



CHINESE GLOBAL INVESTORS GROUP LTD.

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

14 February 2014

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CHINESE GLOBAL INVESTORS GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 196600189D)

Half Year Financial Statements for the Financial Period Ended 31 December 2013

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group		+ / - %	Group		+ / - %
		Second Quarter Ended			Half Year Ended		
		31-Dec-13 S\$	31-Dec-12 S\$		31-Dec-13 S\$	31-Dec-12 S\$	
Revenue		2,972,345	3,439,556	(13.6)	6,027,003	6,808,001	(11.5)
Cost of Sales		(2,252,755)	(2,769,162)	(18.6)	(4,573,651)	(5,353,700)	(14.6)
Gross Profit		719,590	670,394	7.3	1,453,352	1,454,301	(0.1)
Other Income	i	2,006,172	3,013,682	(33.4)	4,632,949	4,201,915	10.3
Distribution Expenses		(186,714)	(181,920)	2.6	(374,835)	(370,148)	1.3
Administrative Expenses		(988,527)	(1,126,921)	(12.3)	(1,921,551)	(2,213,606)	(13.2)
Other Expenses	ii	(50,913)	(85,273)	(40.3)	(154,988)	(2,306,560)	(93.3)
Finance Cost		(30,111)	(34,035)	(11.5)	(52,816)	(94,535)	(44.1)
Share of Results of Associate		-	(214,526)	(100.0)	-	(490,297)	(100.0)
Profit before Income Tax	iii	1,469,497	2,041,401	(28.0)	3,582,111	181,070	1,878.3
Income Tax Expense		(41,380)	(9,461)	337.4	(64,258)	(22,004)	192.0
Profit for the Period		1,428,117	2,031,940	(29.7)	3,517,853	159,066	2,111.6
Other Comprehensive Income/(Loss):							
Currency translation differences arising from consolidation		(52,430)	(40,924)	28.1	(86,314)	692,193	(112.5)
Available-for-sale investments:							
- Fair value gains		2,605,641	5,662,309	(54.0)	3,063,603	9,658,657	(68.3)
- Reclassification		(1,315,579)	(1,393,835)	(5.6)	(1,424,654)	(1,393,835)	2.2
Other comprehensive income for the period, net of tax		1,237,632	4,227,550	(70.7)	1,552,635	8,957,015	(82.7)
Total Comprehensive Income for the Period		2,665,749	6,259,490	(57.4)	5,070,488	9,116,081	(44.4)
Profit for the Period Attributable to Owners of the Company		1,428,117	2,031,940	(29.7)	3,517,853	159,066	2,111.6
Total Comprehensive Income Attributable to Owners of the Company		2,665,749	6,259,490	(57.4)	5,070,488	9,116,081	(44.4)

nm: not meaningful

1(a)(i) Other income includes the following:

	<u>Group</u>		<u>Group</u>	
	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Allowance for doubtful debts written back	1,193	-	6,396	-
Bad debts recovered	-	336,083	-	348,883
Dividend income	-	-	-	2,237
Fair value gain on held-for-trading investments	191,546	159,663	536,355	359,600
Fair value gain on other financial assets at fair value through profit or loss	-	557,077	-	1,507,834
Foreign exchange translation gain	112,462	-	-	-
Gain on disposal of held-for-trading investments	81,338	-	411,420	-
Gain on disposal of other financial assets at fair value through profit or loss	-	-	1,842,313	-
Gain on disposal of available-for-sale investment	279,321	532,291	304,846	532,291
Gain on disposal of property, plant and equipment	1,350	4,598	1,350	4,598
Government grants/subsidies	-	492	-	492
Interest income	229	237	423	450
Realised gain on available-for-sale investment	1,315,579	1,393,835	1,424,654	1,393,835
Sundry income	23,154	29,406	105,192	51,695
	<u>2,006,172</u>	<u>3,013,682</u>	<u>4,632,949</u>	<u>4,201,915</u>

1(a)(ii) Other expenses include the following:

	<u>Group</u>		<u>Group</u>	
	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Allowances for doubtful debts	23,460	12,018	35,280	31,945
Bad debts written off	881	-	1,271	-
Foreign exchange translation loss	-	(13,591)	74,459	764,514
Inventory written off	-	-	-	2,445
Loss on disposal of held-for-trading investments	-	84,425	-	328,976
Loss on disposal of other financial assets at fair value through profit or loss	-	394,101	-	1,168,527
Loss on disposal of available-for-sale investment	-	(396,038)	-	-
Transaction levy	26,572	4,358	43,978	10,153
	<u>50,913</u>	<u>85,273</u>	<u>154,988</u>	<u>2,306,560</u>

1(a)(iii) Profit before income tax is arrived at after charging the following:

	<u>Group</u>		<u>Group</u>	
	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Amortisation of intangible assets	197	197	394	519
Depreciation of property, plant and equipment	34,420	48,061	71,481	96,038

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.

	<u>Group</u>		<u>Company</u>	
	31-Dec-13 S\$	30-Jun-13 S\$	31-Dec-13 S\$	30-Jun-13 S\$
ASSETS				
Non-current assets:				
Property, plant and equipment	434,879	492,470	3,479	6,743
Intangible assets	4,685	5,079	-	-
Subsidiaries	-	-	1,775,573	1,775,573
Associates	-	-	-	-
Deferred tax assets	6,948	20,489	-	-
Total non-current assets	446,512	518,038	1,779,052	1,782,316
Current assets:				
Inventories	991,264	915,763	-	-
Gross amount due from contract customers	637,681	550,163	-	-
Trade and other receivables	5,869,722	5,357,525	2,330,849	4,899,685
Held-for-trading investments	5,057,706	785,575	-	-
Other financial assets at fair value through profit or loss	-	794,606	-	-
Available-for-sale investments	5,563,618	4,966,837	-	-
Cash and bank balances	1,582,247	2,282,990	37,210	36,413
Total current assets	19,702,238	15,653,459	2,368,059	4,936,098
Total assets	20,148,750	16,171,497	4,147,111	6,718,414
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	5,311,574	4,139,776	542,871	551,499
Gross amount due to contract customers	80,154	64,946	-	-
Promissory note	-	2,403,171	-	2,403,171
Lease obligations	30,717	34,017	-	-
Bank overdrafts	583,155	471,644	-	-
Income tax payable	530,345	487,531	-	-
Total current liabilities	6,535,945	7,601,085	542,871	2,954,670
Non-current liabilities:				
Lease obligations	28,783	43,542	-	-
Deferred tax liabilities	3,373	16,709	-	-
Total non-current liabilities	32,156	60,251	-	-
Capital and reserves:				
Share capital	40,310,404	40,310,404	40,310,404	40,310,404
Statutory reserve	346,410	346,410	-	-
Share option reserves	4,179	4,179	4,179	4,179
Foreign currency translation reserves	(1,081,303)	(994,989)	-	-
Fair value reserve	4,102,511	2,463,562	-	-
Reserve on put option	49,247	49,247	-	-
Accumulated losses	(30,150,799)	(33,668,652)	(36,710,343)	(36,550,839)
Total equity	13,580,649	8,510,161	3,604,240	3,763,744
Total liabilities and equity	20,148,750	16,171,497	4,147,111	6,718,414
Working capital	13,166,293	8,052,374		
Total borrowings	642,655	2,952,374		
Gross gearing (times)*	0.05	0.35		
Net borrowings**	(939,592)	669,384		
Net gearing (times)*	(0.07)	0.08		

*Gross gearing = total borrowings/total equity; Net gearing = net borrowings/total equity

**Net borrowings = total borrowings - cash and bank balances

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 December 2013		As at 30 June 2013	
S\$		S\$	
Secured	Unsecured	Secured	Unsecured
613,872	--	505,661	2,403,171

Amount repayable after one year

As at 31 December 2013		As at 30 June 2013	
S\$		S\$	
Secured	Unsecured	Secured	Unsecured
28,783	--	43,542	--

Details of any collaterals

The Group's secured borrowings comprise bank overdrafts and finance leases.

The bank overdrafts are secured on:

- (i) fixed deposits pledged; and
- (ii) corporate guarantees of the Company.

The finance leases are secured on the plant and equipment. The net book value of these plant and equipment as at 31 December 2013 is S\$22,406 (30 June 2013: S\$46,622).

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

	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Cash flows from operating activities:				
Profit before tax	1,469,497	2,041,401	3,582,111	181,070
Adjustments for:				
Amortisation of intangible assets	197	197	394	519
Allowances for doubtful debts written back	(1,193)	-	(6,396)	-
Allowances for doubtful debts	23,460	12,018	35,280	31,945
Bad debts written off	881	-	1,271	-
Bad debts recovered	-	(336,083)	-	(348,883)
Depreciation of property, plant and equipment	34,420	48,061	71,481	96,038
Dividend income	-	-	-	(2,237)
Fair value gain on held-for-trading investments	(191,546)	(159,663)	(536,355)	(359,600)
Fair value gain on other financial assets at fair value through profit or loss	-	(557,077)	-	(1,507,834)
Foreign exchange loss/(gain)	32,516	158,571	87,275	(16,307)
Interest expense	30,111	34,035	52,816	94,535
Interest income	(229)	(237)	(423)	(450)
Inventory written off	-	-	-	2,445
(Gain)/Loss on disposal of held-for-trading investments	(81,338)	84,425	(411,420)	328,976
Loss/(Gain) on disposal of other financial assets at fair value through profit or loss	-	394,101	(1,842,313)	1,168,527
Gain on disposal of available-for-sale investment	(279,321)	(928,329)	(304,846)	(532,291)
Gain on disposal of property, plant and equipment	(1,350)	(4,598)	(1,350)	(4,598)
Provision for warranties	37,400	49,155	54,800	49,155
Realised gain on available-for-sale investment	(1,315,579)	(1,393,835)	(1,424,654)	(1,393,835)
Share of loss of associate	-	214,526	-	490,297
Operating loss before working capital changes	(242,074)	(343,332)	(642,329)	(1,722,528)
Trade and other receivables	242,755	(691,837)	(593,567)	(525,766)
Amount due from/to contract customers	(116,788)	(131,885)	(81,176)	(244,509)
Inventories	(15,806)	46,832	(82,210)	93,230
Net increase in held-for-trading investments	(1,748,634)	(135,923)	(3,310,289)	(56,080)
Trade and other payables	(419,113)	(138,562)	1,093,856	(941,438)
Cash used in operations	(2,299,660)	(1,394,707)	(3,615,715)	(3,397,091)
Interest paid	(30,111)	(34,035)	(52,816)	(94,535)
Income tax paid	(20,044)	(128)	(20,801)	(54,825)
Net cash used in operating activities	(2,349,815)	(1,428,870)	(3,689,332)	(3,546,451)
Cash flows from investing activities:				
Interest received	229	237	423	450
Dividends received	-	-	-	2,237
Proceeds from disposal of property, plant and equipment	1,350	4,598	1,350	4,598
Proceeds from disposal of other financial assets at fair value through profit or loss	-	107,188	2,658,160	288,388
Proceeds from disposal of available-for-sale investment	2,453,347	3,892,637	2,695,367	5,066,994
Purchase of property, plant and equipment (Note 1)	(1,777)	(4,493)	(13,740)	(8,420)
Net cash generated from investing activities	2,453,149	4,000,167	5,341,560	5,354,247

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

	Group		Group	
	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	S\$	S\$	S\$	S\$
Cash flows from financing activities:				
Net repayments from finance leases	(7,980)	(10,080)	(18,059)	(21,780)
Repayment of promissory note (Note 2)	-	(2,503,024)	(2,409,747)	(2,503,024)
Restricted cash	(1,274)	-	10,786	-
Net cash used in financing activities	(9,254)	(2,513,104)	(2,417,020)	(2,524,804)
Net effect of exchange rate changes in consolidating subsidiaries	(141,932)	(261,355)	(36,676)	711,906
Net decrease in cash and cash equivalents	(47,852)	(203,162)	(801,468)	(5,102)
Cash and cash equivalents at beginning of period	300,799	201,155	1,054,415	3,095
Cash and cash equivalents at end of period	252,947	(2,007)	252,947	(2,007)

	Group		Group	
	<u>Second Quarter Ended</u>		<u>Half Year Ended</u>	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	S\$	S\$	S\$	S\$
Cash at end of period includes the following:				
Cash and bank balances	1,582,247	1,329,286	1,582,247	1,329,286
Bank overdrafts	(583,155)	(584,182)	(583,155)	(584,182)
	999,092	745,104	999,092	745,104
Restricted cash (Note 3)	(746,145)	(747,111)	(746,145)	(747,111)
Cash and cash equivalents at end of period	252,947	(2,007)	252,947	(2,007)

Notes:

(1) Property, plant and equipment

For 2QFY2014, the Group acquired mainly plant and equipment by cash with an aggregate cost of S\$1,777 (2013: S\$4,493).

For HY2014, the Group acquired mainly motor vehicle and plant and equipment by cash with an aggregate cost of S\$13,740 (2013: S\$8,420).

(2) Repayment of promissory note

A repayment of S\$2.41 million was made on the remaining outstanding promissory note on the acquisition of ordinary shares in PME Group Limited ("PME") during the first quarter of FY2014.

(3) Restricted cash

Restricted cash pertains to fixed deposits of certain subsidiaries which have been pledged with banks as securities for banking facilities granted.

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share Capital	Statutory Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Fair Value Reserve on AFS	Reserve on Put Options	Accumulated Losses	Total Equity
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 July 2012	40,310,404	346,410	4,179	(1,065,249)	-	49,247	(32,569,422)	7,075,569
Total comprehensive income/(expense) for the period	-	-	-	692,193	8,264,822	-	159,066	9,116,081
Balance at 31 December 2012	40,310,404	346,410	4,179	(373,056)	8,264,822	49,247	(32,410,356)	16,191,650
Balance at 1 July 2013	40,310,404	346,410	4,179	(994,989)	2,463,562	49,247	(33,668,652)	8,510,161
Total comprehensive income/(expense) for the period	-	-	-	(86,314)	1,638,949	-	3,517,853	5,070,488
Balance at 31 December 2013	40,310,404	346,410	4,179	(1,081,303)	4,102,511	49,247	(30,150,799)	13,580,649

Company	Share Capital	Share Option Reserve	Accumulated Losses	Total
	S\$	S\$	S\$	S\$
Balance at 1 July 2012	40,310,404	4,179	(35,791,433)	4,523,150
Total comprehensive loss for the period	-	-	(271,948)	(271,948)
Balance at 31 December 2012	40,310,404	4,179	(36,063,381)	4,251,202
Balance at 1 July 2013	40,310,404	4,179	(36,550,839)	3,763,744
Total comprehensive loss for the period	-	-	(159,504)	(159,504)
Balance at 31 December 2013	40,310,404	4,179	(36,710,343)	3,604,240

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 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 arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose in the six month period ended 31 December 2013.

The number of ordinary shares that may be issued upon exercise of all the outstanding share options under the Hitchins Employees' Share Option Scheme at 31 December 2013 was 230,000 (as at 31 December 2012: 230,000).

Save as disclosed above, the Company has no other convertible securities.

As at 31 December 2013 and 31 December 2012, the Company had no treasury shares.

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 December 2013	30 June 2013
The total number of issued shares excluding treasury shares	915,977,500	915,977,500

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 did not hold any treasury shares as at 31 December 2013 and as 31 December 2012, the end of the corresponding period of the immediately preceding year. There were also no sales, transfer, disposal, cancellation and / or use of treasury shares during the second quarter and half year ended 31 December 2013 and the year ended 30 June 2013.

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

The figures have not been audited nor reviewed by our 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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, compared with those of the most recently audited financial statements as at 30 June 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 adopted the following revised FRSs or FRS amendments that are effective for annual periods beginning on or after 1 July 2013:

The following are the new or amended FRSs that are relevant to the Group:

Revised FRS 19	Employee Benefits
FRS 113	Fair Value Measurement
Amendment to FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities
	Improvements to FRSs 2012
Amendment to FRS 1	Presentation of Financial Statements
Amendment to FRS 16	Property, Plant and Equipment
Amendment to FRS 32	Financial Instruments: Presentation

The adoption of the above FRSs did not result in any substantial change to the Group’s accounting policies nor have any significant impact on the financial statements.

6. Earnings 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.

	Group		Group	
	Second Quarter Ended		Half Year Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
(i) Based on weighted average number of ordinary shares in issue	0.16 cents	0.22 cents	0.38 cents	0.02 cents
(ii) On a fully diluted basis	0.16 cents	0.22 cents	0.38 cents	0.02 cents
(iii) Weighted average number of ordinary shares issued	915,977,500	915,977,500	915,977,500	915,977,500

Basic earnings per share (“EPS”) is computed based on the weighted average number of ordinary shares in issue during the financial period. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

Options were not included in the calculation of diluted EPS because they are anti dilutive for the current financial period and the corresponding period of the immediate preceding financial year. As at 31 December 2013 and 31 December 2012, these options were 230,000 under the Hitchins Employees’ Share Option Scheme with an exercise price of S\$0.08 per share.

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 financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31-Dec-13	30-Jun-13	31-Dec-13	30-Jun-13
Net asset value per ordinary share (in cents)	1.48 cents	0.93 cents	0.39 cents	0.41 cents
Total number of issued ordinary shares used in calculating net asset value	915,977,500	915,977,500	915,977,500	915,977,500

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **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; and**
- (b) **any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Overview

For the second quarter ended 31 December 2013, the Group reported revenue of S\$2.97 million, a 13.6% decrease over the second quarter last year. Net profit attributable to shareholders was down 29.7% to S\$1.43 million. Total comprehensive income attributable to shareholders decreased by 57.4% to S\$2.67 million reflecting higher foreign exchange translation loss in the group's overseas foreign operations and investments.

Half year revenue was S\$6.03 million which was 11.5% lower as compared to the same period last year while net profit was S\$3.52 million. For the same half year, total comprehensive income attributable to shareholders decreased 44.4% to S\$5.07 million mainly due to lower fair value gain on available-for-sale investments recognised under comprehensive income net off realised gains on disposal of the Group's quoted investments.

Earnings per share were 0.16 cents for the quarter and 0.38 cents for the half year, down from 0.06 cents and up from 0.36 cents respectively in the corresponding periods a year earlier. Net asset value per share rose to 1.48 cents at 31 December 2013, from 0.93 cents at the previous year-end.

Financial Performance

Revenue

Revenue by geographic segments – 2QFY2014 vs 2QFY2013 and HY2014 vs HY2013 (S\$'000)

	2QFY2014	2QFY2013	+ / (-) Change %	HY2014	HY2013	+ / (-) Change %
	S\$'000	S\$'000		S\$'000	S\$'000	
Singapore	2,249	2,857	(21.3)%	4,318	5,587	(22.7)%
Malaysia	633	497	27.4%	1,219	928	31.4%
China	90	86	4.7%	490	293	67.2%
Total	2,972	3,440	(13.6)%	6,027	6,808	(11.5)%

For 2QFY2014, Group revenue of S\$2.97 million was 13.6% lower than that in 2QFY2013. This was mainly due to lower revenue from the Singapore segment offset partially by higher revenue from the Malaysia and China segments which increased by 27.4% and 4.7% respectively as the building and construction industry showed slight improvements.

For HY2014, Group revenue of S\$6.03 million was 11.5% lower than that in HY2013. Singapore waterproofing segment declined 22.7% as construction activity slowdown primarily due to a moderation in the growth of private sector construction activities as well as the completion of key projects. As explained above, Malaysia and China's revenue picked up and is slowly improving as compared with HY2013.

Cost of Sales

The Group's cost of sales, which came mainly from the Group's waterproofing division, decreased by 18.6% or S\$0.52 million from S\$2.77 million in 2QFY2013 to S\$2.25 million in 2QFY2014.

For HY2014, the Group's cost of sales decreased by 14.6% or S\$0.78 million from S\$5.35 million in HY2013 to S\$4.57 million in HY2014.

The decrease in cost of sales was due mainly to lower sub-contracting costs for our waterproofing business in relation to the decrease in sales for the period.

Gross Profit

The Group's gross profit for 2QFY2014 increased by 7.3% or S\$0.05 million from S\$0.67 million in 2QFY2013 to S\$0.72 million in 2QFY2014.

For HY2014, the Group's gross profit decreased marginally by 0.1%.

The improvement in gross profit in 2QFY2014 resulted from the waterproofing business' continuous effort to manage variable costs for its operations.

Other Income

For 2QFY2014, the Group's other operating income decreased 33.4% or S\$1.01 million from S\$3.01 million in 2QFY2013 to S\$2.00 million in 2QFY2014.

For HY2014, the Group's other operating income increased 10.3% or S\$0.43 million from S\$4.20 million in HY2013 to S\$4.63 million in HY2014.

In 2QFY2014, the decrease in other operating income arose from the higher income recognised in 2QFY2013 from the bad debts recovered of S\$0.34 million and fair value gain on other financial assets at fair value through profit of loss of S\$0.56 million which none were recognised for 2QFY2014. The Group disposed its entire equity portfolio classified as other financial assets at fair value through profit or loss in 1QFY2014 thus no fair value gain on other financial assets at fair value through profit or loss was recognised for 2QFY2014.

For HY2014, the Group disposed of all of its securities in The Hong Kong Building & Loan Agency Ltd ("HKBLA") and recognised a realised net gain of S\$1.84 million as compared to nil in the same period last year. With the favorable performance of certain listed securities in the second quarter of 2014, the Group also recorded a realised gain of S\$0.41 million on disposal of its securities classified under held-for-trading investments.

Distribution Expenses

The Group's distribution expenses, which come from the Group's waterproofing business, remained stable for 2QFY2014 and HY2014 with no major movements from the previous comparative quarter and period due to the Group's continuous efforts to manage and reduce variable costs.

Administrative Expenses

Administrative costs decreased by 12.3% to S\$0.99 million in 2QFY2014 and 13.2% to S\$1.92 million in HY2014 due to lower labor cost. The waterproofing division and CGI (Offshore) Group's administrative expenses for 2QFY2014 and HY2014 remained relatively stable compared with 2QFY2013 and HY2013 while the holding company's administrative expenses decreased by S\$0.19 million in HY2014 due to decrease in salaries resulting from lower staff head count and lower legal and professional fees.

Other Expenses

Other operating expenses for 2QFY2014 decreased by 40.3% or S\$0.03 million from S\$0.09 million in 2QFY2013 to S\$0.05 million in 2QFY2014.

For HY2014, the Group's other operating expenses decreased by 93.3% or S\$2.15 million from S\$2.30 million in HY2013 to S\$0.15 million in HY2014.

The decrease in other operating expenses for 2QFY2014 and HY2014 was due mainly to the gains recognised on the mark-to-market movements of the Group's investments in quoted shares for this period against the comparative period which is reflected in the increase in the Group's other income.

By comparison, last year's other operating expenses included a loss on disposal of other financial assets through profit or loss amounting to S\$0.39 million and S\$1.17 million respectively, from the disposal of HKBLA shares.

Share of Results of Associate

Share of loss of associated company of S\$0.21 million and S\$0.49 million was recognised in 2QFY2013 and HY2013, respectively, from the Group's 33% equity interest in The Incorporation of Financial Technicians Limited ("IFT"). The associate company was disposed on 20 June 2013, thus no share of results of the associate company was recognised for 2QFY2014 and HY2014.

Finance Cost

Finance costs were lower for both 2QFY2014 and HY2014 due to lower effective cost of funding on borrowing upon the full repayment of a 2% interest bearing promissory note in September 2013.

Income Tax Expense

The Group's income tax expense was S\$0.04 million and S\$0.06 million for 2QFY2014 and HY2014, respectively.

Income tax expense was mainly due to the tax paid by our Malaysia waterproofing subsidiary in relation to the sales for the period.

Profit for the Period

The Group's listed trading securities continued to perform well into 2QFY2014. Compared with 2QFY2013 and HY2013, the Group recorded fair value gains on its equity investments in addition to the S\$1.84 million realised gain on disposal of all of the Group's HKBLA shares during the first quarter of FY2014. With the favorable performance on certain listed trading securities plus the Group's continuous effort to manage costs, the Group recorded an increase in profit of 22 times or S\$3.36 million for HY2014 as compared with HY2013.

The waterproofing business recorded a minimal loss for the period mainly from the higher income tax expense with all other expenses and income stable for 2QFY2014 and HY2014.

Other Comprehensive Income

The Group recorded other comprehensive income of approximately S\$1.24 million in 2QFY2014 as compared to S\$4.23 million in 2QFY2013.

While the Group recorded other comprehensive income of approximately S\$1.55 million in HY2014 as compared to S\$8.96 million in HY2013.

The other comprehensive income comprised mainly of the foreign exchange loss on translating foreign operations and net fair value gain on available-for-sale investments. The decrease in fair value gain on available-for-sale investments was due to the combination of marginal increase in share price and lower number of shares of the Group's available-for-sale investments shares in 2QFY2014 and HY2014 due to significant disposals in FY2013 compared with 2QFY2013 and HY2013 which recognised a fair value gain of S\$5.66 million and S\$9.66 million, respectively.

Statement of Financial Position Review

Total Assets (Current and Non-Current)

Group total assets increased 24.6% to S\$20.15 million as at 31 December 2013, from S\$16.17 million at the previous year-end. This was attributable to increases in held-for-trading investments and the fair value gains after mark-to-market of the quoted equities.

Property, plant and equipment decreased by 11.7 % to S\$0.43 million as at 31 December 2013, from S\$0.49 million at the previous year-end. This was due mainly to depreciation charges on the related fixed assets offset against additions of motor vehicle and office equipment for the first two quarters of FY2014.

Amount due from contract customers increased by 15.9% to S\$0.64 million as at 31 December 2013, from S\$0.55 million at the previous year-end. This was due to the certification of claims by the Group's waterproofing customers relating to the progress of the contract.

As at 31 December 2013, **trade and other receivables** was S\$5.87 million as compared to S\$5.36 million as at 30 June 2013, representing a 9.6% increase. Such increase was primarily the result of outstanding collections from the Group's incomplete waterproofing projects.

As at 31 December 2013, the Group's fair value of **held-for-trading investments** increased 6 times or S\$4.27 million from S\$0.79 million as at 30 June 2013 to S\$5.06 million. This was after the purchase and disposal of investments totalling S\$12.75 million and S\$9.44 million, respectively, and fair value gain of S\$0.54 million after the mark-to-market of the quoted equities portfolio at the end of 2QFY2014.

During 1QFY2014, the Group disposed all of its investment in HKBLA shares classified under **other financial assets at fair value through profit and loss**. The disposal resulted in a gain on disposal of S\$1.84 million under the other income account.

As at 31 December 2013, the Group's **available-for-sale investments** were S\$5.56 million as compared to S\$4.97 million as at 30 June 2013, representing a 12.0% increase. Such increase was mainly due to the disposal of PME shares totalling S\$2.70 million resulting in : (1) net gain on disposal of S\$0.30 million; (2) net realised gain on fair value change of S\$1.42 million and (3) fair value gain in equity of S\$4.10 million as at 31 December 2013.

Total Liabilities (Current and Non-Current)

Group total liabilities of S\$6.57 million at 31 December 2013 represented a 14.3% or S\$1.09 million decrease from the previous year-end reflecting mainly the full repayment of its promissory note in 1QFY2014.

Equity

Shareholders' funds grew 59.6% to S\$13.58 million as compared to S\$8.51 million at the previous year end. The increase was attributable to profit for the period and the fair value gains in equity from the Group's available-for-sale investments offset partially by an increase in foreign currency translation reserves due largely to the depreciation of foreign dollar.

Statement of Cash Flows

2QFY2013

	2QFY2014	2QFY2013
	S\$'000	S\$'000
Net cash used in operating activities	(2,350)	(1,429)
Net cash from investing activities	2,453	4,000
Net cash used in financing activities	(9)	(2,513)
Net decrease in cash and cash equivalents	(48)	(203)
Cash and cash equivalents for the period	253	(2)
Free cash inflow for the period	103	2,571

*Free cashflow = operating cash flow + investing cash flow

For the 3 months ended 31 December 2013, the Group recorded a **net cash outflow from operating activities** of S\$2.35 million. This comprised of cash used in operating activities before changes in working capital of S\$0.24 million, net of working capital outflow of S\$2.06 million, and net cash outflow amounting to S\$0.05 million from interest and income tax paid. The net working capital outflow was a result of :

- (a) a decrease in trade and other receivables of S\$0.24 million, increase in amount due from contract customers of S\$0.12 million and decrease in inventories of S\$0.02 million;
- (b) net of a decrease in trade and other payables of S\$0.42 million; and
- (c) net increase in held-for-trading investments of S\$1.75 million.

For the 3 months ended 31 December 2013, **net cash generated from investing activities** of S\$2.45 million was largely from the disposal of quoted equities of PME classified as available-for-sale investment amounting to S\$2.45 million.

For the 3 months ended 31 December 2013, **net cash used in financing activities** decreased significantly due to full repayment of the remaining outstanding promissory note amounting to S\$2.41 million in 1QFY2014.

HFY2013

	HY2014	HY2013
	S\$'000	S\$'000
Net cash used in operating activities	(3,689)	(3,546)
Net cash from investing activities	5,342	5,354
Net cash used in financing activities	(2,417)	(2,525)
Net decrease in cash and cash equivalents	(801)	(5)
Cash and cash equivalents for the period	253	(2)
Free cash inflow for the period	1,653	1,808

*Free cashflow = operating cash flow + investing cash flow

Net cash used in operating activities was S\$3.69 million in HY2014 as against S\$3.55 million in the same period last year. This comprised of cash used in operating activities before changes in working capital of S\$0.64 million, net working capital outflow of S\$2.97 million, and net cash outflow amounting to S\$0.07 million from interest and income tax paid. The net working capital outflow was a result of :

- (a) an increase in trade and other receivables of S\$0.59 million, an increase in amount due from/to contract customers of S\$0.08 million and increase in inventories of S\$0.08 million;
- (b) net increase in held-for-trading investments of S\$3.31 million; and
- (c) net increase in trade and other payables of S\$1.09 million.

Net cash generated from investing activities amounted to S\$5.34 million, mainly from the disposal of the Group's quoted equity interest in HKBLA amounting to S\$2.66 million and proceeds from the disposal of PME shares amounting to S\$2.70 million.

Financing activities accounted for a net cash outflow of S\$2.42 million due mainly to the full repayment of promissory note amounting to S\$2.41 million in 1QFY2014.

Overall, the Group's **cash and cash equivalents** increased to S\$0.25 million as at 31 December 2013 from a net cash of (S\$0.002) million as at 31 December 2012. Free cash flow of S\$1.65 million was generated during HY2014 as compared to S\$1.81 million in the corresponding period last year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholder, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

- 10. A commentary at the date of the announcement of the significant trends and 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.**

For the six months ended 31 December 2013, the uncertainty of the global economy had an adverse effect on the global investment environment. Despite a favourable result in the first half of 2014, the Board's attention is still focused on maintaining our prudent policy which is to adopt a defensive investment philosophy and choose investments only in selected fields. The uncertain outlook in the world economy is expected to remain and returns from equity investments will correspondingly be influenced by the uncertainties.

- 11. If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

Nil.

- (b) (i) Amount per share cents**

- (ii) Previous corresponding period cents**

Nil.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared / recommended for the period ended 31 December 2013.

- 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 Company does not have a shareholders mandate on Interested Person Transactions and no Interested Person Transactions being carried out for the period ended 31 December 2013.

14. Usage of Proceeds pursuant to Rule 704(30) of the Listing Manual Section B: Rules of Catalist

Not applicable.

BY ORDER OF THE BOARD

So Yuen Chun
Executive Director

14 February 2014

CHINESE GLOBAL INVESTORS GROUP LTD.

(Incorporated in Singapore)

(Company Registration Number: 196600189D)

Rule 705(5) – NEGATIVE ASSURANCE CONFIRMATION

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual Section B: Rules of Catalist, we, So Yuen Chun and Datuk Henry Chin Poy-Wu, being two Directors of Chinese Global Investors Group Ltd. (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited financial results for the second quarter ended 31 December 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

So Yuen Chun
Executive Director

Datuk Henry Chin Poy-Wu
Non Executive Director/Chairman

Singapore, 14 February 2014