CWG International Limited

(Company Registration No.: 200610437K)

CWG's FY2016 PATMI surged 205% to RMB114.8 million; Proposes inaugural dividend of S$0.01/share

- **Revenue for FY2016 rose to RMB4.8 billion, lifted by delivery of two major property developments in Suzhou with higher average selling prices**
- **Recorded strong pre-sales of RMB4.6 billion for both its China and Australia projects in FY2016, with a target to cross the RMB10 billion mark in 2017**
- **Target delivery of 6 projects with an estimated total saleable gross development value of RMB5.5 billion in 2017**
- **On track to expand fund management unit to take on greater role in financing its growth in the international markets**

SINGAPORE, 15 February 2017 – SGX Mainboard-listed CWG International Ltd, together with its subsidiaries ("CWG" or the "Group"), announced today that its PATMI for the full year ended 31 December 2016 ("FY2016") surged 205% year-on-year ("yoy") to RMB114.8 million on the back of strong delivery of two major property developments which commanded higher average selling prices ("ASPs").

The international property developer reported a 34.0% yoy increase in revenue to RMB4.8 billion primarily driven by higher selling prices of its Suzhou Industrial Park Royal Mansion and Suzhou Royal Palace projects. The former contributed approximately 49.0%, while the latter contributed 37.0% of the Group's FY2016 revenue. While sale of total saleable Gross Floor Area ("GFA") decreased 26.0% yoy to 332,099 sqm for FY2016, the Group recorded a 79.0% increase yoy in ASP of RMB14,290 per sqm. As a result, the Group recorded a significant improvement in gross profit margin to 19.2% for FY2016 (FY2015: 8.3%).

The Group also achieved a strong RMB4.6 billion in pre-sales for its ongoing projects in both China and Australia. Pre-sales GFA for the Group's China projects, increased 15.0% yoy to approximately 435,119 sqm in FY2016 with an aggregate consideration of RMB4.3 billion. This was achieved despite the cooling measures imposed by local governments throughout China in Q42016. Australia projects – Illumina, Marine's Hill, Uptown and Stellar - were also pre-sold with a total aggregate consideration of AUD60.0 million (RMB300.0 million) in FY2016.

Expenses increased in tandem with the Group's growth efforts, both in terms of scale and geographical spread. Selling and distribution expenses increased 86.0% yoy by RMB65.4 million, mainly due to increase in expenditure on sales and marketing activities of the 11 projects that were launched in FY2016 and early FY2017. Administrative expenses increased 47.0% yoy by RMB46.1 million for FY2016 due to higher headcount as a result of the Group's expansion into Australia, USA, and its Richmont Capital private equity unit.

The Group's total debt increased to RMB8.2 billion as at 31 December 2016 (31 December 2015: RMB4.2 billion) while cash and cash equivalents improved to RMB2.0 billion (31 December 2015: RMB1.2 billion). The gearing ratio stands at 4.16 times, and would have been much better if not for the cooling measures in Q4 2016. Despite that, the Group managed to achieve a respectable RMB1.5 billion of pre-sales in the PRC in Q4 2016. The Group remains confident that the gearing ratio will continue to improve with the gradual normalisation in sales activities, reflective of the medium term secular demand for housing in good cities as China continues to urbanise with improving affluence.

The increase in debt is mainly attributed to the Group's land acquisitions in China. Land acquisition debt typically stays on the Group's balance sheet for up to nine months before it is discharged by advance receipts collected upon launching the project. During the year, the Group acquired six new land parcels in Hubei, Jiangsu provinces and in Sydney Australia, with a total saleable GFA of 539,459sqm, or 1.6 times 2016 Pre-sales GFA, which firmly positions the Group for growth into FY2018 and beyond.

In view of the Group's strong financial performance and to reward shareholders for their loyal support, the board of directors of CWG has proposed a tax exempt (one-tier) final cash dividend of S$0.01/ share for FY2016. The inaugural proposed dividend translates to a dividend yield of 5.6%[1] and a payout ratio of 28%[2].

Commenting on the results, Mr Chua Hwee Song, the Group's Chief Financial Officer and Executive Director said:

"We are proud to announce a record-breaking set of results this year. It is a testament of the strong execution abilities of our management team, and our disciplined and steady strategy in land acquisition. Our land acquisition strategy has also laid a strong foundation and potential for good results in 2017, as we expect the delivery of 6 projects, comprising one project in Sydney, two projects in our core market of Suzhou, and the remainder in the Rest of China market - one project in Shanghai, one project in Xuzhou and one project in Xuancheng - with a total saleable gross development value of RMB5.5 billion.

We continue to make progress in expanding our fund management platform. To date, our fund management subsidiary, Richmont Capital has launched a total of 7 funds, with a total fund size in excess of RMB700 million, with the proceeds of 4 of these funds going to support our international expansion. We will continue to expand and scale our fund management business, and transform our property development business by capitalizing on external funds for our

[1] Updated as of 13 February 2017
[2] Using an exchange rate of 1CNY=0.21SGD as at 31 December 2016

property development projects, particularly in the international markets. In this manner, we will lessen the burden on the Group's capital structure.

We look forward to receiving shareholders' mandate for us to expand our fund management business at the next EGM, once we receive approval for our Circular to Shareholders on this matter which has been submitted to the SGX."

On the Group's outlook, Mr. Qian Jianrong, Executive Chairman and CEO of CWG International Limited, said:

"Our internationalisation efforts in Australia and the United States are doing well. In Australia, despite the subdued market sentiments, we continue to see demand for our projects located in Sydney, where local demand is sustained by continued population growth from favourable immigration policies. Our early switch to projects targeting local buyers in the suburbs, such as Paramatta and Penrith, are expected to support our growth in Australia. In the U.S., the economy has seen sustained growth and this has translated into demand for real estate especially in states that are attracting strong investments with competitive tax regime. Our efforts in Dallas are uncovering many good opportunities which we will develop with external funds via GP/LP structures, with Richmont Capital acting as the General Partner. This will transform our U.S. operations into a capital-light, fee-earning business.

In our core PRC market, we are positive about the China property market over the medium term. We believe that there is underlying demand for housing in good first and second tier cities from sustained urbanisation and upgrading demand due to higher affluence. This is evidenced by our RMB1.5 billion Pre-sales in Q4 2016, despite the cooling measures and considering that our total Pre-sales for FY 2016 was RMB4.6 billion. We are also guided by favourable housing market demand-supply inventory trends when deciding on our land acquisitions in the cities where we operate. With this confidence, we have set a target to scale up our property development business to cross RMB10 billion in pre-sales receipt in 2017 inclusive of JV projects, and to reach RMB40 billion by 2021.

Beyond property development, our growth will be driven by our capabilities to manage different classes of real estate assets to build up recurring income streams, and to tap into international capital markets through real estate funds and potentially REITs. This will enable us to more effectively expand our property development business beyond the residential segment and to undertake projects in other segments. In particular, we will focus our initial efforts in the education sector where we have a strong track record of building education campuses and international schools in China, and also running education businesses internationally, including a US aviation school that was acquired by our sister company recently.

Against this backdrop and as we continue to drive transformation into an integrated real estate company, we target to deliver a CAGR of at least 30% in the next five years to achieve RMB40 billion in revenue by 2021."

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ABOUT CWG INTERNATIONAL LIMITED

LIMITED STOCK CODES – SGX: ACW | BLOOMBERG: CHW SP | REUTERS: CHIW.SI

Established in 2002, CWG International Limited (formerly known as Chiwayland International Limited), together with its subsidiaries ("CWG" or the "Group"), an international property developer providing premier living solutions, was listed on the SGX Mainboard in 2014. The Group's businesses cover real estate investment and development, township planning and project management.

CWG has a stellar track record in developing quality residential and commercial properties in various geographies that straddles China, Australia and the U.S. Its portfolio, mostly in prime locations, also comprises office buildings and education hubs.

In 2014, the Group embarked on its internationalisation strategy and expanded to Australia. The Group currently has two projects in Brisbane and five others in Sydney with a focus on residential and commercial properties. The Group successfully handed over its first project, Brisbane's Vivir in 1Q2016. Its largest Australia's residential project, Parramatta in Sydney, with a total GFA of 32,545 square metres, is targeted for completion in 2019.

In 2016, CWG entered the U.S. market with a mixed development project in Los Angeles, California, comprising retail, hotel and residential units. The Group continues to internationalise with planned expansion in North America, Western Europe and Asia.

In China, the Group's properties span across the heart of the Yangtze River Delta Region, including Shanghai, Suzhou and Nanjing. To date, the Group has completed 29 property developments with an aggregate total saleable GFA exceeding 2.7 million square metres, and is ranked as one of the Top 100 Real Estate Development Enterprise.

For the Group's investment property holdings, it owns commercial, retail space and educational facilities. The Group intends to grow the recurring income segment of its business to be a significant contributor and provide a stable base for its performance over the longer term.

For more information, please visit the company website at www.cwginternational.com.

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