

## PERFORMANCE UPDATE OF CWG INTERNATIONAL LTD. AND ITS SUBSIDIARIES

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### 1. INTRODUCTION

The board of directors (the "**Board**") of CWG International Ltd. (the "**Company**") refers to the announcements released on 18 January 2018 and 28 December 2017 by RHT Capital Pte. Ltd., for and on behalf of Elidom Investment Co., Ltd (the "**Offeror**"), in connection with the voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of the Company, other than those already held by the Company as treasury shares and those already held by the Offeror as at the date of the Offer in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**").

The Board wishes to issue this performance update (the "**Performance Update**") of the Company and its subsidiaries (collectively, the "**Group**") in connection with the Offer.

### 2. PERFORMANCE UPDATE

The Company expects the unaudited consolidated net asset value ("**NAV**")<sup>1</sup> of the Group as at 31 December 2017 to be approximately RMB 767 million to RMB 848 million. This expected increase in net asset value reflects the increase in fair value of the Group's investment properties and profits generated from the Group's development properties, mainly in China.

This Performance Update constitutes only a preliminary assessment of the expected net asset value of the Group as at 31 December 2017 based on currently available information, and is subject to a number of risks and uncertainties that could cause actual events and/or results to differ materially from those disclosed in this Performance Update.

For the avoidance of doubt, this Performance Update does not form part of the unaudited financial statements of the Group for the fourth quarter and 12 months ended 31 December 2017, which will be announced by the Company no later than 14 February 2018, in accordance with the listing manual of the Singapore Exchange Securities Trading Limited.

In the meantime, shareholders and investors of the Company are advised to exercise caution when dealing in the Shares.

### 3. SINGAPORE CODE ON TAKE-OVERS AND MERGERS

This Performance Update has been reported on in accordance with the Code. The independent auditor's report dated 26 January 2018 (the "**KPMG Performance Update Report**") issued by KPMG LLP (the auditors of the Company) ("**KPMG**") in relation to this Performance Update and the letter dated 26 January 2018 (the "**CIMB Performance Update Letter**") issued by CIMB Bank Berhad, Singapore Branch (the independent financial adviser appointed by the directors

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<sup>1</sup> NAV represents equity attributable to owners of the Company and excludes "other equity instruments", which comprises perpetual capital securities issued by the Company which have been redeemed and redeemable perpetual preference shares issued by a wholly-owned subsidiary of the Company.

of the Company who are considered independent for the purposes of the Offer) ("**CIMB**") in relation to this Performance Update are attached to this Announcement.

KPMG has given and has not withdrawn its consent to the release of this Announcement with the inclusion of its name and the KPMG Performance Update Report in this Announcement.

CIMB has given and has not withdrawn its consent to the release of this Announcement with the inclusion of its name and the CIMB Performance Update Letter in this Announcement.

#### **4. RESPONSIBILITY STATEMENT**

The directors of the Company (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

The directors of the Company jointly and severally accept full responsibility accordingly.

#### **BY THE ORDER OF THE BOARD OF CWG INTERNATIONAL LTD.**

Thio Shen Yi  
Lead Independent Director  
26 January 2018



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## **Independent assurance report**

Board of Directors  
CWG International Ltd.

We were engaged by the Board of Directors of CWG International Ltd. (the “Company”) to report on the performance update of CWG International Ltd. and its subsidiaries (collectively the “Group”) issued by the Directors of the Company (the “Performance Update Statement”) on the Singapore Exchange Securities Trading Limited on 26 January 2018, about whether the Company has prepared the Performance Update Statement in accordance with the bases and assumptions as set out in the Performance Update Statement (the “bases and assumptions”) and that the basis of accounting used is consistent with the accounting policies of the Group as described in the notes to the financial statements of the Group for the year ended 31 December 2016 (the “accounting policies”).

The Performance Update Statement is prepared in connection with the voluntary conditional cash offer by Elidom Investment Co., Ltd (the “Offeror”) for all the issued and paid-up ordinary shares in the capital of the Company other than those already held by the Company as treasury shares and those already held by the Offeror as at the date of the Offer in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers as announced on 28 December 2017.

### *Management’s responsibilities*

Management is responsible for the preparation of the Performance Update Statement in accordance with the bases and assumptions and the use of a basis of accounting that is consistent with the accounting policies. In preparing the Performance Update Statement, management is responsible for ensuring the accuracy and appropriateness of unaudited financial information used in the preparation of the Performance Update Statement, and the appropriateness of the bases, assumptions and accounting policies used in the preparation and presentation of the Performance Update Statement.

### *Auditors’ independence and quality control*

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### *Auditors' responsibility*

Our responsibility is to examine the Performance Update Statement and to report thereon in the form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Company has prepared the Performance Update Statement in accordance with the bases and assumptions and the accounting policies, in all material respects, as the basis for our assurance conclusion.

Our work includes carrying out inquiries with officers primarily responsible for financial reporting and accounting matters. Our work also includes tracing the amounts on the schedule prepared by the officers primarily responsible for financial reporting and accounting matters of the Group to the underlying accounting records. In this connection, we have also considered the system of internal control in relation to the preparation of the Performance Update Statement and reliance has been placed on such internal controls, where appropriate.

We have not performed any procedures regarding the bases and assumptions and accordingly do not report on the reasonableness of the bases and assumptions or on the possibility of achievement of the Performance Update Statement.

Actual results are likely to be different from the Performance Update Statement since anticipated events frequently do not occur as expected and the variation may be material. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### *Conclusion*

Based on our work as described in this report and evidence obtained, nothing has come to our attention that causes us to believe that, the Performance Update Statement is not prepared, in all material respects, in accordance with the bases and assumptions and that the basis of accounting used is not consistent with the accounting policies.



*Restriction on use*

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on those matters in the first paragraph of this report and for no other purpose. Our report is included in the Company's circular to shareholders in relation to the voluntary conditional cash offer. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions in this report.

*KPMG LLP*

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
26 January 2018



26 January 2018

The Board of Directors

**CWG International Ltd.**  
6 Eu Tong Sen Street  
#04-08 The Central  
Singapore 059817

Dear Sirs

## **VOLUNTARY CONDITIONAL CASH OFFER FOR CWG INTERNATIONAL LTD**

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1. On 28 December 2017, RHT Capital Pte. Ltd. ("**RHT Capital**") announced, for and on behalf of Elidom Investment Co., Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares in the capital of CWG International Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") other than those already held by the Company as treasury shares and those already held by the Offeror as at the date of the Offer in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**").

On 22 January 2018, RHT Capital announced, for and on behalf of the Offeror, that the Offer had become and was declared unconditional in all respects.

On 26 January 2018, the Company announced a performance update relating to the expected unaudited consolidated net asset value of the Group as at 31 December 2017 (the "**Performance Update**"). The Performance Update is solely the responsibility of the directors of the Company (the "**Directors**").

2. We have reviewed and held discussions with the Directors and the management of the Company on the Performance Update.
3. We have also considered the letter issued by KPMG LLP dated 26 January 2018 and addressed to the Directors relating to their examination of the Performance Update and the accounting policies, bases and assumptions upon which the Performance Update was prepared.
4. Based on the above, we are of the opinion that the Performance Update (for which the Directors of the Company are solely responsible) has been made by the Directors after due and careful enquiry.
5. For the purpose of rendering our opinion in this letter, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to, or discussed with us. Save as provided in this letter, we do not express any other opinion on the Performance Update.
6. This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Code and not for any other purpose. We do not accept any responsibility to any person (other than the Directors of the Company) in respect of, arising out of, or in connection with this letter.

Yours faithfully  
For and on behalf of  
**CIMB BANK BERHAD, SINGAPORE BRANCH**

**JASON CHIAN SIET HENG**  
MANAGING DIRECTOR  
INVESTMENT BANKING, SINGAPORE

**TAN CHER TING**  
DIRECTOR  
INVESTMENT BANKING, SINGAPORE