

FOREWORD: This set of result relates solely to Chiwayland Group (Singapore) Pte. Ltd. (the “Company”) and its subsidiaries (“Group”), before the completion of the acquisition of Chiwayland Group by RH Energy Ltd on 5 August 2014. Going forward, the next results announcement (3rd quarter of financial period ending 30 September 2014) will consist of the enlarged group’s results.

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND
QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

**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.) had on 5 August 2014 completed its acquisition of Chiwayland Group (Singapore) Pte. Ltd. (the “Company”) and its subsidiaries (the “Group”) via a Reverse Take Over (“RTO”) exercise (“Acquisition”).

As at 30 June 2014, the Acquisition had not been completed. Accordingly, the unaudited consolidated financial statements for the second quarter and half year ended 30 June 2014 comprise the consolidated financial statements of Chiwayland Group (Singapore) Pte. Ltd. and its subsidiaries, and does not include the financial statements 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.

	GROUP			GROUP		
	2Q2014	2Q2013	%	1H2014	1H2013	%
	RMB'000	RMB'000	Change + / (-)	RMB'000	RMB'000	Change + / (-)
Revenue	732,148	377,530	94%	1,000,533	648,976	54%
Cost of sales	(662,343)	(315,593)	110%	(914,753)	(567,074)	61%
Gross profit	69,805	61,937	13%	85,780	81,902	5%
Other income	598	3,804	-84%	813	4,152	-80%
Selling and distribution expenses	(9,880)	(9,274)	7%	(25,233)	(18,567)	36%
Administrative expenses	(14,257)	(13,939)	2%	(34,456)	(31,594)	9%
Other operating expenses	(456)	(570)	-20%	(469)	(727)	-35%
Results from operating activities	45,810	41,958	9%	26,435	35,166	-25%
Net finance costs	(3,500)	(5,538)	-37%	(1,668)	(8,750)	-81%
Share of results of joint ventures, net of tax	(2,839)	461	NA	(2,800)	72	NA
Profit before income tax from continuing operations	39,471	36,881	7%	21,967	26,488	-17%
Income tax expense	(8,507)	(13,185)	-35%	(11,482)	(16,064)	-29%
Profit for the year/Total comprehensive income for the year	30,964	23,696	31%	10,485	10,424	1%
Profit attributable to:						
Owners of the Company	29,491	23,913	23%	10,654	14,906	-29%
Non-controlling interests	1,473	(217)	NA	(169)	(4,482)	-96%
Profit for the year/Total comprehensive income for the year	30,964	23,696	31%	10,485	10,424	1%

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

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

	Group		Group	
	2Q2014 RMB'000	2Q2013 RMB'000	1H2014 RMB'000	1H2013 RMB'000
Depreciation of property, plant and equipment	568	604	1,211	1,193
Finance income	(1,985)	(2,390)	(4,842)	(4,514)
Finance cost	5,485	7,928	6,510	13,264

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

Statements of Financial Position	Group		Company	
	30-June-2014 RMB'000	31-Dec-2013 RMB'000	30-June-2014 RMB'000	31-Dec-2013 RMB'000
Assets				
Property, plant and equipment	5,077	4,415	-	-
Investment properties	495,084	440,800	-	-
Interests in subsidiaries	-	-	-*	-*
Interests in joint ventures	131,148	133,948	-	-
Deferred tax assets	44,987	38,171	-	-
Non-current assets	676,296	617,334	-*	-*
Development properties				
- Properties under development	4,804,999	4,010,830	-	-
- Completed properties held for sale	752,733	503,832	-	-
Contract work-in-progress ⁽¹⁾	381,301	380,651	-	-
Financial assets held for trading	6,391	391	-	-
Trade receivables, other receivables and advance payments	819,795	1,684,576	-	-
Cash and cash equivalents	680,953	568,279	54	52
Current assets	7,446,172	7,148,559	54	52
Total assets	8,122,468	7,765,893	54	52
Equity				
Share capital	-*	-*	-*	-*
Reserves	307,284	296,330	(1,875)	(1,803)
Equity attributable to owners of the Company	307,284	296,330	(1,875)	(1,803)
Non-controlling interests	364,700	285,166	(1,875)	(1,803)
Total equity	671,984	581,496	(1,875)	(1,803)
Liabilities				
Loans and borrowings	2,333,000	1,340,674	-	-
Deferred tax liabilities	48,855	48,229	-	-
Non-current liabilities	2,381,855	1,388,903	-	-
Loans and borrowings	1,112,000	533,400	-	-
Trade payables, other payables and advance receipts	3,439,755	4,741,036	1,929	1,855
Advance receipts from government ⁽¹⁾	439,853	439,853	-	-
Dividends payable	15,000	15,000	-	-
Tax payable	62,021	66,205	-	-
Current liabilities	5,068,629	5,795,394	1,929	1,855
Total liabilities	7,450,484	7,184,397	1,929	1,855
Total equity and liabilities	8,122,468	7,765,893	54	52

* Amount below RMB1,000

(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 30 June 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,012,000	100,000	423,400	110,000

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,118,000	215,000	1,125,674	215,000

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

- (i) the Group's properties, investment properties and development properties; and
- (ii) guarantees provided by Chiway Holding Group Co. Ltd., a related company, and Mr. Qian Jianrong, a director of the Company.

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

	Group		Group	
	2Q 2014	2Q 2013	1H 2014	1H 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit for the year	30,964	23,696	10,485	10,424
Adjustments for:				
Depreciation of property, plant and equipment	568	604	1,211	1,193
Gain on disposal of financial assets held for trading	-	-	-	(104)
Loss/(Gain) on disposal of property, plant and equipment	-	16	8	(34)
Net finance costs	3,500	5,538	1,668	8,750
Share of results of joint ventures, net of tax	2,839	(461)	2,800	(72)
Foreign exchange gain	(1)	(34)	(4)	(78)
Income tax expense	8,507	13,185	11,482	16,064
	46,377	42,544	27,650	36,143
Changes in:				
- Development properties	(464,380)	(751,112)	(81,432)	(916,482)
- Trade receivables, other receivables and advance payments	244,403	(557,674)	73,058	(960,864)
- Trade payables, other payables and advance receipts	(141,612)	408,830	(333,323)	589,906
- Work-in-progress	(229)	-	(650)	-
Cash used in operations	(315,441)	(857,412)	(314,697)	(1,251,297)
Income tax paid	(15,487)	(69,014)	(27,756)	(95,865)
Net cash used in operating activities	(330,928)	(926,426)	(342,453)	(1,347,162)
Cash flows from investing activities				
Acquisition of financial assets held for trading	(6,000)	-	(6,000)	-
Acquisition of property, plant and equipment	(1,490)	(941)	(1,881)	(2,212)
Acquisition of subsidiary from non-controlling interests	(300)	-	(300)	-
(Increase)/Decrease in amounts due from related corporations, non-trade	-	(436)	-	367
Development expenditure on investment properties	(16,632)	(56,479)	(54,284)	(67,772)
Interest received	1,985	2,390	4,842	4,514
Proceeds from disposal of property, plant and equipment	-	765	-	857
Proceeds from sales of other investments	-	-	-	269,181
Net cash (used in)/generated from investing activities	(22,437)	(54,701)	(57,623)	204,935

	Group 2Q 2014 RMB'000	Group 2Q 2013 RMB'000	Group 1H 2014 RMB'000	Group 1H 2013 RMB'000
Cash flows from financing activities				
Capital contribution from non-controlling interests	-	-	80,000	82,000
Interest paid	(161,546)	(57,889)	(229,648)	(118,916)
Decrease/(Increase) in restricted cash	(95,161)	(231,469)	41,132	(71,230)
Increase/(Decrease) in amounts due to related corporations (non-trade)	64,000	281,166	(66,814)	637,522
(Decrease)/Increase in amounts due to non-controlling interests (non-trade)	(750,000)	-	(750,000)	-
Increase /(Decrease) in amounts due to jointly venture (non-trade)	10,882	-	29,682	-
Decrease in bills payable	(108,450)	-	(121,400)	-
Proceeds of borrowings from financial institutions	1,470,000	258,000	1,940,000	495,888
Repayment of borrowings from financial institutions	(238,400)	(40,000)	(369,074)	(181,923)
Net cash generated from financing activities	191,325	209,808	553,978	843,341
Net (decrease) / increase in cash and cash equivalents	(162,040)	(771,319)	153,802	(298,886)
Cash and cash equivalents at the beginning of period	621,709	931,803	305,864	459,326
Effect of exchange rate changes on cash held	1	34	4	78
Cash and cash equivalents at the end of period	459,670	160,518	459,670	160,518
Restricted cash at the end of period	221,283	453,910	221,283	453,910
Cash and cash equivalents in the statement	680,953	614,428	680,953	614,428

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	Retained 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 income for the period							
Profit for the period/Total comprehensive income for the period	-	-	-	10,654	10,654	(169)	10,485
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Capital contribution by non-controlling interests	-	-	-	-	-	80,000	80,000
Total contributions by and distributions to owners	-	-	-	-	-	80,000	80,000
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	-	-	-	300	300	(297)	3
Total changes in ownership interests in subsidiaries	-	-	-	300	300	(297)	3
Total transactions with owners	-	-	-	300	300	79,703	80,003
At 30 June 2014	-*	(44,710)	95,440	256,554	307,284	364,700	671,984

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	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	-*	(44,710)	73,152	173,912	202,354	365,931	568,285
Total comprehensive income for the period							
Profit for the period/Total comprehensive income for the period	-	-	-	14,906	14,906	(4,482)	10,424
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Capital contribution by non-controlling interests	-	-	-	-	-	82,000	82,000
Capital reduction in respect of non-controlling interests	-	-	-	-	-	(40,000)	(40,000)
Transfer to statutory reserves	-	-	170	(170)	-	-	-
Total contributions by and distributions to owners	-	-	170	(170)	-	42,000	42,000
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	-	-	-	(14)	(14)	14	-
Total changes in ownership interests in subsidiaries	-	-	-	(14)	(14)	14	-
Total transactions with owners	-	-	170	(184)	(14)	42,014	42,000
At 30 June 2013	-*	(44,710)	73,322	188,634	217,246	403,463	620,709

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	Retained profits RMB'000	Foreign currency translation reserve RMB'000	Total equity RMB'000
At 1 January 2014	-*	(1,901)	98	(1,803)
Total comprehensive income for the period				
Profit for the period/Total comprehensive income for the period	-	-*	-	-*
Foreign currency translation	-	-	(72)	(72)
Total transactions with owners	-	-*	(72)	(72)
At 30 June 2014	-*	(1,901)	26	(1,875)

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	Retained profits RMB'000	Foreign currency translation reserve RMB'000	Total equity RMB'000
At 1 January 2013	-*	(1,815)	(16)	(1,831)
Total comprehensive income for the period				
Loss for the period/Total comprehensive loss for the period	-	(77)	-	(77)
Foreign currency translation	-	-	82	82
Total transactions with owners	-	(77)	82	5
At 30 June 2013	-*	(1,892)	66	(1,826)

*Amount below RMB 1,000

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.

The Company, Chiwayland Group (Singapore) Pte. Ltd. was incorporated in the Republic of Singapore on 20 July 2011 as a private limited company with an issued and paid-up capital of SGD1 comprising one (1) ordinary share. There were no changes in the share capital of the Company since its incorporation up to 30 June 2014.

The Company did not have convertible securities and treasury shares as at 30 June 2014 and 30 June 2013.

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 2014	30 June 2013
Total number of issued shares	1	1

The share capital is that of Chiwayland Group (Singapore) Pte. Ltd. for the purpose of the current and previous financial period reported on.

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.

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 for the adoption of new and revised accounting standard applicable for the financial year beginning 1 January 2014, the Group has applied the same accounting policies and methods of computation as in the audited financial statements of Chiwayland Group (Singapore) Pte. Ltd. and

its subsidiaries for the year ended 31 December 2013.

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 annual periods beginning of 1 January 2014. The adoption of the new and revised FRS had no significant impact on the financial statement of the Group.

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 issued and paid-up share capital of the Company was SGD1 comprising 1 ordinary share. For illustrative purposes, the basic earnings per share of the Group is computed based on total number of issued shares of 666,851,006 shares on the basis that the RTO exercise and compliance placement have been completed. The diluted earnings per share is the same as the basic earnings per share as the outstanding warrants pursuant to the completion of the RTO exercise are anti-dilutive.

		Group 2Q 2014	Group 2Q 2013	Group 1H 2014	Group 1H 2013
Earnings per ordinary share of the Group					
(i) Basic	(RMB cents)	4.42	3.59	1.60	2.24
(ii) Diluted	(RMB cents)	4.42	3.59	1.60	2.24

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

The issued and paid-up share capital of the Company was SGD1 comprising 1 ordinary share. For illustrative purposes, the net asset value per share of the Group is computed based on total number of issued shares of 666,851,006 shares on the basis that the RTO exercise and compliance placement have been completed. The net asset value per share of the Company is computed based on the issued share capital of 1 ordinary share.

	Group 30 June 2014	Group 31 December 2013
Net asset value per ordinary share of the Group		
(RMB cents)	46.08	44.44
Number of ordinary shares issued(‘000)	666,851	666,851

	Company 30 June 2014	Company 31 December 2013
Net asset value per ordinary share of the Company		

(RMB '000)	(1,805)	(1,803)
Number of ordinary shares issued ⁽¹⁾	1	1

⁽¹⁾Based on the shares issued of Chiwayland Group (Singapore) Pte. Ltd.

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:

A. Review of Results of Operations

2Q2014 vs 2Q2013

Revenue

The Group achieved revenue of RMB732.15 million in 2Q2014, a growth of 93.9%, or RMB354.62 million over the same period in 2013 primarily due to the increase in aggregate Gross Floor Area ("GFA") sold and recognised of approximately 98% or 144,715 square metres (sqm) for Xuancheng Chiway Top Town and Suzhou Hetai Garden. Xuancheng Chiway Top Town and Suzhou Hetai Garden contributed RMB430.39 million and RMB 273.71million respectively, or approximately 96.2% of the total revenue generated for 2Q2014.

Cost of sales and gross profit margin

Cost of sales, which mainly comprised land acquisition cost, construction costs, capitalized borrowing costs, and indirect costs, increased by RMB346.75 million, or 109.9%, from RMB315.59 million in 2Q2013 to RMB662.34 million in 2Q2014, in line with the increase in revenue.

Gross profit increased by RMB7.87 million, or 12.7%, from RMB61.94 million in 2Q2013 to RMB69.81 million in 2Q2014. Overall gross profit margin decreased from 16.4% in 2Q2013 to 9.5% in 2Q2014 as a result of higher revenue and gross profit contribution from fixed priced housing project, namely Suzhou Hetai Garden in 2Q2014 which has lower gross profit margin. In addition, revenue and gross profit in 2Q2013 were contributed by projects with higher gross profit margin, namely Wuxi Chiway Regent Town, Wuxi Chiway Artdeco and Wuxi Jun Mansion. In comparison, Xuancheng Chiway Top Town, which was the main revenue contributor in 2Q2014, has lower gross profit margin.

Other income

Other income for 2Q2014 related mainly to a government grant received from the local government in Xuancheng for Xuancheng Chiway Top Town. Other income for 2Q2013 comprised mainly government grants from the local government in Zhangjiagang for Zhangjiagang Royal Palace. Other income decreased by RMB3.21 million, or 84.3%, from RMB3.80 million in 2Q2013 to RMB0.60 million in 2Q2014 mainly due to difference in the quantum of government grants for different projects.

Selling and distribution expenses

Selling expenses primarily comprised advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs. Selling and distribution expenses increased by RMB0.61 million, or 6.5%, from RMB9.27 million in 2Q2013 to RMB9.88 million in 2Q2014 mainly due to the increase in sales and marketing activities for Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion.

Administrative expenses

Administrative expenses comprised salaries and staff-related expenses of general administrative staff, utilities expenses, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general overheads expenses. Administrative expenses increased marginally by RMB0.32 million, or 2.3%, from RMB13.94 million in 2Q2013 to RMB14.26 million in 2Q2014 mainly attributable to higher staff costs and other related expenses as a result of an increase in headcount in line with the increase in business activities for new project.

Net finance costs

Net finance costs decreased by RMB2.03 million, or 36.8%, from RMB5.54 million in 2Q2013 to RMB3.50 million in 2Q2014 as a result of higher capitalization of finance costs in Chiwayland Group's property development projects in 2Q2014.

Share of results of joint ventures, net of tax

Share of results of joint ventures, net of tax, decreased from a profit of RMB0.46 million in 2Q2013 to a loss of RMB2.84 million in 2Q2014. The loss was mainly contributed by the losses incurred by Xuzhou Chiway, which was accounted for as an investment in joint venture in 2H2013.

Income tax expense

Income tax expense, which included enterprise income tax and land appreciation tax ("LAT") decreased by RMB4.68 million, or 35.5% from RMB13.19million in 2Q2013 to RMB8.51 million in 2Q2014 due mainly to the lower LAT as a result of the higher proportion of fixed priced housing units sold in 2Q2014. Fixed priced housing projects are exempted from land appreciation tax.

1H2014 vs 1H2013

Revenue

The Group's achieved total revenue of RMB1.00 billion in 1H2014, an increase of RMB 351.56 million, or 54.2% as compared to 1H2013 of RMB648.98 million, mainly due to the increase in aggregate GFA sold and recognized of approximately 112.9% or 100,307 sqm for Xuancheng Chiway Top Town and Suzhou Hetai Garden. Xuancheng Chiway Top Town and Suzhou Hetai

Garden contributed approximately RMB 475.88 million and RMB 456.50 million respectively to the total revenue in 1H2014, or, in aggregate, approximately 93.2% of the total revenue generated for 1H 2014.

Cost of Sales and Gross Profit Margin

For 1H2014, the increase in the Group's cost of sales was generally in line with the increase in revenue. The Group's gross profit increased by RMB3.88 million or 4.7% from RMB81.90 million in 1H2013 to RMB85.78 million in 1H2014. For 1H 2014, the overall gross profit margin decreased from 12.6% in 1H 2013 to 8.6% in 1H 2014 mainly due to the increase in revenue and gross profit contribution from fixed price housing project, namely Suzhou Hetai Garden, which has lower gross profit margins. 45.6% of revenue during this period was contributed by fixed price housing projects whereas only 14.1% of revenue was contributed by fixed price housing project during 1H2013.

Other than the lower gross profit margin from fixed price housing, the gross profit margin contributed by Xuancheng Chiway Top Town was also lower as compared to the projects with higher profit margins such as Wuxi Chiway Regent Town, Wuxi Chiway Artdeco and Wuxi Jun Mansion, which were the key revenue contributors in 1H2013.

Other Income

Other income in 1H2014 was related mainly to government grant received from the local government in Xuancheng for Xuancheng Chiway Top Town. Other income for 1H2013 comprised mainly government grants received from the local government in Zhangjiagang for Zhangjiagang Royal Palace. Other income decreased by RMB3.33 million, or 80.4%, from RMB4.15 million in 1H2013 to RMB0.81 million in 1H2014 mainly due to difference in the quantum of government grants for different projects.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 1H 2014 increased by RMB 6.67 million or 35.9% from RMB 18.57 million in 1H 2013 to RMB 25.23 million in 1H 2014. The increase was due mainly to increase in the selling and distribution activities for Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion in 1H 2014.

Administrative Expenses

The Group's administrative expenses increased by RMB 2.86 million or 9.0% from RMB 31.59 million in 1H 2013 to RMB 34.46 million in 1H 2014 mainly related to the higher staff cost and other related expenses as a result of an increase in headcount in line with the increase in business

activities for new project.

Net Finance Cost

Net finance costs in 1H 2014 decreased by RMB 7.08 million or 80.9% from RMB 8.75 million in 1H 2013 to RMB 1.67 million due mainly to the higher interest expenses capitalised in 1H2014 for the Chiwayland Group's property development projects.

Share of results of joint ventures, net of tax

Share of results of joint ventures, net of tax decreased from a profit of RMB0.07 million in 1H2013 to a loss of RMB2.80 million in 1H2014. The loss was mainly contributed by Xuzhou Chiway, which was accounted for as an investment in joint venture in 2H2013.

Income Tax Expense

Income tax expense in 1H 2014 decreased by RMB 4.58 million or 28.5% from RMB 16.06 million in 1H 2013 to RMB 11.48 million mainly due to the lower LAT as a result of a higher revenue contribution of fixed priced housing in 1H2014, as well as a lower overall profit before tax margin recognised during the period reported on.

Statement of Financial Position

Non-current Assets

Non-current assets comprised mainly property, plant and equipment, investment properties, interest in joint ventures and deferred tax assets. Non-current assets amounted to RMB 676.30 million and RMB 617.33 million as at 30 June 2014 and 31 December 2013 respectively.

The increase in non-current assets of RMB 58.96 million was due mainly to increase in the cost of investment properties arising from the construction costs incurred on Xuzhou Training Center project, an education facility under Xuzhou Royal Palace, which has been leased out for rental income. The facility is classified as investment properties in the financial statements.

Current Assets

Current assets comprised mainly properties under development, completed properties held for sale, cash and bank balances, financial assets held for trading and trade receivables, other receivables

and advanced payments. The group's current assets as at 30 June 2014 and 31 December 2013 amounted to RMB 7.45 billion and RMB 7.15 billion respectively.

The increase in current assets of RMB 297.61 million was mainly due to:

- (i) Increase in properties under development of RMB 794.17 million due largely to the land acquisition cost incurred for Suzhou Industrial Park Royal Mansion during this period.
- (ii) Increase in completed properties held for sale of RMB 248.90 million due largely to the completion of Phase 2 of Suzhou Hetai Garden, Phase 1 and a portion of Phase 2 of Xuancheng Chiway Top Town.
- (iii) The increase in cash and cash equivalents of RMB 112.67 million.

The increase in current assets was partly offset by:

- (i) Decrease in trade receivables, other receivables and advance payments of RMB 864.78 million is mainly due to the reclassification of prepaid land cost of Suzhou Industrial Park Royal Mansion, from trade receivables, other receivables and advance payments to properties under development as at 30 June 2014.

Contract work-in-progress refers to the contracts the Group entered into with Suzhou Investment Management, a state-owned enterprise, through a joint venture, to develop certain parts of Suzhou International Education Park (North) (苏州国际教育园(北区)), an educational development with an approximate land area of 35,000 sq m. Contract work-in-progress was stated at the construction costs incurred on behalf of the local educational authorities, which were in turn funded by advances from the Suzhou Municipal Government.

Non-current liabilities

Non-current liabilities comprised mainly of non-current portion of loans and borrowings and deferred tax liabilities. Non-current liabilities amounted to RMB2.38 billion and RMB1.39 billion as at 30 June 2014 and 31 December 2013 respectively.

The increase in non-current liabilities of RMB 992.95 million was mainly due to increase in loans from banks of RMB 992.33 million. The increase was mainly due to new borrowings of RMB1.4 billion from Wanjia Gongying Assets Management Co., Ltd. for the Suzhou Industrial Park Royal Mansion project undertaken by Suzhou Shangcheng; RMB 400 million of loans from banks for the construction of projects - Xuancheng Chiway Top Town, Suzhou Royal Palace, and Xuzhou Royal Palace. The increase was partly offset by the decrease in loans and borrowings due to the reclassification of RMB 670.00 million to short-term loan, and repayment of RMB137.67 million

to banks.

Current liabilities

Current liabilities comprised mainly trade payables, other payables and advance receipts, current loans and borrowings, advance receipts from government, dividends payable and tax payable. Current liabilities amounted to RMB 5.07 billion and RMB 5.80 billion as at 30 June 2014 and 31 December 2013 respectively.

The decrease in current liabilities of RMB 726.77 million was mainly due to:

(i) Decrease in trade payable, other payables and advance receipts of RMB 1.30 billion due mainly to sales recognition of RMB 1.00 billion from advances received from customers during this period.

The decrease was partially offset by the increase in short-term loans and borrowings of RMB 578.60 million, which was mainly due to reclassification of a non-current loan of RMB 670.00 million to short-term loan.

Advance receipts from government amounted to RMB439.9 million as at 30 June 2014 and 31 December 2013 were related to advance receipts from government pertaining to the contracts work-in-progress as aforementioned in the paragraph above entitled “Current assets”.

Shareholders' equity

Equity comprises share capital and reserves, and non-controlling interests. As at 30 June 2014 and 31 December 2013, shareholders' equity amounted to RMB 671.98 million and RMB 581.50 million respectively. The increase in equity was mainly due to the capital contribution by non-controlling interests, namely, Jiangsu Shagang Group Hongrun Real Estate Development Co., Ltd.(江苏沙钢集团宏润房地产开发有限公司) for the Suzhou Industrial Park Royal Mansion project and increases in retained earnings

Cash flow statement

1H2014 vs 1H2013

The Group had a net cash outflow from operating activities of RMB 342.45 million during 1H

2014 which comprised operating cash inflows before movements in working capital of RMB27.65 million, adjusted for net working capital outflows of RMB342.35 million and income tax payment of RMB27.76 million. The net working capital outflows were mainly the result of an increase in properties under development of RMB81.43 million, a decrease in trade receivables, other receivables and advance payments and trade payables, other payables and advance receipts of RMB73.06million and RMB333.32 million respectively.

The Group recorded a net cash inflow from financing activities of RMB 553.98 million during 1H 2014. This was due mainly to proceeds of borrowings from financial institutions of RMB 1.94 billion, partially offset by decrease in amounts due to non-controlling shareholders of RMB 750.00 million, interest expenses paid for RMB 229.65 million and repayment of borrowings from financial institutions of RMB 369.07 million.

The Group recorded a net cash outflow from investing activities of RMB 57.62 million due mainly to development expenditure on investment properties of RMB 54.28 million during 1H 2014.

2Q2014 vs 2Q2013

During 2Q2014, the Group had a net cash outflow from operating activities of RMB 330.93 million which comprised operating cash inflows before movements in working capital of RMB46.38 million, adjusted for net working capital outflows of RMB361.82 million and income tax payment of RMB15.49 million. The net working capital outflows were mainly the result of an increase in properties under development of RMB464.38 million, a decrease in trade receivables, other receivables and advance payments and trade payables, other payables and advance receipts of RMB244.4 million and RMB141.61 million respectively.

The Group recorded a net cash inflow from financing activities of RMB 191.33 million during 2Q 2014. This was due mainly to proceeds of borrowings from financial institutions of RMB 1.47 billion, partially offset by decrease in amounts due to non-controlling shareholders of RMB 750.00 million, interest expenses paid for RMB 161.55 million, and repayment of borrowings from financial institutions of RMB 238.40 million.

The Group recorded a net cash outflow from investing activities of RMB 22.44 million mainly due to development expenditure on investment properties of RMB 16.63 million during 2Q 2014.

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

Amidst the backdrop of China's rapid economic growth and rising disposable income levels, China's property market has grown significantly over the past five years. China's rural-to-urban migration rate has also accelerated significantly. China's urbanisation and the influx of migrant workers will continue to drive the demand for property developments in the Chinese cities⁽¹⁾.

The Group has announced on 8 August 2014 its plans to invest in property development projects in Brisbane, Australia via a joint venture. This marks its first foray in establishing a presence outside China as the group explores international expansion. With a presence in Australia, coupled with the JV partner's expertise in property development in that region, the Group expects to ride on the demand for Australian properties. 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".

Barring any deterioration in China's economy and any other unforeseen circumstances, the Group is cautiously optimistic of its sales performance, expected delivery schedules and on-schedule construction works-in-progress for the next 12 months.

(1) Source: Reuters <http://www.reuters.com/article/2014/05/28/us-china-vanke-china-realestate-idUSKBN0E807320140528>

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/recommended, 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

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 net proceeds have not been utilised.

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

As at the date of this announcement, the Company had received S\$27.4 million of 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), of which S\$20.0 million has been used for the Proposed Acquisition (as defined in the Company's Circular dated 10 June 2014), and S\$3.5 million has been used for professional fees.

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 30 June 2014	Adjusted as at 30 June 2014 ⁽¹⁾	Adjusted as at 31 August 2014
Cash and cash equivalents	680,953	919,115 ⁽⁹⁾	*
Current Indebtedness			
<u>Secured</u>			
Borrowings (guaranteed)	470,000	470,000	470,000
Borrowings (non-guaranteed)	542,000	1,022,000 ⁽²⁾ ⁽³⁾	967,000 ⁽²⁾ ⁽³⁾ ⁽⁴⁾

<u>Unsecured</u>			
Borrowings(non-guaranteed)	100,000	154,740 ⁽⁵⁾	154,740 ⁽⁵⁾
Non-current Indebtedness			
<u>Secured</u>			
Borrowings (guaranteed)	280,000	530,000 ⁽⁶⁾	480,000 ⁽⁶⁾⁽⁷⁾
Borrowings(non-guaranteed)	1,838,000	2,148,000 ⁽⁸⁾	2,148,000 ⁽⁸⁾
<u>Unsecured</u>			
Borrowings(non-guaranteed)	215,000	215,000	215,000
Total Indebtedness	3,445,000	4,539,740	4,434,740
Total Shareholders' equity	673,428	647,132⁽⁹⁾	*
Total Capitalisation and Indebtedness	4,118,428	5,186,872	*

* Not applicable for disclosure for the period reported on.

Notes:

- (1) Adjusted to reflect the Chiwayland 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 30 June 2014.
- (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%. As at 30 June 2014 and 31 August 2014, RMB330.0 million and RMB280.0 million remained outstanding respectively. The amount due to Hongchang Gaoxian is classified as amount due to non-controlling interests in the Consolidated Financial Statement.
- (3) On 31 August 2013, Suzhou Chiwayland, Shanghai Real Estate, Shanghai Lvwen and Hangzhou Trust have entered into a Type 2 trust financing agreement, pursuant to which, Hangzhou Trust provided an aggregate funding of RMB150 million to Shanghai Real Estate for a period of one (1) year at an annual interest rate of 13.8%. As at 30 June 2014, RMB150.0 million remained outstanding. As at 31 August 2014, the amount has been fully repaid. Please refer to the Company's announcement dated 29 August 2014 for further details.
- (4) On 19 August 2014, one of the Company's subsidiaries, Xuancheng Chiwayland Co., Ltd ("Xuancheng Chiwayland") has entered into a Type 1 trust financing agreement with Hangzhou Industrial & Commercial Trust Co., Ltd. ("Hangzhou Trust"), pursuant to which, Hangzhou Trust provided a funding of RMB220,000,000 for the development of Xuancheng Chiway Top Town Phase 4, (Zone A). The funding is for a period of 1 year commencing 22 August 2014 and Xuancheng Chiwayland shall pay Hangzhou Trust at an interest rate of 13.0% per annum payable on a quarterly basis. As security for the performance of the aforementioned obligations, (i) Suzhou Chiwayland pledged its 100% equity interest in Xuancheng Chiwayland to Hangzhou Trust; and (ii) Suzhou Chiwayland provided a guarantee in favour of Hangzhou Trust. Upon full repayment, the security would be discharged.

- (5) 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%. As at 30 June 2014 and 31 August 2014, RMB54.74 million remained outstanding, respectively. The amount due to Suzhou Gaoxin is classified as amount due to joint ventures in the unaudited consolidated financial statements.
- (6) On 5 July 2013, Suzhou Chiwayland, Chiway Holding, Shanghai Tongrui, Xuzhou Chiway and Shanghai Aijian entered into a Type 2 trust financing agreement, pursuant to which, Shanghai Aijian provided an aggregate funding of RMB300 million for the development of Xuzhou Royal Palace for a period of three (3) years at an interest rate of 14% for the first two (2) years and 21% for the third year. Please refer to the Section entitled “Details of Type 2 trust financing arrangements” in the Circular dated 10 June 2014 for more information. As at 30 June 2014, RMB250.0 million remained outstanding. As at 31 August 2014, the amount has been fully repaid. Please refer to the Company’s announcement dated 28 August 2014 for further details.
- (7) On 25 July 2014, one of the Company’s subsidiaries, Suzhou Chiway Jiarun Real Estate Co., Ltd (“Suzhou Jiarun”) has entered into a Type 1 trust financing agreement with Huaneng Guicheng Trust Co., Ltd. (“Huaneng Trust”), pursuant to which: (i) Suzhou Jiarun has agreed to transfer its beneficial interests in its assets to Huaneng Trust for a consideration of RMB200.0 million. Under the terms of the agreement, the proceeds from the consideration will be used specifically for the repayment of RMB200 million construction loan from China Construction Bank. Suzhou Jiarun shall pay Huaneng Trust at an interest rate of 13.5% per annum. The financing term shall be two (2) years and Suzhou Jiarun shall repay the consideration based on the following schedule: (i) RMB100.0 million after 12 months commencing from 25 July 2014; and (ii) early repayment of the remaining consideration after 18 months commencing from 25 July 2014.

As security for the performance of the aforementioned obligations, (i) Suzhou Chiwayland Group Co., Ltd and Mr Qian Jianrong provided a collective guarantee in favour of Huaneng Trust; and (ii) Shanghai Chiway Jiacheng Investment Consulting Co., Ltd and Suzhou Gaoxin Tech-Edu Development Co., Ltd each pledged their 49.0% and 51.0% equity interest in Suzhou Jiarun respectively to Huaneng Trust. Upon full repayment, the security will be discharged.

- (8) Xuzhou Chiway entered into a construction loan agreement with Bank of China, which provided a loan of RMB 340 million to Xuzhou Chiway for a period of three(3) years, at a floating interest rate of benchmark interest rate + 10%. As at 30 June 2014 and 31 August 2014, RMB310 million remained outstanding.
 - (9) Please refer to Appendix A.
- (b) the aggregate trust financing obligations as a percentage of total indebtedness;
- As at 30 June 2014, RMB400 million remained outstanding for the two Type 2 trust financing arrangements, namely Hangzhou Trust and Aijian Trust. As at 31 August 2014, the two Type 2 trust financing agreements were terminated following the full repayment of outstanding amount by the Group. The Group has entered into two Type 1 trust financing agreements on 25 July 2014 and 19 August 2014 respectively, which are mentioned in the 14(a) notes (4) and

(7). As at 31 August 2013, RMB420 million remained outstanding.

RMB'000	Adjusted as at 30 June 2014	Adjusted as at 31 August 2014
Total trust financing indebtedness	400,000	420,000*
Total Indebtedness	4,539,740	4,434,740
Trust financing as a percentage of total Indebtedness	8.81%	9.47%

* Please see the 14(a) notes (4) and (7) above.

- (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 August 2014.

- (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 outstanding as at 30 June 2014 and full 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 outstanding as at 30 June 2014 and fully repaid as at the date of this announcement) are set out in 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:

- (1) the unaudited revenue, profit before tax and net asset value of Xuzhou Chiway and Shanghai Real Estate for 1H 2014, 2Q2014, 1H2013 and 2Q2013;

RMB ('000)	2Q2014	2Q2013	1H2014	1H2013
<i>Unaudited revenue</i>				
Xuzhou Chiway	-	-	-	-
Shanghai Real Estate ^(a)	285	-	35,241	-

<i>Profit before tax</i>				
Xuzhou Chiway ^(b)	(4,647)	(1,005)	(11,799)	(1,465)
Shanghai Real Estate	(1,290)	(2,350)	3,291	(3,764)
<i>Net asset value</i>				
Xuzhou Chiway	182,297	198,822	182,297	198,822
Shanghai Real Estate	18,219	(9,834)	18,219	(9,834)

- (a) Related to the revenue generated by Shanghai Royal Palace.
- (b) Losses incurred by Xuzhou Chiway were higher in 1H2014 and 2Q2014 as compared to 1H2013 and 2Q2013 due mainly to the increase in selling expenses for Xuzhou Royal Palace, while the revenue has not been recognised during the periods.
- (c) The illustrative unaudited financial statements as set out in Appendix A have reflected the results of Xuzhou Chiway and Shanghai Real Estate, assuming they are the wholly-owned subsidiaries of the Group.

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

Pursuant to the pre-determined sales target as stated in the trust financing agreement with Shanghai Aijian, contracted sale of 30% of total units were to be achieved by 30 June 2014. For the period under review, the sales target set out in the trust financing agreement was not met. Accordingly, the Group has exercised its first rights of refusal to repay the outstanding trust loans and redeem the 100% shareholding interest in Shanghai Tongrui. As at 25 August 2014, the Group has made full repayment of the outstanding amount and is in the process of effecting the share redemption of Shanghai Tongrui. Please refer to the Company's announcement dated 28 August 2014 for further details.

- (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.

Please refer to Appendix A.

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 second quarter and six months ended 30 June 2014 results of Chiwayland Group (Singapore) Pte. Ltd. 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

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.

Chiwayland Group (Singapore) Pte. Ltd. and its Subsidiaries

Illustrative Unaudited Consolidated Financial Information
for the quarter and half year ended 30 June 2014

Unaudited Illustrative Consolidated Statements of Financial Position
As at 30 June 2014

	30 June 2014	31 Dec 2013
	RMB'000	RMB'000
Assets		
Property, plant and equipment	7,941	7,892
Investment properties	495,084	440,800
Interests in joint ventures	24,435	24,697
Deferred tax assets	54,294	43,099
Non-current assets	<u>581,754</u>	<u>516,488</u>
Development properties:		
- Properties under development	5,585,119	4,764,881
- Completed properties held for sale	807,757	503,832
Contract work-in-progress	381,301	380,651
Financial assets held for trading	6,391	391
Trade receivables, other receivables and advance payments	662,702	2,102,299
Cash and cash equivalents	919,115	971,018
Current assets	<u>8,362,385</u>	<u>8,723,072</u>
Total assets	<u>8,944,139</u>	<u>9,239,560</u>
Equity		
Share capital	—*	—*
Reserves	282,432	274,498
Equity attributable to owners of the Company	<u>282,432</u>	<u>274,498</u>
Non-controlling interests	364,700	285,166
Total equity	<u>647,132</u>	<u>559,664</u>
Liabilities		
Loans and borrowings	2,643,000	1,791,674
Deferred tax liabilities	48,855	48,229
Non-current liabilities	<u>2,691,855</u>	<u>1,839,903</u>
Loans and borrowings	1,512,000	554,826
Trade payables, other payables and advance receipts	3,580,704	5,760,592
Advance receipts from government	439,853	439,853
Dividends payable	15,000	15,000
Tax payable	57,595	69,722
Current liabilities	<u>5,605,152</u>	<u>6,839,993</u>
Total liabilities	<u>8,297,007</u>	<u>8,679,896</u>
Total equity and liabilities	<u>8,944,139</u>	<u>9,239,560</u>

* Amount below RMB 1,000

The accompanying notes form an integral part of these illustrative unaudited consolidated financial information.

Illustrative Unaudited Consolidated Statements of Comprehensive Income
For the quarter and half year ended 30 June 2014

	2Q 2014	2Q 2013	1H 2014	1H 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations				
Revenue	732,433	377,530	1,035,152	648,976
Cost of sales	(662,331)	(315,593)	(942,594)	(567,074)
Gross profit	70,102	61,937	92,558	81,902
Other income	618	3,805	813	4,154
Selling and distribution expenses	(13,598)	(9,274)	(35,588)	(18,567)
Administrative expenses	(16,289)	(13,986)	(38,727)	(31,689)
Other operating expenses	(962)	(570)	(1,133)	(727)
Results from operating activities	39,871	41,912	17,923	35,073
Net finance costs	(3,498)	(5,540)	(1,663)	(8,750)
Share of results of joint ventures, net of tax	(95)	461	(262)	71
Profit before income tax from continuing operations	36,278	36,833	15,998	26,394
Income tax expense	(7,346)	(13,185)	(8,533)	(16,064)
Profit for the year	28,932	23,648	7,465	10,330

The accompanying notes form an integral part of these illustrative unaudited consolidated financial information.

Illustrative Unaudited Consolidated Statements of Cash Flows
For the quarter and half year ended 30 June 2014

	2Q2014 RMB'000	2Q2013 RMB'000	1H2014 RMB'000	1H2013 RMB'000
Cash flows from operating activities				
Profit for the year	28,932	23,648	7,465	10,330
Adjustments for:				
Amortisation of land use rights				
Gain on disposal of equity securities	-	-	-	(104)
Depreciation of property, plant and equipment	418	651	1,838	1,288
Loss/(Gain) on disposal of property, plant and equipment	-	18	8	(34)
Allowance for impairment loss on doubtful debts				
Net finance costs	3,498	5,540	1,663	8,750
Share of results of joint ventures, net of tax	95	(461)	262	(72)
Foreign exchange gain	(1)	(34)	(4)	(78)
Income tax expense	7,346	13,185	8,533	16,064
	<u>40,288</u>	<u>42,547</u>	<u>19,765</u>	<u>36,144</u>
Changes in:				
- Development properties	(523,062)	(751,112)	(162,525)	(916,482)
- Trade receivables, other receivables and advance payments	169,730	(557,208)	699,159	(960,398)
- Trade payables, other payables and advance receipts	(47,145)	408,295	(1,203,000)	588,447
- Construction cost incurred on contract work-in-progress	(229)	-	(650)	-
Cash used in from operations	<u>(360,418)</u>	<u>(857,445)</u>	<u>(647,251)</u>	<u>(1,252,211)</u>
Income tax paid	<u>(18,967)</u>	<u>(69,014)</u>	<u>(37,129)</u>	<u>(95,865)</u>
Net cash used in from operating activities	<u>(379,385)</u>	<u>(926,492)</u>	<u>(684,380)</u>	<u>(1,348,154)</u>

The accompanying notes form an integral part of these illustrative unaudited consolidated financial information.

Illustrative Unaudited Consolidated Statements of Cash Flows
For the quarter and half year ended 30 June 2014

	2Q2014	2Q2013	1H2014	1H2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Acquisition of financial assets held for trading	(6,000)	-	(6,000)	-
Acquisition of property, plant and equipment	(1,037)	(941)	(1,895)	(2,212)
Acquisition of subsidiary from non-controlling interests	(300)	-	(300)	-
Development expenditure on investment properties	(16,632)	(56,479)	(54,284)	(67,772)
Disposal of subsidiaries				
Dividends from joint ventures				
Interest received	1,988	2,389	4,848	4,514
Proceeds from disposal of financial assets held for trading	-	-	-	225,751
Proceeds from disposal of financial assets available-for-sale	-	-	-	43,430
Proceeds from disposal of property, plant and equipment	-	765	-	857
Net cash (used in)/generated from investing activities	(21,981)	(54,266)	(57,631)	204,568

The accompanying notes form an integral part of these illustrative unaudited consolidated financial information.

Illustrative Unaudited Consolidated Statements of Cash Flows (continued)
For the quarter and half year ended 30 June 2014

	2Q2014	2Q2013	1H2014	1H2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Capital contribution from non-controlling interests	-	-	80,000	82,000
Decrease in bills payable	(108,450)	-	(121,400)	-
Dividends paid				
Interest paid	(165,272)	(57,889)	(229,649)	(118,916)
Decrease/(Increase) in restricted cash	739	(231,469)	37,032	(71,230)
Increase/(Decrease) in amounts due to related corporations	49,000	280,701	(97,347)	637,889
Decrease in amounts due to non-controlling interests	(750,000)	-	(750,000)	-
Proceeds of borrowings from financial institutions	1,580,000	258,000	2,230,000	495,888
Repayment of borrowings from financial institutions	(288,400)	(40,000)	(421,500)	(181,923)
Net cash generated from financing activities	317,672	209,343	727,136	843,708
Net decrease in cash and cash equivalents	(83,694)	(771,415)	(14,875)	(299,878)
Cash and cash equivalents at the beginning of the period	777,425	931,926	708,603	460,345
Effect of exchange rate changes on cash held	1	34	4	78
Cash and cash equivalents, before restricted cash as at period end	693,732	160,545	693,732	160,545
Restricted cash	225,383	454,003	225,383	454,003
Cash and cash equivalents at the end of the period	919,115	614,548	919,115	614,548

The accompanying notes form an integral part of these illustrative unaudited consolidated financial information.

Notes to the illustrative unaudited consolidated financial information

1.Introduction

Chiwayland Group (Singapore) Pte. Ltd. (the “Company”) was incorporated in the Republic of Singapore as a private limited company. The principal activities of the Company and its subsidiaries are those of an investment holding company, development of residential and commercial properties for sale, and the provision of property consulting and management services.

The immediate and ultimate holding company is Sinway Investment Co., Ltd., a company incorporated in the British Virgin Islands. The ultimate controlling equity holder of the Group is an individual investor.

2.Basis of preparation of the illustrative unaudited consolidated financial information

The illustrative unaudited consolidated financial information has been prepared for illustrative purposes only, and based on the assumption that the Trust Financing Arrangements are accounted for as borrowings of the Group (“Assumption”) to show that:

- (a) the illustrative unaudited consolidated financial position of the Group as at 30 June 2014 would have been if the Trust Financing Arrangements are reflected based on the Assumption;
- (b) the illustrative unaudited consolidated financial results of the Group for the quarter and half year ended 30 June 2014 would have been if the Trust Financing Arrangements are reflected based on the Assumption; and
- (c) the illustrative unaudited consolidated cash flows of the Group for the quarter and half year ended 30 June 2014 would have been if the Trust Financing Arrangements are reflected based on the Assumption.

The illustrative unaudited consolidated financial information, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of the Group.

The illustrative unaudited consolidated financial information of the Group for the quarter ended 30 June 2014 and for the financial year ended 31 December 2013 have been compiled based on the following:

- (a) The illustrative unaudited financial information of the Group for the period ended 30 June 2014 and for the financial year 31 December 2013 should be read in conjunction with the illustrative unaudited financial information disclosed in the Shareholders' Circular of Chiwayland International Holdings Limited (formerly known as R H Energy Limited) date 10 June 2014.
- (b) The audited consolidated financial statements of the Group for the financial year ended 31 December 2013. These financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”).

- (c) The unaudited consolidated financial statements of the Group for the quarter and half year ended 30 June 2014. These financial statements were prepared in accordance with the IFRS.
- (d) The Trust Financing Arrangements, which are reflected in the illustrative unaudited consolidated financial information as borrowings of the Group such that Shanghai Tongrui, Shanghai Lvwen, Xuzhou Chiway, Shanghai Real Estate and Shanghai Management (collectively, “Chiwayland companies”) would have been consolidated as subsidiaries of the Group.

3. Illustrative Unaudited Consolidated Financial Information of the Group

(i) Illustrative unaudited consolidated statement of financial position as at 30 June 2014

The following adjustments have been made in arriving at the Illustrative Unaudited Consolidated Statement of Financial Position as at 30 June 2014:

	Unaudited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below) (b) RMB'000	Illustrative unaudited consolidated statement of financial position RMB'000
30 June 2014				
Non-current assets				
Property, plant and equipment	5,077	2,864 ⁽ⁱ⁾	—	7,941
Investment properties	495,084	—	—	495,084
Interests in joint ventures	131,148	(106,713) ^{(i), (ii)}	—	24,435
Deferred tax assets	44,987	9,307 ⁽ⁱ⁾	—	54,294
	676,296	(94,542)	—	581,754

(i) Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)

	Unaudited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below) (b) RMB'000	Illustrative unaudited consolidated statement of financial position RMB'000
30 June 2014				
Current assets				
Development properties:				
-Properties under development	4,804,999	780,120 ⁽ⁱ⁾	—	5,585,119
-Completed properties held for sale	752,733	55,024 ⁽ⁱ⁾	—	807,757
Contract work-in-progress	381,301	—	—	381,301
Financial assets held for trading	6,391	—	—	6,391
Trade receivables, other receivables and advance payments	819,795	606,351 ⁽ⁱ⁾	(763,444)	662,702
Cash and cash equivalents	680,953	238,162 ⁽ⁱ⁾	—	919,115
	7,446,172	1,679,657	(763,444)	8,362,385
Total assets	8,122,468	1,585,115	(763,444)	8,944,139

(i) **Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)**

	Unaudited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below) (b) RMB'000	Illustrative unaudited consolidated statement of financial position RMB'000
30 June 2014				
Equity				
Share capital	—*	—	—	—*
Reserves	307,284	(24,852) ⁽ⁱⁱ⁾	—	282,432
Equity attributable to owners of the Company	307,284	(24,852) ⁽ⁱⁱ⁾	—	282,432
Non-controlling interests	364,700	—	—	364,700
Total equity	671,984	(24,852)	—	647,132
Non-current liabilities				
Loans and borrowings	2,333,000	310,000 ⁽ⁱ⁾	—	2,643,000
Deferred tax liabilities	48,855	—	—	48,855
	2,381,855	310,000	—	2,691,855

(i) **Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)**

	Unaudited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below) (b) RMB'000	Illustrative unaudited consolidated statement of financial position RMB'000
30 June 2014				
Current liabilities				
Loans and borrowings	1,112,000	400,000 ^(iv)	–	1,512,000
Trade payables, other payables and advance receipts	3,439,755	904,393 ⁽ⁱ⁾	(763,444)	3,580,704
Advance receipts from government	439,853	–	–	439,853
Dividends payable	15,000	–	–	15,000
Tax payable	62,021	(4,426) ⁽ⁱ⁾	–	57,595
	5,068,629	1,299,967	(763,444)	5,605,152
Total liabilities	7,450,484	1,609,967	(763,444)	8,297,007
Total equity and liabilities	8,122,468	1,585,115	(763,444)	8,944,139

* Amount below RMB 1,000

Notes to the adjustments:

- (a) During the half year ended 30 June 2014, the Group did not enter into any new trust financing arrangement. Please see notes of 31 December 2013 on page 16 for details. Specifically, the adjustments comprise the following:
- (i) to reflect the assets and liabilities of the Disposed Companies (as defined under notes of 31 December 2013 on page 16) as part of the Group's assets and liabilities as at 30 June 2014;
 - (ii) to reverse the gain recognised on the disposal of the Disposed Companies; and
 - (iii) to de-recognise the Group's interests in joint ventures in the Disposal Companies as recognised in the audited statement of financial position as at 31 December 2013.
 - (iv) adjustment to reflect the trust financing funds provided by Shanghai Aijian Trust and Hangzhou Trust to Xuzhou Chiway and Shanghai Real Estate Group as loans and borrowings.
- (b) Adjustment to reflect the elimination of inter-group balances with or of Shanghai Real Estate Group and Xuzhou Chiway.

(i) Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)

The following adjustments have been made in arriving at the Illustrative Unaudited Consolidated Statement of Financial Position as at 31 December 2013:

	Audited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below)		Illustrative unaudited consolidated statement of financial position RMB'000
31 December 2013			(b) RMB'000	(c) RMB'000	
Non-current assets					
Property, plant and equipment	4,415	17,935 ⁽ⁱ⁾	—	(14,458)	7,892
Investment properties	440,800	—	—	—	440,800
Interests in joint ventures	133,948	(96,884) ⁽ⁱⁱⁱ⁾	—	(12,367)	24,697
Deferred tax assets	38,171	14,686 ⁽ⁱ⁾	—	(9,758)	43,099
	617,334	(64,263)	—	(36,583)	516,488

(i) **Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)**

	Audited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below)		Illustrative unaudited consolidated statement of financial position RMB'000
			(b) RMB'000	(c) RMB'000	
31 December 2013					
Current assets					
Development properties:					
-Properties under development	4,010,830	908,429 ⁽ⁱ⁾	–	(154,378)	4,764,881
-Completed properties held for sales	503,832	–	–	–	503,832
Contract work-in-progress	380,651	–	–	–	380,651
Financial assets held for trading	391	–	–	–	391
Trade receivables, other receivables and advance payments	1,684,576	232,038 ⁽ⁱ⁾	–	185,685	2,102,299
Cash and cash equivalents	568,279	(5,266) ⁽ⁱ⁾	321,000	87,005	971,018
	7,148,559	1,135,201	321,000	118,312	8,723,072
Total assets	7,765,893	1,070,938	321,000	81,729	9,239,560

(i) Illustrative unaudited consolidated statement of financial position as at 30 June 2014 (continued)

	Audited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below)		Illustrative unaudited consolidated statement of financial position RMB'000
			(b) RMB'000	(c) RMB'000	
31 December 2013					
Equity					
Share capital	—*	—	—	—	—*
Reserves	296,330	(23,868) ⁽ⁱⁱ⁾	—	2,036	274,498
Equity attributable to owners of the Company	296,330	(23,868)	—	2,036	274,498
Non-controlling interests	285,166	—	—	—	285,166
Total equity	581,496	(23,868)	—	2,036	559,664
Non-current liabilities					
Loans and borrowings	1,340,674	130,000 ⁽ⁱ⁾	321,000	—	1,791,674
Deferred tax liabilities	48,229	—	—	—	48,229
	1,388,903	130,000	321,000	—	1,839,903

(i) **Illustrative unaudited consolidated statement of financial position as at 30 June 2014 and 31 December 2013 (continued)**

	Audited consolidated statement of financial position of the Group RMB'000	(a) RMB'000	Adjustments (see notes below)		Illustrative unaudited consolidated statement of financial position RMB'000
			(b) RMB'000	(c) RMB'000	
31 December 2013					
Current liabilities					
Loans and borrowings	533,400	—	—	21,426	554,826
Trade payables, other payables and advance receipts	4,741,036	964,806 ⁽ⁱ⁾	—	54,750	5,760,592
Advance receipts from government	439,853	—	—	—	439,853
Dividends payable	15,000	—	—	—	15,000
Tax payable	66,205	—	—	3,517	69,722
	5,795,494	964,806	—	79,693	6,839,993
Total liabilities	7,184,397	1,094,806	321,000	79,693	8,679,896
Total equity and liabilities	7,765,893	1,070,938	321,000	81,729	9,239,560

* Amount below RMB 1,000

Notes to the adjustments:

- (a) During the financial year ended 31 December 2013, the Group entered into separate trust financing arrangement with Shanghai Aijian Trust and Hangzhou Trust, which resulted in the disposal of Shanghai Tongrui, and indirectly its equity interest in Xuzhou Chiway, and Shanghai Real Estate, and indirectly its equity interest in Shanghai Real Estate and Shanghai Management (collectively the “Disposed Companies”). Following the completion of the transactions, the Group lost control of the Disposed Companies, and exercises joint control of Xuzhou Chiway and, Shanghai Real Estate and Shanghai Management (the “Shanghai Real Estate Group”). Based on the Assumption upon which the illustrative unaudited consolidated financial information is prepared, adjustments are made to reverse the financial effects on the disposal of the Disposed Companies by the Group; the Disposed Companies would have been consolidated as subsidiaries of the Group under the Assumption. Specifically, the adjustments comprise the following:
- (i) to reflect the assets and liabilities of the Disposed Companies as part of the Group’s assets and liabilities as at 31 December 2013;
 - (ii) to reverse the gain recognised on the disposal of the Disposed Companies; and
 - (iii) to de-recognise the Group’s interests in joint ventures in the Disposal Companies as recognised in the audited consolidated financial statements as at 31 December 2013.
- (b) Adjustment to reflect the trust financing funds provided by Shanghai Aijian Trust and Hangzhou Trust to Xuzhou Chiway and Shanghai Real Estate Group as loans and borrowings.

- (c) Adjustments to reflect the results of Xuzhou Chiway and Shanghai Real Estate Group and the movement of their assets and liabilities in respect of the period subsequent to their disposals, and the results of Shanghai Shenlan and Shanghai Fuyuan in respect of the period prior to the deemed acquisition by the Group, as if they are subsidiaries of the Group during the financial year ended 31 December 2013.

(ii) **Illustrative unaudited consolidated statement of comprehensive income for the quarter and half year ended 30 June 2014**

For the quarter ended 30 June 2014 (2Q 2014)	Unaudited consolidated statement of comprehensive income of the Group RMB'000	Adjustments (see note below) (a) RMB'000	Illustrative unaudited consolidated statement of comprehensive income RMB'000
Continuing operations			
Revenue	732,148	285	732,433
Cost of sales	(662,343)	12	(662,331)
Gross profit	69,805	297	70,102
Other income	598	20	618
Selling and distribution expenses	(9,880)	(3,718)	(13,598)
Administrative expenses	(14,257)	(2,032)	(16,289)
Other operating expenses	(456)	(506)	(962)
Results from operating activities	45,810	(5,939)	39,871
Net finance costs	(3,500)	2	(3,498)
Share of results of joint ventures, net of tax	(2,839)	2,744	(95)
Profit before income tax	39,471	(3,193)	36,278
Income tax expense	(8,507)	1,161	(7,346)
Profit for the year	30,964	(2,032)	28,932

Note to the adjustments:

- (a) Adjustments to reflect the results of Xuzhou Chiway, Shanghai Real Estate Group, Shanghai Tongrui and Shanghai Lvwen, as if they are subsidiaries of the Group during the financial period ended 30 June 2014.

(ii) **Illustrative unaudited consolidated statement of comprehensive income for the quarter and half year ended 30 June 2014 (continued)**

For the quarter ended 30 June 2013 (2Q 2013)	Unaudited consolidated statement of comprehensive income of the Group RMB'000	Adjustments (see note below) (a) RMB'000	Illustrative unaudited consolidated statement of comprehensive income RMB'000
Continuing operations			
Revenue	377,530	–	377,530
Cost of sales	(315,593)	–	(315,593)
Gross profit	61,937	–	61,937
Other income	3,804	1	3,805
Selling and distribution expenses	(9,274)	–	(9,274)
Administrative expenses	(13,939)	(47)	(13,986)
Other operating expenses	(570)	–	(570)
Results from operating activities	41,958	(46)	41,912
Net finance costs	(5,538)	(2)	(5,540)
Share of results of joint ventures, net of tax	461	–	461
Profit before income tax	36,881	(48)	36,833
Income tax expense	(13,185)	–	(13,185)
Profit for the year	23,696	(48)	23,648

Note to the adjustments:

- (a) Adjustments to reflect the results of Shanghai Shenlan and Shanghai Fuyuan, as if they are subsidiaries of the Group during the financial period ended 30 June 2013.

(ii) **Illustrative unaudited consolidated statement of comprehensive income for the quarter and half year ended 30 June 2014 (continued)**

For the half year ended 30 June 2014 (1H 2014)	Audited consolidated statement of comprehensive income of the Group	Adjustments (see note below)		Illustrative unaudited consolidated statement of comprehensive income
	RMB'000	(a) RMB'000	(b) RMB'000	RMB'000
Continuing operations				
Revenue	1,000,533	35,241	(622)	1,035,152
Cost of sales	(914,753)	(27,841)	-	(942,594)
Gross profit	85,780	7,400	(622)	92,558
Other income	813	-	-	813
Selling and distribution expenses	(25,233)	(10,977)	622	(35,588)
Administrative expenses	(34,456)	(4,271)	-	(38,727)
Other operating expenses	(469)	(664)	-	(1,133)
Results from operating activities	26,435	(8,512)	-	17,923
Net finance costs	(1,668)	5	-	(1,663)
Share of results of joint ventures, net of tax	(2,800)	2,538	-	(262)
Profit before income tax	21,967	(5,969)	-	15,998
Income tax expense	(11,482)	2,949	-	(8,533)
Profit for the year	10,485	(3,020)	-	7,465

Note to the adjustments:

- (a) Adjustments to reflect the results of Xuzhou Chiway, Shanghai Real Estate Group, Shanghai Tongrui and Shanghai Lvwen, as if they are subsidiaries of the Group during the financial period ended 30 June 2014.
- (b) Adjustments to eliminate the intergroup transactions between Xuzhou Chiway and Suzhou Huatian Property Management Co., Ltd.

(ii) **Illustrative unaudited consolidated statement of comprehensive income for the quarter and half year ended 30 June 2014 (continued)**

For the half year ended 30 June 2013 (1H 2013)	Audited consolidated statement of comprehensive income of the Group RMB'000	Adjustments (see note below) (a) RMB'000	Illustrative unaudited consolidated statement of comprehensive income RMB'000
Continuing operations			
Revenue	648,976	–	648,976
Cost of sales	(567,074)	–	(567,074)
Gross profit	81,902	–	81,902
Other income	4,152	2	4,154
Selling and distribution expenses	(18,567)	–	(18,567)
Administrative expenses	(31,594)	(95)	(31,689)
Other operating expenses	(727)	–	(727)
Results from operating activities	35,166	(93)	35,073
Net finance costs	(8,750)	(1)	(8,751)
Share of results of joint ventures, net of tax	72	–	72
Profit before income tax	26,488	(94)	26,394
Income tax expense	(16,064)	–	(16,064)
Profit for the year	10,424	(94)	10,330

Notes to the adjustments:

- (a) Adjustments to reflect the results of Shanghai Shenlan and Shanghai Fuyuan, as if they are subsidiaries of the Group during the financial period ended 30 June 2013.