CWG INTERNATIONAL LTD
(Company Reg. No. 200610437K)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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

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		
	1Q2017 RMB'000	**1Q2016 RMB'000**	**Change + / (-)**
Revenue	317,060	818,348	(61%)
Cost of sales	(262,477)	(755,007)	(65%)
Gross profit	**54,583**	**63,341**	**(14%)**
Other income	14,028	2,907	382%
Selling and distribution expenses	(41,425)	(16,262)	155%
Administrative expenses	(44,916)	(42,462)	6%
Other expenses	(80)	(302)	(74%)
Results from operating activities	**(17,810)**	**7,222**	**n.m.**
Net finance costs	(16,434)	(8,209)	100%
Share of results of joint ventures and associate, net of tax	(1,227)	6,115	n.m.
(Loss)/Profit before income tax	**(35,471)**	**5,128**	**n.m.**
Tax expense	(1,765)	(20,251)	(91%)
Loss for the period	**(37,236)**	**(15,123)**	**146%**
Loss attributable to:			
Owners of the Company	(30,593)	(19,173)	60%
Non-controlling interests	(6,643)	4,050	n.m.
Loss for the period	**(37,236)**	**(15,123)**	**146%**

(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		
	1Q2017 RMB'000	**1Q2016 RMB'000**	**Change + / (-)**
Loss for the period	(37,236)	(15,123)	146%
Other comprehensive income			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations/Other comprehensive income for the period	9,236	12,498	(26%)
Total comprehensive loss for the period	**(28,000)**	**(2,625)**	**967%**
Total comprehensive loss attributable to:			
Owners of the Company	(21,406)	(6,679)	220%
Non-controlling interests	(6,594)	4,054	n.m.
Total comprehensive loss for the period	**(28,000)**	**(2,625)**	**967%**

Note:

n.m : denotes not meaningful.

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

Loss before income tax is stated after charging/ (crediting):

	Group	
	1Q2017	**1Q2016**
	RMB'000	**RMB'000**
Depreciation of property, plant and equipment	439	549
Finance income	(11,713)	(3,036)
Finance costs	28,147	11,245
Foreign exchange gain	(12,888)	(1,275)
Reverse of impairment loss on development properties	(2,857)	-
Gain on disposal of available-for-sale financial assets	(129)	(956)
Gain on disposal of property, plant and equipment	(375)	-

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

	Group		Company	
	31–Mar–2017 RMB'000	31–Dec–2016 RMB'000	31–Mar –2017 RMB'000	31–Dec –2016 RMB'000
Assets				
Property, plant and equipment	4,983	4,822	–	–
Investment properties	1,213,386	1,190,200	–	–
Subsidiaries	–	–	1,482,950	1,441,794
Joint ventures	295,229	98,813	–	–
Associate	4,131	4,438	–	–
Deferred tax assets	128,448	121,358	–	–
Other receivables	174,621	176,928	–	–
Non–current assets	1,820,798	1,596,559	1,482,950	1,441,794
Development properties	8,701,353	7,698,063	–	–
Contract work–in–progress[(1)]	398,670	397,888	–	–
Financial assets	17,000	55,000	–	–
Trade receivables, other receivables and advance payments	3,504,959	3,542,347	282,342	275,089
Cash and cash equivalents	1,481,542	2,027,412	302	4,996
Current assets	14,103,524	13,720,710	282,644	280,085
Total assets	15,924,322	15,317,269	1,765,594	1,721,879
Equity				
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	306,648	331,511	38,670	(5,533)
Equity attributable to owners of the Company	605,225	630,088	1,620,942	1,576,739
Other equity instruments	214,695	214,695	143,781	143,781
	819,920	844,783	1,764,723	1,720,520
Non–controlling interests	636,029	642,623	–	–
Total equity	1,455,949	1,487,406	1,764,723	1,720,520
Liabilities				
Loans and borrowings	2,624,023	5,622,556	–	–
Deferred tax liabilities	116,204	115,873	–	–
Non–current liabilities	2,740,227	5,738,429	–	–
Loans and borrowings	4,704,897	2,501,394	–	–
Trade payables, other payables and advance receipts	6,376,441	4,902,055	871	1,359
Advance receipts from government[(1)]	442,499	439,853	–	–
Tax payable	204,309	248,132	–	–
Current liabilities	11,728,146	8,091,434	871	1,359
Total liabilities	14,468,373	13,829,863	871	1,359
Total equity and liabilities	15,924,322	15,317,269	1,765,594	1,721,879

Note:

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

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2017		As at 31 December 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
3,925,821	779,076	2,391,394	110,000

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
2,379,055	244,968	5,622,556	-

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

(i) the Group's investment properties and development properties with total carrying amounts of RMB8,025,026,000 (as at 31 December 2016: RMB5,658,393,000);

(ii) net assets of Suzhou Jiarun and SCLG of the Group;

(iii) the following equity interests in the Group entities are pledged as collaterals to financial institutions:

- SCLG's 100% equity interest in Xuancheng Chiway;
- SCLG's 60% equity interests in Suzhou Chiway Shangcheng;
- SCLG's 55% equity interests in Suzhou Xingshang;
- SCLG's 31% equity interests in Xuzhou Chiway;
- Shanghai Tongrui's 49% equity interests in Xuzhou Chiway;
- Suzhou Chiway Shangcheng's 100% equity interests in Suzhou Shanghong;
- Suzhou Chiway Shangcheng's 100% equity interests in Wuhan Chiway;
- Suzhou Chiway Shangcheng's 95% equity interests in Suzhou Hengtang;
- Suzhou Chiway Shangcheng's 95% equity interests in Zhangjiagang Wanhong; and
- Suzhou Chiway Shangcheng's 95% equity interests in Wuxi Taihu.

(iv) a personal guarantee provided by Mr. Qian Jianrong.

(v) a corporate guarantee provided by SCLG; and

(vi) a corporate guarantee provided by the Company.

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

	Group	
	1Q2017	1Q2016
	RMB'000	RMB'000
Cash flows from operating activities		
Loss for the period	(37,236)	(15,123)
Adjustments for:		
Depreciation of property, plant and equipment	439	549
Gain on disposal of financial assets available-for-sale	(129)	(956)
Gain on disposal of property, plant and equipment(net)	(375)	-
Reversal of impairment loss on development properties	(2,857)	-
Net finance costs	16,434	8,209
Share of results of joint ventures and associate	1,227	(6,115)
Foreign exchange gain	(12,888)	(1,275)
Tax expense	1,765	20,251
	(33,620)	5,540
Changes in:		
- Development properties	(860,844)	(1,395,996)
- Trade receivables, other receivables and advance payments	307,785	998,342
- Construction costs incurred on contract work-in-progress	(782)	(1,059)
- Trade payables, other payables and advance receipts	1,394,872	(265,343)
Cash generated/(used in) from operations	807,411	(658,516)
Tax paid	(82,402)	(20,695)
Net cash from/(used in) operating activities	**725,009**	**(679,211)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,103)	(55)
Acquisition of financial assets available-for-sale	-	(1,500)
(Increase)/Decrease in amounts due from related corporations, non-trade	(7,562)	6,614
Increase in amounts due from non-controlling interests, non-trade	(103)	-
(Increase)/Decrease in amounts due from joint ventures	(255,668)	231
Decrease in amounts due from associate	27,930	-
Development expenditure incurred on investment properties	(23,186)	(8,998)
Investments in joint ventures	(197,335)	-
Interest received	11,712	3,036
Proceeds from disposal of property, plant and equipment	878	-
Proceeds from disposal of financial assets available-for-sale	38,129	250,956
Net cash (used in)/from investing activities	**(406,308)**	**250,284**

	Group	
	1Q2017	1Q2016
	RMB'000	RMB'000
Cash flows from financing activities		
Interest paid	(147,334)	(107,953)
Increase in restricted cash	(7,871)	(207,012)
Decrease in amounts due to related corporations	(56)	(3,642)
Increase in amounts due to non-controlling interests	-	36,400
Increase in amounts due to joint ventures	17,210	-
Increase in bills payable	58,905	40,600
Proceeds from borrowings from non-controlling shareholders	5,224	550,000
Repayment of borrowings from non-controlling interests	(370,000)	(750,000)
Proceeds from issuance of unquoted debt securities	20,617	112,192
Proceeds from borrowings from financial institutions	301,168	1,405,963
Repayment of borrowings from financial institutions	(747,790)	(387,500)
Repayment of issued unquoted debt securities	(4,250)	-
Net cash (used in)/from financing activities	**(874,177)**	**689,048**
Net (decrease)/increase in cash and cash equivalents	(555,476)	260,121
Cash and cash equivalents at the beginning of period	1,622,371	985,301
Effect of exchange rate changes on cash held	1,735	2,155
Cash and cash equivalents at the end of period	1,068,630	1,247,577
Restricted cash at the end of period	412,912	425,243
Cash and cash equivalents in the statement of financial position	**1,481,542**	**1,672,820**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Reserve for own shares	Merger reserve	Statutory reserve	Foreign currency translation reserve	Accumulated profits	Total ordinary equity	Other equity instruments	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	298,577	(522)	(44,710)	152,867	(106,203)	330,079	630,088	214,695	844,783	642,623	1,487,406
Total comprehensive loss for the period											
Loss for the period	-	-	-	-	-	(30,593)	(30,593)	-	(30,593)	(6,643)	(37,236)
Other comprehensive income											
Foreign currency translation differences on foreign operations	-	-	-	-	9,187	-	9,187	-	9,187	49	9,236
Total other comprehensive income	-	-	-	-	9,187	-	9,187	-	9,187	49	9,236
Total comprehensive income/(loss) for the period	-	-	-	-	9,187	(30,593)	(21,406)	-	(21,406)	(6,594)	(28,000)
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(3,457)	-	-	-	-	(3,457)	-	(3,457)	-	(3,457)
Total transaction with owners	-	(3,457)	-	-	-	-	(3,457)	-	(3,457)	-	(3,457)
At 31 March 2017	**298,577**	**(3,979)**	**(44,710)**	**152,867**	**(97,016)**	**299,486**	**605,225**	**214,695**	**819,920**	**636,029**	**1,455,949**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total ordinary equity RMB'000	Other equity instruments RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	298,577	(44,710)	113,767	(117,927)	265,500	515,207	214,695	729,902	516,317	1,246,219
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	(19,173)	(19,173)	-	(19,173)	4,050	(15,123)
Other comprehensive income										
Foreign currency translation differences on foreign operations	-	-	-	12,494	-	12,494	-	12,494	4	12,494
Total other comprehensive income	-	-	-	12,494	(19,173)	12,494	-	12,494	4	12,494
Total comprehensive income/(loss) for the period	-	-	-	12,494	(19,173)	(6,679)	-	(6,679)	4,054	(2625)
At 31 March 2016	**298,577**	**(44,710)**	**113,767**	**(105,433)**	**246,327**	**508,528**	**214,695**	**723,223**	**520,371**	**1,243,594**

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	Reserve for own shares RMB'000	Warrants reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total ordinary equity RMB'000	Other equity instruments RMB'000	Total equity RMB'000
At 1 January 2017	1,582,272	(522)	6,094	(48,306)	37,201	1,576,739	143,781	1,720,520
Total comprehensive profit for the period								
Profit and total comprehensive profit for the period	-	-	-	-	(1,435)	(1,435)	-	(1,435)
Other comprehensive income								
Foreign currency translation differences	-	-	-	49,095	-	49,095	-	49,095
Total other comprehensive income	-	-	-	49,095	-	49,095	-	49,095
Total comprehensive income for the period	-		-	49,095	(1,435)	47,660	-	47,660
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Purchase of treasury shares	-	(3,457)	-	-	-	(3,457)	-	(3,457)
Total transaction with owners	-	(3,457)	-	-	-	(3,457)	-	(3,457)
At 31 March 2017	1,582,272	(3,979)	6,094	789	35,766	1,620,942	143,781	1,764,723

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	Warrants reserve	Foreign currency translation reserve	Accumulated profits	Total Ordinary equity	Other equity instruments	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	1,582,272	6,094	(120,949)	(38,399)	1,429,018	143,781	1,572,799
Total comprehensive loss for the period							
Loss and total comprehensive loss for the period	-	-	-	(412)	(412)	-	(412)
Other comprehensive income							
Foreign currency translation differences	-	-	68,840	-	68,840	-	68,840
Total other comprehensive income	-	-	68,840	-	68,840	-	68,840
Total comprehensive income/(loss) for the period	-	-	68,840	(412)	68,428	-	68,428
At 31 March 2016	1,582,272	6,094	(52,109)	(38,811)	1,497,446	143,781	1,641,227

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital in 1Q2017. The share capital of the Company as at 31 March 2017 was RMB1,582,272,000 comprising 666,851,006 shares.

The Company has treasury shares of RMB3,978,945 comprising 4,812,400 shares as at 31 March 2017.

The Company had no outstanding warrants as at 31 March 2017, and 47,488,212 warrants as at 31 March 2016 which expired on 6 January 2017.

Perpetual capital securities of S$30 million (RMB143.78 million) was issued to a non-controlling shareholder on 17 October 2014. There were no new perpetual capital securities issued by the Company as at 31 March 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2017	31 December 2016
Total number of issued ordinary shares	662,038,606	666,186,006

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company has 4,812,400 treasury shares at costs of RMB3,978,945 as at 31 March 2017. There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statement for the financial period ended 31 March 2017 as those used in the audited consolidated financial statements of CWG International Ltd. and its subsidiaries for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all new and revised Financial Reporting Standards ("FRS") and interpretation to FRS ("INT FRS") that are relevant to its operations and effective for the financial year beginning on 1 January 2017. The adoption of these new and revised FRS, and INT FRS did not result in substantial changes in the Group's accounting policies, and there is no material impact on the consolidated financial statements of the Group and the financial statements of the Company.

6. Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

The basic earnings per share of the Group for the 1Q2017 are computed based on weighted average number of ordinary shares outstanding in the period. The diluted earnings per share are the same as the basic earnings per share as the outstanding warrants were anti-dilutive.

	Group 1Q2017	Group 1Q2016
Loss for the period attributable to owners of the Company (RMB '000)	(36,219)(1)	(24,400)(1)
Weighted average number of ordinary shares in issue	662,383,594	666,851,006
Earnings per ordinary share of the Group		
(i) Basic (RMB cents)	(5.47)	(3.66)
(ii) Diluted (RMB cents)	(5.47)	(3.66)

Note:

(1) Net profit for the period attributable to owners of the Company for the purpose of computing EPS is net of 1) the dividends payable on the perpetual capital securities amounting RMB3.29 million for 1Q2017 and RMB3.09 million for 1Q2016; 2) the dividends payable on redeemable preference shares by a subsidiary to non-controlling interests amounting to RMB2.34 million for 1Q2017 and RMB2.14 million for 1Q2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group 31 Mar 2017	Group 31 Dec 2016
Net asset value per ordinary share of the Group(1)		
(RMB cents)	187.5	190.9
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	662,039	666,186

	Company 31 Mar 2017	Company 31 Dec 2016
Net asset value per ordinary share of the Company(1)		
(RMB cents)	244.8	236.7
Number of ordinary shares based on issued share capital at the end of the period reported on ('000)	662,039	666,186

Note:
(1)Based on total equity less other equity instruments.

8. A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on:

Review of Performance

1Q2017 vs 1Q2016

Revenue

The Group achieved revenue of RMB317.1 million for the quarter ended 31 March 2017 ("**1Q2017**"), a decrease of 61% or RMB501.3 million from RMB818.3 million in the same period in 2016, primarily due to the decrease in the number of property units handed over. As a result, the aggregate Gross Floor Area ("**GFA**") sold and recognised decreased by approximately 76% or 52,475 square metres ("**sqm**"), from 69,125 sqm for the quarter ended 31 March 2016 ("**1Q2016**") to 16,650 sqm for 1Q2017. Revenue for the projects sold and recognised was mainly attributable to the Suzhou Industrial Park Royal Mansion, which contributed RMB176.3 million, or approximately 56% of the total revenue generated for 1Q2017. However, the average selling price ("**ASP**") for all projects increased by 60% from RMB11,575 per sqm in 1Q2016 to RMB 18,540 per sqm 1Q2017.

Pre-Sales

Despite the lower revenue, the Group experienced an increase in its pre-sales activities for 1Q2017. The Group recorded pre-sales GFA of approximately 108,166 sqm with an aggregate consideration of approximately RMB1,614.7 million for the development properties projects in the People's Republic of China ("PRC") during 1Q2017. This represents an increase of 128% in aggregate

consideration, or RMB907.2 million from RMB707.4 million, as well as an increase of 68% in GFA, or 43,929 sqm, as compared to 1Q2016. Overall, the average selling price ("ASP") of pre-sales increased from RMB 11,013 per sqm in 1Q2016 to RMB14,928 per sqm in 1Q2017 as a result of the higher mix of projects from second tier cities.

The Group also continued with its pre-sales activities for four of its property development projects in Australia. During 1Q2017, a total of 33 units from these property development projects – Illumina, Uptown, Marine's Hill and Stellar - were pre-sold and 1 unit from Vivir were sold with a total aggregate consideration of AUD25.8 million.

Note:
Revenue from property sales is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage (i.e. at pre-sales) are recorded as advances from customers for sale of properties and is classified as current liabilities. Please refer to the circular dated 10 June 2014 for more details on, amongst others, the policies and risks on the Company's pre-sales activities, as well as significant factors affecting the Company's results of operations.

Cost of sales and gross profit margin

In tandem with the decrease in revenue, the Group's cost of sales, comprising land acquisition costs, construction costs, capitalised borrowing costs and indirect costs incurred on the development properties sold, decreased by 65% or RMB492.5 million from RMB755.0 million in 1Q2016 to RMB262.5 million in 1Q2017.

Gross profit decreased by 14% or RMB8.8 million, from RMB63.3 million in 1Q2016 to RMB54.6 million in 1Q2017, increased greater than revenue. Overall gross profit margin increased from 7.7% in 1Q2016 to 17.2% in 1Q2017. This was due mainly to a greater revenue contribution from the Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion, which have higher gross profit margins compared to the projects of last year.

Other income

Other income, comprising gain on disposal of financial assets available-for-sale, foreign exchange gain, and gain on disposal of property, plant and equipment, increased by 382% or RMB11.1 million from RMB2.9 million in 1Q2016 to RMB14.0 million in 1Q2017. The other income mainly includes the foreign exchange gain of RMB12.9 million due to the downturn of USD exchange rate.

Selling and distribution expenses

Selling and distribution expenses comprising advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs, increased by 155% or RMB25.1 million from RMB16.3 million in 1Q2016 to RMB41.4 million in 1Q2017. This was due mainly to the increase in expenditure on sales and marketing activities for more new projects, compared to last year

Administrative expenses

Administrative expenses comprising salaries and staff related expenses for general administrative staff, utilities expenses, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general overheads expenses, increased by 6% or RMB2.5 million from RMB42.5 million in 1Q2016 to RMB44.9 million in 1Q2017. This was attributable to higher staff costs and other related staff expenses from higher headcount, which was in line with the increase in business activities for more new projects.

Net finance costs

Net finance costs were RMB16.4 million in 1Q2017, compared to of RMB8.2 million in 1Q2016. This was due to finance costs that could not be capitalised in development projects during the current quarter, which include the interest of loans and unquoted debt securities to the companies that have no projects under construction.

Share of results of joint ventures and associate, net of tax

Share of results of joint ventures and associate, net of tax was a loss of RMB1.2 million in 1Q2017, as compared to a profit of RMB6.1 in 1Q2016. The share of results of joint ventures and associate in 1Q2016 was from the handover of the Group's Vivir project in Australia, while the figure in 1Q2017 was mainly from UCCH, Suzhou Ruixin, Suzhou Xinglun and Shengeng Hongye which were at the beginning of construction.

Income tax expense

Income tax expenses include enterprise income tax and land appreciation tax ("LAT"). The Group incurred a tax expense of RMB1.8 million in 1Q2017, as compared to an income tax expense of RMB20.3 million in 1Q2016. The decrease was in line with the decrease in revenue, and lower LAT tax rate incurred by the completed projects.

Loss for the period

As a result of the foregoing, the Group reported a loss after tax of RMB37.2 million in 1Q2017, while the loss for the period in 1Q2016 was RMB15.1 million.

Statement of Financial Position

Non-current Assets

Non-current assets comprised property, plant and equipment, investment properties, interest in joint ventures, interest in associate and deferred tax assets. As at 31 March 2017, non-current assets amounted to RMB1,820.8 million as compared to RMB1,596.6 million as at 31 December 2016.

The increase in non-current assets of RMB224.2 million was due mainly to an increase in joint ventures from RMB98.8 million as at 31 December 2016 to RMB295.2 million as at 31 March 2017 due to the purchase of Suzhou Xinglun, as well as an increase in investment properties of RMB23.2 million due to the costs incurred for investment properties under development.

Current Assets

Current assets as at 31 March 2017 and 31 December 2016 amounted to RMB14,103.5 million and RMB13,720.7 million, respectively. The increase in current assets of RMB382.8 million during the financial period was due mainly to:

(i) increase in development properties of RMB1,003.3 million due largely to the costs incurred for the Group's development properties; and

(ii) partially offset by the decrease in cash and cash equivalents of RMB545.9 million.

Contract work-in-progress refers to a contract that the Group has entered into with the Suzhou Municipal Government to develop an education park, with an approximate land area of 3,500,000 sqm, on behalf of the local government. The construction costs incurred were funded by advances from the Suzhou Municipal Government.

Contract work-in-progress is stated at the construction costs incurred on behalf of the local educational authorities. It is not intended for the Group to derive a profit from the development of the education park.

Non-current liabilities

As at 31 March 2017, non-current liabilities were RMB2,740.2 million as compared to RMB5,738.4 million as at 31 December 2016. The decrease in non-current liabilities of RMB2,998.2 million was due mainly to the decrease of RMB2,998.5 million in loans and borrowings, most of which were reclassified into current liabilities as their repayment due date is less than a year.

Current liabilities

Current liabilities as at 31 March 2017 amounted to RMB11,728.1 million as compared to RMB8,091.4 million as at 31 December 2016. The increase in current liabilities of RMB3,636.7 million was due mainly to the increase in loans and borrowings of RMB2,203.5 million, and the increase in trade payables, other payables and advance receipts of RMB1,474.4 million.

Advance receipts from government amounted to RMB442.5 million as at 31 March 2017 and RMB439.9 million as at 31 December 2016. The amount was provided by the government to fund the contract work-in-progress as aforementioned in the paragraph above entitled "Current assets".

Total equity

As at 31 March 2017, total equity was RMB1,455.9 million as compared to RMB1,487.4 million as at 31 December 2016. Please refer to the section 1(d)(i) for the movement of total equity as presented in the statement of changes in equity.

Cash flow statement

1Q2017 vs 1Q2016

During 1Q2017, the Group had a net cash inflow from operating activities of RMB725.0 million comprising operating cash outflows before movements in working capital of RMB38.5 million, net working capital inflows of RMB845.9 million and income tax payment of RMB82.4 million. The net working capital inflows were mainly due to the increase in trade payables, other payables and advance receipt of RMB1,394.9 million, partially offset by the increase in development properties of RMB856.0 million.

The Group recorded a net cash outflow from investing activities of RMB406.3 million due mainly to the increase of RMB255.7 million in amount due from joint ventures, and an increase of RMB197.3 million in investment in joint ventures during 1Q2017.

The Group recorded a net cash outflow from financing activities of RMB874.2 million during 1Q2017. This was due mainly to the repayment of borrowings from financial institutions of RMB747.8 million and repayment of borrowings from non-controlling shareholders of RMB370.0 million. This was partially offset by proceeds of borrowings from financial institutions of RMB301.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results.

No forecast or prospect statement was previously disclosed to shareholders.

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

The Group recorded RMB 1.8 billion in pre-sales receipts for 1QFY2017, and is on track towards its internal target to achieve RMB10.0 billion in pre-sale receipts for FY2017.

With another 10 projects slated for launch in the remaining of 2017, comprising two projects in Sydney, six projects in Suzhou and two projects in the Rest of China market – one project in Xuancheng and one project in Wuhan, the Group is confident of achieving its RMB10.0 billion pre-sales receipts target.

In addition, the Group is expected to deliver five projects in the remaining of 2017 comprising one project in Sydney, two projects in Suzhou, and the remainder in the Rest of China market -, one project in Xuzhou and one project in Xuancheng. Overall, the Group is positive about its growth prospects in its key operating markets, China, Australia and the U.S.

In China despite the cooling measures introduced in October 2016 and additional measures since then, home prices in many cities continue to record higher growth in March, indicating that the underlying demand remains positive. This is also collaborated by the Group's strong pre-sales in China RMB1.6 billion in 1QFY2017.

The Group remains focused to scale in China and has identified new cities, such as Changsha and Chengdu, to diversify its exposure. In line with its disciplined and steady approach to land acquisitions, the Group will exercise prudence when participating in land bids, amid the strong competition for land. The main effort to secure new projects, is to joint-venture with other established developers and collaborate with state-owned enterprises that have existing land banks.

The Group's property projects in Sydney are on track with the Group set to deliver its Uptown project by end of FY2017. The Group's projects in Sydney also recorded strong pre-sales during 1QFY2017, reflecting resilience in the Sydney market. Projects in Brisbane are mostly sold, with no planned new projects currently as the real estate market in Brisbane is assessed to be soft.

In the U.S., the uptrend of the housing in its major cities is expected to hold as the US economy continues to see sustained growth. The Group continues to prospect for projects in Dallas, a region with competitive tax regime, as well as Los Angeles and intends to develop projects with external funds raised through its fund management subsidiary, Richmont Capital.

To strengthen its balance sheet, the Group is also actively exploring various options to reduce its debt financing costs and to optimise its capital structure.

Beyond property development, the Group also seeks to generate higher recurrent income to provide earnings stability by undertaking more investment property projects in relation to the education field.

The Group intends to scale its fund management business beyond China so as to seek growth opportunities beyond the residential property development segment. The circular for the purpose of obtaining shareholders' approval to expand the Group's fund and asset management business has been approved by the Singapore Exchange on the 21 April 2017. The Company will seek shareholder's approval at an Extraordinary General Meeting to be convened at a later date.

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. Additional disclosure

As stated in the Circular dated 10 June 2014, additional disclosure in relation to the trust financing arrangements of the Group are as follows:

(a) the aggregate trust financing obligations in the same format as presented in Section 2.9.8 entitled "Capitalisation and Indebtedness" of the Circular;

RMB'000	**As at 31 March 2017**	**Adjusted as at 31 March 2017**	**As at 30 April 2017**
Cash and cash equivalents	1,481,542	1,481,542	*
Current Indebtedness			
Secured			
Borrowings (guaranteed)	3,857,544	3,857,544	4,957,544[(1)(2)]
Borrowings (non-guaranteed)	68,277	68,277	68,277
Unsecured			
Borrowings(guaranteed)	659,076	659,076	659,076
Borrowings(non-guaranteed)	120,000	120,000	120,000
Non-current Indebtedness			
Secured			
Borrowings (guaranteed)	2,303,055	2,303,055	2,584,055[(2)(3)]
Borrowings(non-guaranteed)	76,000	76,000	76,000
Unsecured			
Borrowings (guaranteed)	244,969	244,969	258,078[(4)]
Total Indebtedness	7,328,921	7,328,921	8,723,030
Total Shareholders' equity	1,455,949	1,455,949	*
Total Capitalisation and Indebtedness	**8,784,870**	**8,784,870**	*

***** Not applicable for disclosure for the period reported on.

Notes:

(1) On 14 April 2017, one of the Company's subsidiaries, Wuxi Huake and Shagang entered into a loan agreement, pursuant to which, Shagang provided an aggregate loan of RMB1.1 billion to Wuxi Huake for a period of one (1) year at an interest rate of 11.0% to13%. As at 30 April 2017, RMB1.0 billion remained outstanding.

(2) On 12 April 2017, one of the Company's subsidiaries, Wuhan Chiway and Western Trust entered into a loan agreement, pursuant to which, Western Trust provided an aggregate loan of RMB400 million to Wuhan Chiway. Among which, RMB100 million is for a period of 12 months, RMB100 million for a period of 18 months, and RMB200 million for a period of 24 months, at an interest rate of 6.0%. As at 30 April 2017, RMB400 million remained outstanding.

(3) On 20 April 2017, Xuancheng Chiwayland repaid RMB19.0 million to China Huarong.

(4) In April 2017, Chiwayland Cayman borrowed the unquoted debt securities of Overseas Investment Opportunity Fund No.2 from investors, which amounted to RMB 13.1 million.

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

The Group has entered into three Type 1 trust financing agreements on 25 July 2014, 19 August 2014 and 10 December 2014 respectively. As at 31 March 2017 and 30 April 2017, RMB649.6 million remained outstanding.

RMB'000	**As at 31 March 2017**	**Adjusted as at 31 March 2017**	**As at 30 April 2017**
Total trust financing indebtedness	**649,617**	**649,617**	**1,049,617**
Total Indebtedness	**7,328,921**	**7,328,921**	**8,723,030**
Trust financing as a percentage of total Indebtedness	**8.86%**	**8.86%**	**12.03%**

(c) the progress of the Enlarged Group in reducing the amount of its trust financing as a percentage of its total indebtedness to less than 20.0% within 12 months from the Completion Date;

Not applicable. The trust financing as a percentage of its total indebtedness is less than 20% as at 31 March 2017 and 30 April 2017.

(d) diagrammatic illustrations of the structure of the Enlarged Group's trust financing arrangements;

There is no outstanding Type 2 trust financing arrangement as at the date of this announcement. Please refer to the Company's circular dated 10 June 2014 for details of the two (2) Type 2 trust financing arrangements which were fully repaid as at the date of this announcement.

(e) the relevant exit mechanisms for the Enlarged Group's trust financing arrangements;

There is no outstanding Type 2 trust financing arrangement as at the date of this announcement.

15. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of the listing manual of SGX-ST (the "Listing Manual")

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Confirmation by the Board

We, the undersigned, being Director of CWG International Ltd, do hereby confirm, on behalf of the Board of Directors of CWG International Ltd that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the results for the first quarter ended 31 March 2017 of CWG International Ltd and its subsidiaries, to be false or misleading in any material respect.

On behalf of the Board of Directors

Qian Jianrong
Executive Chairman

Chua Hwee Song
Executive Director

9 May 2017