

CWG INTERNATIONAL LTD.

(Formerly known as Chiwayland International Limited)
(Registration No. 200610437K)
(Incorporated in Singapore)

SUBSCRIPTION OF THE PROMISSORY NOTE BY A SUBSIDIARY COMPANY, CHIWAYLAND GROUP (SINGAPORE) PTE. LTD.

1. INTRODUCTION

The Board of Directors of **CWG International Ltd.** (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its direct wholly owned subsidiary, Chiwayland Group (Singapore) Pte. Ltd. (“**Chiwayland**”) has subscribed for a promissory note (“**Note**”) issued by US Hospitality Investments, LLC (the “**Borrower**”) at a principal amount of US\$25 million. (“**Transaction**”).

The Transaction is not an interested person transaction under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).

2. SECURITY FOR THE NOTE

The following collaterals were received by Chiwayland in connection with its subscription of the Note:

- (a) A corporate Guarantee issued by Urban Commons, LLC (“**Guarantor**”) in favour of Chiwayland. The Guarantor is also the manager of the Borrower; and
- (b) A pledge over 85% of the common equity interests in the Borrower now or thereafter owned by US Hospitality Common Co., LLC in favour of Chiwayland.

3. INFORMATION ON THE BORROWER AND GUARANTOR

The Borrower is a company incorporated in Delaware, the United States. The Borrower is a holder of certain hotel properties.

The Guarantor is a company incorporated in Delaware, the United States. It is an existing joint venture partner of the Group in the United States.

4. KEY TERMS OF THE NOTE

The key terms of the Note include, *inter alia*, the following:

- (a) Principal Amount of the Note

The principal amount of the Note to be subscribed by Chiwayland is US\$25 million.

- (b) Use of Proceeds

The proceeds from the issuance of the Note shall only be used by the Borrower for the acquisition of certain designated hotel properties.

- (c) Maturity Date

The principal amount of the Note and any accrued and unpaid interest thereon shall mature on the tenth (10th) anniversary of the issuance date of the Note.

- (d) Interest on the Note

The Note will carry an interest rate of ten percent (10%) per annum. All interest not paid when due shall compound, be added to the principal amount of the Note.

After the occurrence and during the continuance of an event of default, the entire unpaid principal amount shall bear interest at the rate of fifteen percent (15%) per annum.

(e) Repayment of the Note

The Note may be prepaid in the following ways:

(i) At the option of Chiwayland:

At any time on or after the first (1st) anniversary of the issuance date of the Note, Chiwayland may request the prepayment via thirty (30) days prior written notice to the Borrower. In this case, no Applicable Prepayment Premium (as defined below) shall apply;

(ii) At the option of the Borrower:

The Note may be prepaid by the Borrower via thirty (30) days prior written notice to Chiwayland. In such case, the Borrower shall pay to Chiwayland the entire principal amount of the Note plus accrued interest through the date of prepayment plus the Applicable Payment Premium. "**Applicable Payment Premium**" means an amount in cash equal to all required interest payments that would have otherwise accrued on all or any portion of the principal amount of the Note being prepaid or otherwise becoming due from the date of such prepayment or other determination through and including the Maturity Date.

(iii) In the event of the closing of any sale of all or substantially all of the assets of Borrower or any merger or consolidation in which Borrower is not the surviving entity or if Guarantor is not the manager of Company or there is a change-in-control of Guarantor:

The Note shall be prepaid by the Borrower. In such case, the Borrower shall pay to Chiwayland the entire principal amount of the Note plus accrued interest through the date of prepayment plus the Applicable Payment Premium.

5. SOURCE OF FUNDS

The Transaction is financed by the Company by way of internal funds and an interest free loan from Sinway Investment Co Ltd, a controlling shareholder of the Company.

6. RATIONALE

The Board is of the view that the Transaction is in the best interests of the Company and the shareholders of the Company as the Transaction will enable the Company to invest in an established business by way of debt financing. The Transaction is also in line with the Group's investment strategy to pursue growth opportunities with a view to enhancing shareholder value. The Directors view the Transaction as being in the ordinary course of the Group's business.

7. FINANCIAL EFFECTS

The pro forma financial effects of the Transaction on the Group have been prepared based on the audited financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**") and are for illustrative purposes only.

(a) Net Tangible Assets ("**NTA**")

The effects of the Transaction on the audited consolidated NTA per share of the Group as at 31 December 2016, assuming that the Transaction had been effected on 31 December 2016, are summarised below:

	Before the Transaction	After the Transaction
Consolidated NTA (RMB'000)	1,487,406	1,487,406
Number of Shares (excluding treasury shares)	666,186,006	666,186,006
Consolidated NTA per share	2.23	2.23

(b) Earnings Per Share (“EPS”)

The effects of the Transaction on the consolidated EPS of the Group for FY2016, assuming that the Transaction had been effected on 1 January 2016 are summarised below:

	Before the Transaction	After the Transaction
Profit attributable to equity holders of the Company (RMB'000)	94,925	94,925
Number of Shares (excluding treasury shares)	666,846,102	666,846,102
Consolidated EPS (RMB cents)	14.23	14.23

8. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors has, and to the best of the Directors' knowledge, there are no controlling shareholders of the Company who have, any interest, direct or indirect, in the Transaction, save in respect of their shareholdings (if any) in the Company.

By Order of the Board of
CWG INTERNATIONAL LTD.

QIAN JIANRONG
Executive Chairman and Chief Executive Officer
13th January 2018