

CHINESE GLOBAL INVESTORS GROUP LTD.

(Company Registration No. 196600189D)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF 55,000,000 ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF SUCCESS FINANCE LIMITED BY CGI (HK) LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Chinese Global Investors Group Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”), wishes to announce that its wholly-owned subsidiary, CGI (HK) Limited (“**CGI HK**”) had, on 22 July 2015 entered into a sale and purchase agreement (the “**Agreement**”) as the purchaser (the “**Purchaser**”) with Integrated Services Group Limited as vendor (the “**Vendor**”) to acquire 100% shareholding interest in the issued share capital of Success Finance Limited (“**Success Finance**”), a company incorporated in Hong Kong and the Sale Loan (defined below) hereinafter described (the “**Acquisition**”) on the terms and subject to the conditions contained in the Agreement.

Mr. U Keng Ting, an Executive Director of the Company was involved in introducing the Vendor to the Company. Being an independent party to the whole transaction, no fees were payable to him.

- 1.2 Pursuant to Rule 704(17)(c) of the listing manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), following the completion of the Acquisition, Success Finance shall become a subsidiary of the Company.
- 1.3 The Consideration (as defined below) will be funded through the internal working capital of the Company.

2. INFORMATION ON SUCCESS FINANCE LIMITED

- 2.1 Success Finance was incorporated in Hong Kong with a share capital of HK\$55,000,000. It is engaged in the business of financial services and holds a Money Lenders Licence under the Money Lenders Ordinance in Hong Kong.
- 2.2 The money lenders license is required for companies which are engaged in the business of making loans, or who advertises or announces itself or holds itself out in any way as carrying on that business.
- 2.2 Success Finance had issued 55,000,000 ordinary shares and the Vendor is the sole legal and beneficial owner of the entire portfolio of the said 55,000,000 ordinary shares (“**Shareholding Structure**”).
- 2.3 Further, immediately prior to the execution of the Agreement, Success Finance is indebted to the Vendor in the sum of HK\$2,271,596.04 (the “**Sale Loan**”).

The Company proposes that the funding for the sale loan will be in accordance to the payment schedules for the consideration of HK\$4,000,000.00 as stated under 4.1.

The vendors are unrelated parties and have no connections with the Company, its Directors and substantial shareholders.

3. RATIONALE FOR THE ACQUISITION

The Group had on 2 February 2011 received the approval from the shareholders on the proposed expansion of the business scope of the Group. Please refer to page 6 of the Circular dated 11 January 2011.

The Acquisition is in the Company's ordinary course of business which include financial services and investment business. It is the Group's intention to build the Group's financing business with a view to (i) broaden the revenue stream of the Group's financial services and investment business segment, (ii) enhance the Group's business sustainability and (iii) facilitate sustained profitability for the Group moving forward.

The Board believes that business conditions in its existing waterproofing business will remain challenging in the near future due to uncertain global economic conditions which could affect the Group's financial condition. The Board believes that the current economic conditions in Hong Kong are favorable for the Financing business, and with the Group fund management operation in Hong Kong, it is able to utilize its wide business networks in Hong Kong to tap on potential borrowers. With an attractive market conditions and the Company's business networks in Hong Kong, it is an attractive opportunity for the Company to diversify its operations and financials in order to improve shareholders' value.

4. PRINCIPAL TERMS OF THE AGREEMENTS

4.1 Consideration

4.1.1 The aggregate sum of the consideration for the Acquisition of the Sale Shares is HK\$4,000,000.00 and based on an exchange rate of HKD:SGD of 5.681 as at 22 July 2015 (the "**Consideration**"),

The Consideration was arrived at pursuant to arms' length negotiations between the Company and the Vendor on a willing-buyer willing-seller basis, after taking into account, inter alia, the net assets value of the unaudited accounts of Success Finance as at 30 June 2015.

- (a) the Purchaser shall, forthwith upon execution of the Agreement, pay HK\$1,000,000.00 in cash or by cashier order to the Vendor as refundable deposit (the "**Deposit**"), and the Deposit shall be applied towards part payment of the Consideration at completion;
- (b) balance of the Consideration in the sum of HK\$3,000,000.00 (the "**Balance**") shall be settled by the Purchaser in cash or by cashier order in accordance with the following schedule:
 - (i) HK\$1,000,000.00 shall be paid at completion;

- (ii) a further HK\$1,000,000.00 shall be paid on or before 30 April 2016; and
- (iii) the remaining HK\$1,000,000.00 shall be paid on or before 30 June 2016;

(c) the Parties may vary the amount to be paid under each instalment and/or the time, mode and/or manner of settlement of any part of the Balance in writing notwithstanding that completion may have already taken place.

4.1.2 In case the Acquisition cannot be completed on the Completion Date, the Vendor shall refund the entire amount of the Deposit to the Purchaser without any deduction whatsoever within 5 Business Days of the Purchaser's issuance of the notice for refund (the "**Refund**"). For any avoidance of doubt, the Purchaser shall be authorised and entitled to enforce the Refund as if the corresponding sum of HK\$1,000,000.00 were a debt due and owing by the Vendor to the Purchaser.

4.2 Material Condition Precedent

4.2.1 Completion of the Acquisition shall be subject to the following Conditions:

- (a) (if required) the shareholders of the Company (the "**Shareholders**") having approved the Agreement, and all necessary consents, approvals and authorisations (if any) in relation to the Agreement having been obtained by the Purchaser (collectively, the "**Purchaser Necessary Approvals**"), and such Necessary Approvals shall be valid and effective and not threatened with any withdrawal, revocation or cancellation at all times prior to completion;
- (b) (if required) all necessary consents, approvals and authorisations (if any) in relation to the Acquisition having been obtained by the Vendor (collectively, the "**Vendor Necessary Approvals**"), and such Necessary Approvals shall be valid and effective and not threatened with any withdrawal, revocation or cancellation at all times prior to completion;
- (c) the Vendor is, and shall remain at all times up to completion, the sole legal and beneficial owner of the Sale Shares and the Sale Loan free from any Encumbrance;
- (d) the Shareholding Structure remaining intact;
- (e) Success Finance holding a valid money lender licence, and such money lender licence shall not be threatened with any withdrawal, revocation or cancellation at any time prior to completion;
- (f) the Purchaser having completed the due diligence investigations on the legal, financial, business and other aspects and affairs of Success Finance (the "**DD Review**"), and the results and outcome of the DD Review are reasonably satisfactory to the Purchaser;
- (g) the Vendor having performed or complied with its undertakings, covenants and agreements contained herein; and
- (h) the Vendor's Warranties remaining true, valid and correct at all times up to completion.

4.2.2 None of the Conditions can be waived (save that the Purchaser may waive such Conditions as set out in paragraph 4.2.1(c) to (h) either in whole or in part at any time by notice in writing to the Vendor) and the Parties shall use their respective best endeavours to ensure that the Conditions shall be fulfilled as soon as possible after the execution of the Agreement, and in any event, no later than Long Stop Date described below.

4.2.3 Save as otherwise stated, if any Condition set out in paragraph 4.2.1 shall not have been fulfilled by 5:00 pm on 31st March 2016 (the “**Long Stop Date**”), the Agreement shall, unless the Vendor and the Purchaser agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect except for Clauses 1, 3, 4 and 8 to 14 of the Agreement which shall remain in force, and none of the Parties shall have any claim of any nature or liabilities hereunder whatsoever against the other Party save for any antecedent breaches of the terms hereof.

5. FINANCIAL EFFECTS OF THE ACQUISITION

5.1 The financial effects of the Acquisition on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Acquisition. The financial effects of the Acquisition set out below have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 30 June 2014 (“**FY2014**”).

(a) Net Tangible Assets (“**NTA**”)

The effects of the Acquisition on the audited consolidated NTA per share of the Group as at 30 June 2014 assuming that the Acquisition has been effected on 1 July 2013, are summarised below:

	Before the Acquisition	After the Acquisition
Consolidated NTA (S\$)	9,055,470	8,831,248
Number of Shares	915,977,500	915,977,500
Consolidated NTA per share	0.99	0.96

(a) Earnings Per Share (“**EPS**”)

The effects of the Acquisition on the audited consolidated EPS of the Group for FY2014, assuming that the Acquisition had been effected on 1 July 2013 are summarised below:

	Before the Acquisition	After the Acquisition
Profit attributable to equity holders of the Company (S\$)	1,456,692	1,524,152
Number of Shares	915,977,500	915,977,500

Consolidated NTA per share (S\$ cents)	0.16	0.17

6. OTHER DISCLOSURES PURSUANT TO CHAPTER 10 OF THE LISTING MANUAL

6.1 Relative Figure of the Disposal

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. The relative figures computed on bases as set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and based on the unaudited consolidated financial statements of the Group for the 9 months ended 31 March 2015, are as follows:

Rule No.	Bases	Relative Figure (%)
1006 (a)	The net asset value of assets to be disposed of, compared with the Group’s net asset value	Not Applicable
1006 (b)	The net profits attributable to the assets to be acquired of, compared with the Group’s net profits	13.86% ⁽¹⁾
1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalization ⁽²⁾ of S\$4,579,888 ⁽³⁾ as at 22 July 2015 (based on the total number of issued shares excluding treasury shares) being the market day preceding the date of the Agreements	15.4%
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

- ⁽¹⁾ Net gain attributable to Success Finance amounted to S\$151,306 as against the Group’s net profit of \$1,091,703 for the financial year ended 31 March 2015.
- ⁽²⁾ Under Rule 1002(5) of the Listing Manual, “market capitalisation” is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreements.
- ⁽³⁾ Based on the volume weighted average closing price per share on 22 July 2015 of \$0.05, being the market day on which the Company’s shares were last traded prior to the date of the Agreements.

As the relative figures as computed on the above bases exceeds 5%, but does not exceed 75%, the proposed Acquisition constitutes a “discloseable transaction” within the meaning of Chapter 10 of the Listing Manual, and pursuant to Rule 1010 of the Listing Manual, must be immediately announced after the terms have been agreed.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders or substantial shareholders of the Company has any interest, directly or indirectly, in the Disposal.

8. SERVICE CONTRACTS

There are no directors who are proposed to be appointed as a Director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENT AVAILABLE FOR INSPECTION

The copies of the Agreements are available for inspection during normal business hours at the Company's registered office at 3 Shenton Way, #11-10 Shenton House, Singapore 068805 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

TAN SRI DATUK HENRY CHIN POY-WU
Chairman of Board of Directors
23 July 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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