⁽¹⁾	381,301	381,301	-	-
Financial assets	8,519	258,519	-	-
Trade receivables, other receivables and advance payments	1,002,796	770,475	201,218	64,841
Cash and cash equivalents	1,167,880	1,131,274	4,583	149,099
Current assets	9,692,444	9,253,614	205,801	213,940
Total assets	10,601,949	10,145,193	1,599,565	1,607,705
Equity				
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	144,496	187,896	(127,186)	(118,989)
Equity attributable to owners of the Company	443,073	486,473	1,455,086	1,463,283
Perpetual capital securities	143,781	143,781	143,781	143,781
	586,854	630,254	1,598,867	1,607,064
Non-controlling interests	445,827	404,148	-	-
Total equity	1,032,681	1,034,402	1,598,867	1,607,064
Liabilities				
Loans and borrowings	2,985,666	2,676,066	-	-
Deferred tax liabilities	95,105	87,778	-	-
Non-current liabilities	3,080,771	2,763,844	-	-
Loans and borrowings	852,000	1,227,000	-	-
Trade payables, other payables and advance receipts	5,126,515	4,606,129	698	641
Advance receipts from government ⁽¹⁾	439,853	439,853	-	-
Tax payable	70,129	73,965	-	-
Current liabilities	6,488,497	6,346,947	698	641
Total liabilities	9,569,268	9,110,791	698	641
Total equity and liabilities	10,601,949	10,145,193	1,599,565	1,607,705

Note:

(1) Please refer to section 8 for more information.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
792,000	60,000	1,105,000	122,000

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,985,666	-	2,676,066	-

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

- (i) the Group's investment properties and development properties;
- (ii) net assets of Suzhou Jiarun and Suzhou Chiwayland Group Co., Ltd. ("SCLG") of the Group, SCLG's 100% equity interest in Suzhou Jiarun, SCLG's 100% equity interest in Xuzhou Chiway, and SCLG's 60% equity interests in Suzhou Chiway Shangcheng;
- (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	
	1Q2015	1Q2014
	RMB'000	RMB'000
Cash flows from operating activities		
Loss for the period	(39,194)	(20,479)
Adjustments for:		
Depreciation of property, plant and equipment	666	643
Gain on disposal of financial assets	(365)	-
(Gain)/Loss on disposal of property, plant and equipment	(14)	8
Net finance costs	5,409	(1,832)
Share of results of joint ventures, net of tax	236	(39)
Foreign exchange loss/(gain)	545	(3)
Income tax (credit)/expense	(8,636)	2,975
	<u>(41,353)</u>	<u>(18,727)</u>
Changes in:		
- Development properties	(322,868)	382,948
- Trade receivables, other receivables and advance payments	(201,423)	(171,345)
- Trade payables, other payables and advance receipts	683,179	(191,711)
- Contract work-in-progress	-	(421)
Cash generated from operations	<u>117,535</u>	<u>744</u>
Income tax paid	<u>(17,007)</u>	<u>(12,269)</u>
Net cash generated from/(used in) operating activities	<u>100,528</u>	<u>(11,525)</u>

Group	
1Q2015	1Q2014
RMB'000	RMB'000

Cash flows from investing activities

Acquisition of property, plant and equipment	(20)	(391)
Decrease in amounts due from related corporations, non-trade	1,589	-
Increase in amounts due from non-controlling interests, non-trade	(20,000)	-
Increase in amounts due from joint ventures	(5,192)	31,403
Development expenditure on investment properties	(3,231)	(37,652)
Interest received	2,555	2,857
Proceeds from disposal of property, plant and equipment	89	-
Proceeds from settlement of financial assets available-for-sale	250,365	-
Net cash generated /(used in) from investing activities	226,155	(3,783)

Cash flows from financing activities

Capital contribution from non-controlling interests	45,000	80,000
Interest paid	(104,999)	(68,102)
(Increase)/Decrease in restricted cash	(48,377)	136,293
Decrease in amounts due to related corporations (non-trade)	(21,893)	(130,814)
Decrease in amounts due to non-controlling interests (non-trade)	(100,000)	-
Decrease in amounts due to joint ventures (non-trade)	-	(12,603)
Decrease in bills payable	(40,900)	(12,950)
Proceeds of borrowings from financial institutions	309,600	470,000
Repayment of borrowings from financial institutions	(375,000)	(130,674)
Net cash (used in) / generated from financing activities	(336,569)	31,150

Net increase/(decrease) in cash and cash equivalents	(9,886)	315,842
Cash and cash equivalents at the beginning of period	933,604	305,864
Effect of exchange rate changes on cash held	(1,885)	3
Cash and cash equivalents at the end of period	921,833	621,709
Restricted cash at the end of period	246,047	126,122
Cash and cash equivalents in the statement of financial position	1,167,880	747,831

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	Accumulated profits RMB'000	Total ordinary equity RMB'000	Perpetual capital securities 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	-	-	-	-	(35,873)	(35,873)	-	(35,873)	(3,321)	(39,194)
Other comprehensive loss										
Foreign currency translation differences on foreign operations/Total other comprehensive loss for the period	-	-	-	(7,527)	-	(7,527)	-	(7,527)	-	(7,527)
Total comprehensive loss for the period	-	-	-	(7,527)	(35,873)	(43,400)	-	(43,400)	(3,321)	(46,721)
Transaction with owners, recognised directly in equity										
Changes in ownership interests in subsidiaries										
Capital contribution by non-controlling interests/Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	45,000	45,000
Total transactions with owners	-	-	-	-	-	-	-	-	45,000	45,000
At 31 March 2015	298,577	(44,710)	102,663	(122,456)	208,999	443,073	143,781	586,854	445,827	1,032,681

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.

Group	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	-*	(44,710)	95,440	245,600	296,330	285,166	581,496
Total comprehensive loss for the period							
Loss for the period /Total comprehensive loss for the period	-	-	-	(18,837)	(18,837)	(1,642)	(20,479)
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Capital contribution by non-controlling interests/Total changes in ownership interests in subsidiaries	-	-	-	-	-	80,000	80,000
Total transactions with owners	-	-	-	-	-	80,000	80,000
At 31 March 2014	-*	(44,710)	95,440	226,763	277,493	363,524	641,017

*Amount below RMB 1,000

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	Accumulated profits RMB'000	Warrants reserve RMB'000	Foreign currency translation reserve RMB'000	Total ordinary equity RMB'000	Perpetual capital securities RMB'000	Total equity RMB'000
At 1 January 2015	1,582,272	(22,216)	6,094	(102,867)	1,463,283	143,781	1,607,064
Total comprehensive loss for the period							
Loss for the period/Total comprehensive loss for the period	-	(674)	-	-	(674)	-	(674)
Other comprehensive loss							
Foreign currency translation differences/Total other comprehensive loss for the period	-	-	-	(7,523)	(7,523)	-	(7,523)
Total comprehensive loss for the period	-	(674)	-	(7,523)	(8,197)	-	(8,197)
At 31 March 2015	1,582,272	(22,890)	6,094	(110,390)	1,455,086	143,781	1,598,867

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	Accumulated profits RMB'000	Warrants reserve RMB'000	Total equity RMB'000
At 1 January 2014	137,826	54,125	6,094	198,045
Total comprehensive income for the period				
Profit for the period/Total comprehensive income for the period	-	660	-	660
At 31 March 2014	137,826	54,785	6,094	198,705

Change in functional currency of the Company

Upon the completion of the reserve takeover exercise on 5 August 2014, the Company assessed and concluded that the Company's functional currency be changed from the US dollar to the Singapore dollar. Accordingly, the Company translated its financial statements from US dollars to Singapore dollars based on the exchange rate prevailing on 5 August 2014. The comparative financial statements for the period ended 31 March 2014 were translated from US dollar to Singapore dollar based on the same prevailing rate on 5 August 2014. In addition, the presentation currency of the Group and the Company is changed from the US dollar to Reminbi.

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 1Q2015. The share capital of the Company as at 31 March 2015 was RMB1,582,272,000 comprising 666,851,006 shares.

The Company did not have treasury shares as at 31 March 2015 and 31 December 2014.

The Company had 47,488,212 warrants as at 31 March 2015 and 31 December 2014.

On 9 October 2014, the Company entered into a subscription agreement to issue perpetual capital securities to a third party investor for a consideration of S\$30 million. The Company issued the perpetual capital securities to the subscriber on 17 October 2014.

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.

	31 March 2015	31 December 2014
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 31 March 2015 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 2014.

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 2015. 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 3 months ended 31 March 2015 is computed based on weighted average number of ordinary shares outstanding in the period. For comparative purpose, the basic earnings per share of the Group in the 3 months ended 31 March 2014 is computed based on the number of consideration shares issued for the RTO. The diluted earnings per share is the same as the basic earnings per share as the outstanding warrants are anti-dilutive.

	Group 1Q2015	Group 1Q2014
Loss for the period attributable to owners of the Company (RMB ‘000)	(38,894) ⁽¹⁾	(18,837)
Weighted average number of ordinary shares in issue	666,851,006	549,275,362
Earnings per ordinary share of the Group		
(i) Basic (RMB cents)	(5.8)	(3.4)
(ii) Diluted (RMB cents)	(5.8)	(3.4)

On 5 August 2014, the Company issued 549,275,362 ordinary shares pursuant to the reverse takeover exercise. For the purpose of the computation of the basic and diluted earnings per share for the 3-month period ended 31 March 2014, the weighted average number of shares are assumed to be 549,275,362 ordinary shares.

Note:

- (1) Loss for the period attributable to owners of the Company calculated for EPS is net off the dividends related to the perpetual capital securities amounting RMB3.02 million for 1Q2015.

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 31 Mar 2015	Group 31 Dec 2014
Net asset value per ordinary share of the Group		
(RMB cents)	133.3	133.6
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	666,851	666,851

	Company 31 Mar 2015	Company 31 Dec 2014
Net asset value per ordinary share of the Company		
(RMB cents)	218.2	219.4
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	666,851	666,851

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

1Q2015 vs 1Q2014

Revenue

The Group achieved revenue of RMB75.9 million for the quarter ended 31 March 2015 ("1Q2015"), a decrease of 72% or RMB192.4 million over the same period in 2014, primarily due to the decrease in the number of property units handed over. Therefore, the aggregate Gross Floor Area ("GFA") sold and recognized decreased by approximately 71% or 30,835 square metres ("sqm"), from 43,636 square metres for the quarter ended 31 March 2014 ("1Q2014") to 12,801 for 1Q2015. Revenue from sales of properties is recognized only when the legal title has been transferred to the buyer. Due to the construction schedules and the festive period in 1Q2015, the number of projects and GFA available for handing over to the buyer in 1Q2015 is lower than that of 1Q2014.

Despite the lower revenue, the Group experienced encouraging increase in its pre-sales activities for 1Q2015. The Group achieved pre-sales GFA of approximately 83,173 sqm with an aggregate consideration of approximately RMB704.6 million for the PRC market during 1Q2015. This represent an increase of 41.4% in aggregate consideration, or RMB206.1 million from RMB498.5 million, as well as an increase of 10.9% in GFA, or 8,153 sqm, as compared to 1Q2014. The

increase in the average selling price ("ASP") of approximately RMB1,827 per sqm, was mainly due to the launch of Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion in 1Q2015, which are situated in good locations and therefore, command higher ASP.

The Group has also started its pre-sales activities for two of its development projects in Australia. During 1Q2015, 16 units from these property development projects –Vivir and Illumina have been pre-sold with an aggregate consideration of AUD7.4 million

Note:

Revenue from these pre-sales activities will be recognised when the legal title is passed to the buyer or when the equitable interest in the property vests in the buyer upon signing of the relevant documents. 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 land acquisition costs, construction costs, capitalized borrowing costs, and indirect costs, decreased by 71% or RMB180.4 million from RMB252.4 million in 1Q2014 to RMB72.0 million in 1Q2015.

Gross profit decreased by 75% or RMB12.0 million, from RMB16.0 million in 1Q2014 to RMB4.0 million in 1Q2015, in line with the decrease in the decrease in revenue. Overall gross profit margin declined marginally from 6.0% in 1Q2014 to 5.2% in 1Q2015. This was due mainly to a greater revenue contribution from the Suzhou Hemei Garden project, which is a fixed priced housing development project that commands a lower gross profit margin. Fixed priced housing accounted for 85.5% of GFA sold in 1Q2015, compared with 67.6% in 1Q2014.

Other income

Other income, which mainly comprised gain on disposal of financial assets available-for-sale and gain on disposal of property, plant and equipment, increased by 122% or RMB0.3 million from RMB0.2 million in 1Q2014 to RMB0.5 million in 1Q2015. The increase was mainly due to the gain on disposal of financial assets available-for-sale of RMB0.3 million.

Selling and distribution expenses

Selling and distribution expenses comprised primarily advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs. Selling and distribution expenses decreased by 8% or RMB1.3 million from RMB15.4 million in 1Q2014 to RMB14.1 million in 1Q2015. This was due mainly to the decrease in expenditure on sales and marketing activities as most projects, such as Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion, have become well-known in the cities.

Administrative expenses

Administrative expenses comprised 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 60% or RMB12.2 million from RMB20.2 million in 1Q2014 to RMB32.4 million in 1Q2015, was attributable mainly to higher staff costs and other related expenses as a result of an increase in headcount, which was in line with the increase in business activities for new projects such as Suzhou Industrial Park Royal Mansion.

Net finance costs

Net finance costs were RMB5.4 million in 1Q2015, compared to a net finance income of RMB1.8 million in 1Q2014. 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 loss of RMB236,000 in 1Q2015, as compared to profit of RMB39,000 in 1Q2014. The share of loss in 1Q2015 was mainly from Suzhou Gaoxin, while the share of profit in 1Q2014 was mainly from Shanghai Real Estate Group, which had been accounted as investments in joint ventures prior to the Group obtaining control of the joint venture entity in August 2014.

Income tax expense

The Group recorded income tax credit, which included enterprise income tax and land appreciation tax ("LAT"), of RMB8.6 million in 1Q2015, as compared to the income tax expense of RMB3.0 million in 1Q2014. The Group's income tax expense decreased mainly due to higher utilization of tax losses and recognition of deferred tax assets in the current quarter.

Loss after Tax

As a result of the foregoing, the Group reported a loss after tax of RMB39.2 million in 1Q2015, an increase of 91% or RMB18.7 million, from RMB20.5 million in 1Q2014.

Statement of Financial Position

Non-current Assets

Non-current assets comprised property, plant and equipment, investment properties, interest in joint ventures and deferred tax assets. As at 31 March 2015, non-current assets amounted to RMB909.5 million as compared to RMB891.6 million as at 31 December 2014.

The increase in non-current assets of RMB17.9 million was due mainly to an increase in deferred tax assets from RMB51.5 million as at 31 December 2014 to RMB67.2 million as at 31 March 2015, as well as an increase in investment properties of RMB3.2 million due to the costs incurred for investment properties under development.

Current Assets

Current assets as at 31 March 2015 and 31 December 2014 amounted to RMB9.7 billion and RMB9.3 billion, respectively. The increase in current assets of RMB438.8 million during the financial year was due mainly to:

- (i) increase in development properties of RMB419.9 million due largely to the costs incurred for the Group's development properties;
- (ii) increase in trade receivables, other receivables and advance payments of RMB232.3 million, which was due mainly to the increase in advance payments made to suppliers, and
- (iii) increase in cash and cash equivalents of RMB36.6 million.

The increase in current assets was partially offset by the decrease in financial assets of RMB250.0 million, which relates to settlement of two short-term (less than a month) financial assets.

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 35,000 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 the construction costs incurred on behalf of the local educational authorities. It is not intended for the Group to derive a profit from the development of the education park.

Non-current liabilities

As at 31 March 2015, non-current liabilities were RMB3.1 billion as compared to RMB2.8 billion as at 31 December 2014. The increase in non-current liabilities of RMB316.9 million was due mainly to two new loans from financial institutions amounting to RMB309.6 million. The increase was also due to an increase in deferred tax liabilities of RMB7.3 million.

Current liabilities

Current liabilities as at 31 March 2015 amounted to RMB6.5 billion as compared to RMB6.3 billion as at 31 December 2014. The increase in current liabilities of RMB141.6 million was due mainly to the increase in trade payables, other payables and advance receipts of RMB520.4 million. The increase was partially offset by the decrease in short-term loans and borrowings of RMB375.0 million as a result of repayment of the bank loans.

Advance receipts from government amounted to RMB439.9 million as at 31 March 2015 and 31 December 2014. The amount was provided by the government to fund the contract work-in-progress as aforementioned in the paragraph above entitled "Current assets".

Shareholders' equity

As at 31 March 2015, shareholders' equity was RMB1.032 billion as compared to RMB1.034 billion as at 31 December 2014. Please refer to the section 1(d)(i) for the movement of shareholders' equity as presented in the statement of changes in equity.

Cash flow statement

1Q2015 vs 1Q2014

During 1Q2015, the Group had a net cash inflow from operating activities of RMB100.5 million comprising operating cash outflows before movements in working capital of RMB41.4 million, net working capital inflows of RMB158.9 million and income tax payment of RMB17.0 million. The net working capital inflows were mainly due to the increase in trade payables, other payables and advance receipt of RMB683.2 million, partially offset by increases in development properties of RMB322.9 million, and trade receivables, receivables and advance payments of RMB201.4 million.

The Group recorded a net cash inflow from investing activities of RMB226.2 million due mainly to proceeds of RMB250.4 million from the settlement of financial assets available-for-sale during 1Q2015, partially offset by an increase of RMB20.0 million in amounts due from non-controlling shareholders.

The Group recorded a net cash outflow from financing activities of RMB336.6 million during 1Q2015. This was due mainly to the repayment of borrowings from financial institutions amounting to RMB375.0 million, interest paid of RMB105.0 million, and a decrease in amounts due to non-controlling interests of RMB100.0 million. This was partially offset by proceeds from borrowings from financial institutions of RMB309.6 million and capital contribution from non-controlling interests of RMB45.0 million.

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.

Not applicable.

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

Industry Outlook

Despite the slower economic growth of 7.0% year-on-year in China during the first quarter of 2015, the long term demand for residential housing in China is expected to remain stable, supported by government initiatives to support homebuyers in their housing purchase, such as lowering interest rates and relaxing bank reserve ratio requirements⁽¹⁾.

In Australia, demand for homes across major Australian cities is expected to remain healthy. This is supported by Australia's stable economy, the relatively low interest rate environment, as well as demand generated by foreign investors and interstate migration.

Group Outlook

Tapping on its expertise, the Group will continue to focus on delivering “quality real estate and quality living”, through a full suite of services ranging from real estate investment and development, township planning, project management, marketing and sales of property developments to building maintenance.

The Group’s presence in Australia encompasses Sydney and Brisbane. Most of its Australia projects will be through joint ventures with strategic partners, while the project in Parramatta, Sydney will be the Group’s first wholly-owned development. The projects in Brisbane are mixed-development, while those in Sydney are residential developments. These projects are progressing on track and the Group will continue to look out for strategic opportunities to strengthen its presence in Australia.

Source: (1) National Bureau of Statistics

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. Update on use of proceeds

(i) On 5 August 2014, 6,100,000 new shares were issued pursuant to the Proposed Compliance Placement exercise, of which net proceeds of S\$3.4 million were raised and will be utilised in accordance to the intended use as set out in the table below. As at the date of this announcement, the amount utilised from the net proceeds stated below:

Use of proceeds	Allocated (S\$)	Utilised (S\$)	Balance (S\$)
Merger and acquisition, joint ventures and strategic alliances	2.5 million	2.5 million ⁽¹⁾	-
General working capital purposes	0.9 million	0.9 million ⁽²⁾	-

Note:

⁽¹⁾ Relates to the Group's investment in joint venture in Australia.

⁽²⁾ Mainly in relation to the payment of the stamp duty related to the RTO exercise.

The Company had received the S\$36.0 million Disposal Consideration (as defined in the Company's Circular dated 10 June 2014) from the Proposed Disposal (as defined in the Company's circular dated 10 June 2014).

As at the date of this announcement, the amount utilised from the net proceeds is stated below:

Use of proceeds	Allocated (S\$)	Utilised (S\$)	Balance (S\$)
Proposed Acquisition	20 million	20 million	-
Professional fees	3.5 million	3.5 million	-
General working capital purposes	12.5 million	2.1 million ⁽³⁾	10.4 million

⁽³⁾ Mainly in relation to professional fees and property valuation fees.

(ii) On 9 October 2014, the Company entered into a subscription agreement to issue perpetual capital securities to a third party investor for a consideration of S\$30 million. The Company issued the perpetual capital securities to the subscriber on 17 October 2014.

The Company had received net proceeds of S\$29.7 million after deducting the arranger's fee on 24 October 2014.

As at the date of this announcement, the amount utilised from the net proceeds is stated below:

Use of proceeds	Allocated (S\$)	Utilised (S\$)	Balance (S\$)
Investment in joint venture for the property development projects in Brisbane Australia	11.9 million	1.8 million	10.1 million
Investment in other property development projects in Australia, as and when the appropriate opportunities arise	14.8 million	8.0 million ⁽⁴⁾	6.8 million
General working capital	3.0 million	-	3.0 million

⁽⁴⁾ Include investment in Parramatta and Roseville, Australia.

15. Additional disclosure

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 31 March 2015	Adjusted as at 31 March 2015 ⁽¹⁾	Adjusted as at 30 April 2015 ⁽¹⁾
Cash and cash equivalents	1,167,880	1,167,880	*
Current Indebtedness			
Secured			
Borrowings (guaranteed)	130,000	130,000	130,000
Borrowings (non-guaranteed)	662,000	842,000 ⁽²⁾	762,000 ⁽²⁾
Unsecured			
Borrowings(non-guaranteed)	60,000	113,706 ⁽³⁾	113,706 ⁽³⁾
Non-current Indebtedness			
Secured			
Borrowings (guaranteed)	1,125,573	1,125,573	1,025,573 ⁽⁴⁾
Borrowings(non-guaranteed)	1,860,093	1,860,093	1,860,093
Total Indebtedness	3,837,666	4,071,372	3,891,372
Total Shareholders' equity	1,038,868	1,038,868	*
Total Capitalisation and Indebtedness	4,876,534	5,110,240	*

* Not applicable for disclosure for the period reported on.

Notes:

- (1) Adjusted to reflect the Group's aggregate indebtedness pursuant to the trust financing arrangements, where certain amounts were accounted for as items other than borrowings in the unaudited consolidated financial statements as at 31 March 2015.
- (2) On 12 January 2013 and 1 February 2013, Hongchang Gaoxian, a subsidiary of Jiangsu Shagang Group, and Suzhou Chiway Jinhui entered into loan agreements, pursuant to which, Hongchang Gaoxin provided an aggregate loan of RMB630.0 million to Suzhou Chiway Jinhui for a period of one (1) year at an interest rate of 15.0%. The loan period term commenced from the date of drawdown and can be extended to 18 months. The drawdown were RMB100 million at 14 January 2013, RMB250 million at 26 March 2013, and RMB280 million at 6 June 2013. As at 31 March 2015 and 30 April 2015, RMB180.0 million and RMB100.0 million remained outstanding. The amount due to Hongchang Gaoxian is

classified as amount due to non-controlling interests in the unaudited consolidated financial statements.

- (3) On 18 September 2012, Suzhou Gaoxin provided a loan of RMB115.4 million to Shanghai Investment for a period of one (1) year, at a floating interest rate of benchmark interest rate + 10%, which can be renewed on a rolling basis. As at 31 March 2015 and 30 April 2015, RMB53.71 million remained outstanding. The amount due to Suzhou Gaoxin is classified as amounts due to joint ventures in the unaudited consolidated financial statements.
- (4) On 2 April 2015, one of the Company's subsidiaries, Suzhou Jiarun repaid RMB100.0 million loan to Huaneng Trust.

- (b) the aggregate trust financing obligations as a percentage of total indebtedness;

The Group has entered into three Type 1 trust financing agreements on 25 July 2014, 19 August 2014 and 10 December 2014 respectively. As at 31 March 2015 and 30 April 2015, RMB720.0 million and RMB620.0 million remained outstanding.

RMB'000	Adjusted as at 31 March 2015	Adjusted as at 30 April 2015
Total trust financing indebtedness	720,000	620,000
Total Indebtedness	4,071,372	3,891,372
Trust financing as a percentage of total Indebtedness	17.68%	15.93%

- (c) 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 31 March 2015 and 30 April 2015.

- (d) 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.

- (e) 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.

- (f) for as long as the trust financing arrangements remain valid and subsisting and the financial statements of Xuzhou Chiway and Shanghai Real Estate have not been consolidated in the Enlarged Group's consolidated financial statements:

Not applicable. The trust financing arrangements in respect of Xuzhou Chiway and Shanghai Real Estate have been fully repaid. Accordingly, Xuzhou Chiway and Shanghai Real Estate have been accounted for as wholly-owned subsidiaries of the Group and their financial statements have been consolidated in the Group's unaudited financial information for the current period being reported on.

- (1) the unaudited revenue, profit before tax and net asset value of Xuzhou Chiway and Shanghai Real Estate;

Not applicable.

- (2) the sale progress of Xuzhou Royal Palace Phase 3 and whether the Group has met the pre-determined sale progress;

Not applicable.

- (3) the illustrative unaudited financial information of the Group as if Xuzhou Chiway and Shanghai Real Estate are accounted for as wholly-owned subsidiaries and the relevant operations review based on both the audited consolidated financial statements and illustrative unaudited financial information.

Not applicable.

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 first quarter ended 31 March 2015 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

Tian Honglei
Executive Director

14 May 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.