

CHINESE GLOBAL INVESTORS GROUP LTD.

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

PROPOSED DISPOSAL OF INDIRECT WHOLLY-OWNED SUBSIDIARY - SUCCESS FINANCE LIMITED

1. INTRODUCTION

The Board of Directors (“**Board**” or “**Directors**”) of Chinese Global Investors Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to the previous announcements made by the Company on 23 July 2015, 16 October 2015, 3 October 2016 and 13 February 2017 (the “**Announcements**”).

Capitalised terms used herein, unless otherwise defined, shall bear the same meanings as ascribed to them in the Announcements.

The Board wishes to announce that its wholly-owned subsidiary, CGI (HK) Limited (“**CGI HK**”) has entered into a deed of settlement (the “**Deed of Settlement**”) on 27 March 2017 with Integrated Services Group Limited (the “**Vendor**”) in which both CGI HK and Vendor (collectively, the “**Parties**”) have agreed to terminate with no further effect upon execution of the Deed of Settlement and both Parties shall be discharged and released from all their duties in respect of the S&P Agreement and the Addendum by way of the settlement of the outstanding consideration in the amount of HK\$3,363,287.67 due to the Vendor (“**Settlement Balance**”), in exchange for (i) the transfer of 55,000,000 shares (“**Sale Shares**”), being the entire share capital of Success Finance and (ii) the assignment of Sale Loan of HK\$2,271,596.04 to the Vendor for a nominal consideration of HK\$1.00 each respectively (the “**Proposed Disposal**”).

Upon the execution of the Deed of Settlement, Success Finance has ceased to be an indirect subsidiary of the Company.

2. INFORMATION ON SUCCESS FINANCE LIMITED

Success Finance was incorporated in Hong Kong with 55,000,000 ordinary shares and an issued and paid up share capital of HK\$55,000,000. It is engaged in the loan financing business, providing personal loans to borrowers in meeting their short-term working capital requirements.

Success Finance holds a Money Lenders Licence under the Money Lenders Ordinance in Hong Kong. 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.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the execution of the Deed of Settlement will dispense CGI HK with the Settlement Balance as well as any further claim(s) in respect of the S&P Agreement and the Addendum and allow the Group to save on costs and expenses that

would otherwise be incurred in the future operations of Success Finance which is currently loss-making and is facing more stringent licensing conditions imposed by the local authority recently to all money lending license holders in an already competitive industry.

4. PRINCIPAL TERMS OF THE DEED OF SETTLEMENT

In full and final settlement of all claims each of CGI HK and the Vendor may have against each other arising from the S&P Agreement and the Addendum, the Parties have agreed, *inter alia*, pursuant to the Deed of Settlement that:

- i. CGI HK shall transfer 55,000,000 shares, being the entire share capital of Success Finance, to the Vendor for a nominal consideration of HK\$1.00 on the date of execution of the Deed of Settlement;
- ii. CGI HK shall assign the Sale Loan to the Vendor at a nominal consideration of HK\$1.00 on the date of execution of the Deed of Settlement;
- iii. each of the Vendor and Success Finance shall waive all losses and damages which it has and/or may have suffered arising out of the S&P Agreement and the Addendum against CGI HK;
- iv. CGI HK shall waive all debts due and owing by Success Finance; and
- v. CGI HK shall waive all claims which it has and/or may have against the Vendor and/or Success Finance.

The Deed of Settlement shall be governed by and construed under the laws of the Hong Kong Special Administrative Region and the Parties hereto irrevocably submit to the exclusive jurisdiction of the Hong Kong Courts in respect of any dispute arising out of or in connection with the Deed of Settlement.

5. Consideration

No sale proceeds would be received from the Proposal Disposal as the Proposed Disposal is executed via the Deed of Settlement as disclosed in paragraph 4, which principally involved the assignment of both the Sale Shares and Sale Loan from CGI HK to the Vendor for an aggregate nominal cash consideration of HK\$2.00 for the purposes of the Settlement Balance.

This was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis and after taking into account, *inter alia*, (i) the net book value of Success Finance of approximately HK\$(2,205,596) (approximately S\$(411,123)*) and a loss before income tax of HK\$127,466 (approximately S\$23,760*) based on its unaudited six months management accounts ended 31 December 2016 ("**Management Account**"), (ii) the outstanding Settlement Balance of HK\$3,363,287.67 (approximately S\$626,917*) due to the Vendors and (iii) the book value of the Sale Loan to be re-assigned to the Vendor of HK\$2,271,596.04 (approximately S\$423,426*) as at 31 December 2016.

The Proposed Disposal is expected to result in a gain of approximately HK\$179,609 (approximately S\$33,479*) to the Group after accounting for the net book value of

Success Finance of HK\$(2,205,596) (approximately S\$411,123*), and goodwill of HK\$2,025,985 (approximately S\$377,644) attributing to Success Finance, based on the Group's consolidated accounts as at 31 December 2016.

*Based on the exchange rate of HK\$0.1864: S\$1.00 as at 31 December 2016.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Group as set out below are shown for illustrative purposes only and are not intended to reflect the actual future financial position and performance of the Group after the Proposed Disposal. In accordance with Rule 1010(8) and 1010(9) of the SGX-ST Listing Manual – Section B: Rules of Catalist (the “**Catalist Rules**”), the financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 (“**FY2016**”).

(I) Net tangible assets (“NTA”) per share

Assuming the Proposed Disposal had been completed on 30 June 2016, the *pro forma* effect of the Proposed Disposal on the Group's NTA will be as follows:

FY2016	NTA of the Group (\$)	Total number of issued ordinary shares	NTA per share (Singapore Cents)
Before the Proposed Disposal	3,231,129	915,977,500	0.35
After the Proposed Disposal	3,592,100	915,977,500	0.39

The net tangible liabilities of Success Finance amounted to HK\$2,078,130 (approximately S\$360,971) as at 30 June 2016 based on the exchange rate of HK\$0.1737: S\$1.00.

(II) Loss per share (“LPS”)

Assuming that the Proposed Disposal had been completed at the beginning of FY2016, the *pro forma* effect of the Proposed Disposal on the Group's LPS will be as follows:-

FY2016	Net Loss (\$)	Weighted average number of issued ordinary shares	Loss per share – Basic (Singapore Cents)
Before the Proposed Disposal	4,680,528	915,977,500	0.51

After the Proposed Disposal	4,574,672	915,977,500	0.50
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The net loss of Success Finance amounted to HK\$591,373 (approximately S\$105,856) as at 30 June 2016 based on the average exchange rate of HK\$0.179: S\$1.00 for FY2016.

7. RELATIVE FIGURES UNDER CATALIST RULE 1006

Based on the latest unaudited consolidated financial statements of the Group for the 6 months ended 31 December 2016 (“**6M2017**”) as announced on 10 February 2017, the relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules are as follows:

Rule No.	Bases	Relative Figure (%)
1006 (a)	The net asset value of the Sale Shares of Success Finance to be disposed of, compared with the Group’s net asset value.	Not Meaningful ⁽²⁾
1006 (b)	Net loss ⁽¹⁾ attributable to the Sale Shares of Success Finance, compared with the Group’s net loss.	1.45% ⁽³⁾
1006 (c)	The aggregate value of the consideration received, compared with the Company’s market based on the total number of issued shares excluding treasury shares.	7.60% ⁽⁴⁾
1006 (d)	The number of equity securities issued by the Company 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 proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not Applicable

Notes:

- (1) Under Catalist Rule 1002(3)(b), “net profit/loss” means profit or loss before income tax, minority interest and extraordinary items.
- (2) The relative figure computed pursuant to Rule 1006(a) is not meaningful as Success Finance had a negative net asset value of HK\$(2,205,596) (approximately S\$(411,123)*) based on its Management Account whilst the Group’s net asset value stood at S\$1,717,432 as at 31 December 2016.
- (3) The unaudited loss before income tax attributable to (i) Success Finance (based on Management Account) and (ii) the Group (based on the unaudited financial

statements of the Group for 6M2017) was HK\$127,466 (approximately S\$23,760*) and S\$1,640,213 respectively.

- (4) Notwithstanding that there are no sale proceeds received by the Company, for illustrative purposes, the total implied consideration for the Proposed Disposal is computed as HK\$3,363,289.67 (approximately S\$626,918*), an aggregation of the outstanding Settlement Balance of HK\$3,363,287.67 (approximately S\$626,917*) due to the Vendors, and the receipt of the aggregate nominal consideration of HK\$2.00 (approximately S\$1*).

The Company's market capitalization of S\$8,243,797.50 is computed based on the volume weighted average price of S\$0.0090 on 24 March 2017 (being the last full market day preceding the date of the Deed of Settlement) and the Company's share capital of 915,977,500 issued ordinary shares.

**Based on the exchange rate of HK\$0.1864: S\$1.00 as at 31 December 2016.*

As the relative figures computed on the bases set out in Catalist Rules 1006(c) above exceed 5% but is less than 50%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, controlling shareholders or substantial shareholders of the Company has any direct or indirect interest in the Proposed Disposal or any transactions set out in this announcement (other than their respective shareholding in the Company, if any).

9. SERVICE CONTRACTS

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

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Deed of Settlement is available for inspection during normal business hours at the registered office of the Company at 3 Shenton Way, #11-10, Shenton House, Singapore 068805, for a period of three months commencing from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

MR. U KENG TIN

Acting Chairman of Board of Directors

27 March 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.