

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHINESE GLOBAL INVESTORS GROUP LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Chinese Global Investors Group Ltd. (the "Company") and subsidiaries (the "Group") set out on pages 49 to 116, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Emphasis of matter

Without qualifying our audit opinion, we draw attention to Note 2 to the financial statements concerning the adoption of the going concern basis for the preparation of the financial statements.

The Group registered negative operating cash flows of \$1,853,039 (2014: \$4,626,245) for the financial year ended 30 June 2015 and as of that date, the accumulated losses of the Group and the Company was \$31,629,985 and \$39,597,002 (2014: \$32,207,781 and \$38,987,097) respectively. In addition, the Group proposed to dispose of its core businesses in the waterproofing operation and will focus on developing its financial services and investments business which registered a loss before interest and tax of \$660,536 and negative operating cash flows of \$2,241,140 for the current financial year. These conditions indicate the existence of a material uncertainty that may cast significant doubts over the ability of the Group and of the Company to continue as going concerns.

As disclosed more fully in Note 2 to the financial statements, these financial statements have been prepared on a going concern basis on the assumption that the Group and the Company will generate adequate cash flows from operations.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

5 October 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (AMOUNTS IN SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Chinese Global Investors Group Ltd. (the “Company”) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and principal place of business is at 3 Shenton Way, #11-10 Shenton House, Singapore 068805.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are shown in Note 5.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 5 October 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group registered negative operating cash flows of \$1,853,039 (2014: \$4,626,245) for the financial year ended 30 June 2015 and as of that date, the accumulated losses of the Group and the Company was \$31,629,985 and \$39,597,002 (2014: \$32,207,781 and \$38,987,097 respectively). In addition, as disclosed in Note 36 (b), the Group proposed to dispose of its core businesses in the waterproofing operation (“Disposal Group”). Thereafter, the Group will focus on developing its financial services and investments business (“continuing segment”), which includes the completion of acquisition of Success Finance Limited, a company incorporated in Hong Kong and holds a Money Lenders Licence under the relevant act in Hong Kong (Note 36(a)). For the current financial year, the continuing segment registered a loss before interest and tax of \$660,536, and negative operating cash flows of \$2,241,140.

These indicate the existence of material uncertainties which cast significant doubts on the Group's and the Company's ability to continue as going concerns. The accompanying financial statements have been prepared on going concern basis as the Board of Directors are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future, after reviewing the business plan and cash flow forecasts of the Group for the financial year ending 30 June 2016.

The ability of the Group and the Company to generate adequate cash flows from operations for the next 12 months is dependent on the following assumption and factors:

- (i) ability of the Disposal Group to generate positive operating cash flows for the period until completion of the disposal without financing from the Company;
- (ii) there will be no significant decline in value of the quoted equity investment (Note 10), and the proceeds of the disposal will be sufficient to discharge the Group's and the Company's liabilities and to fund the operating expenditure as and when required; and
- (iii) the successful completion of the acquisition of Success Finance Limited and the Company would not be a cash company under Rule 1017 of the Catalist Rules after deconsolidating the Disposal Group.

The business condition in the waterproofing business of the Disposal Group is expected to remain challenging in the near future. On the other hand, the realisable value of the quoted investment is subject to the risk of liquidity and volatility of the investment which is also affected by the overall market performance of stock exchange in Hong Kong. However, barring any unforeseen circumstances that are beyond the control of the Company, the Board of the Directors remains cautiously confident that the likelihood of a favourable outcome is high.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to these financial statements.