

CHINESE GLOBAL INVESTORS GROUP LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 196600189D)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Board of Directors (“**Board**”) of Chinese Global Investors Group Ltd. (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s announcement dated 29 August 2019, in relation to the unaudited financial statements for the financial year ended 30 June 2019 (“**FY2019**”) (“**Unaudited Results**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to highlight that there are material differences between the Unaudited Results and the audited financial statements for FY2019 (“**Audited Results**”).

A comparison of the Audited Results and the Unaudited Results with the relevant explanatory notes are shown below:

Statement of Financial Position as at 30 June 2019

| Group | Unaudited Results | Variance | Audited Results | % Change | Note |
|---------------------------------|-------------------|-------------|-----------------|----------|------|
| | S\$ | S \$ | S \$ | | |
| Current assets | | | | | |
| Property, plant and equipment | 300,550 | (30,758) | 269,792 | -10.2% | a |
| Current assets | | | | | |
| Inventories | 938,036 | (101,375) | 836,661 | -10.8% | a |
| Contract assets | 105,931 | 136,423 | 242,354 | 128.8% | b |
| Trade and other receivables | 4,329,078 | (838,124) | 3,490,954 | -19.4% | a b |
| Income tax recoverable | - | 22,754 | 22,754 | N/A | e |
| Financial Assets, at FVOCI | - | 14,377 | 14,377 | N/A | c |
| Available-for-sale investment | 14,378 | (14,378) | - | -100.0% | c |
| Current Liabilities | | | | | |
| Trade and other payables | 6,067,657 | (1,535,384) | 4,532,273 | -25.3% | d |
| Provision for warranty | 17,797 | 68,799 | 86,596 | 386.6% | e |
| Contract liabilities | - | 17,798 | 17,798 | N/A | b |
| Short term borrowings | 381,491 | (105,831) | 275,660 | -27.7% | d |
| Non-current liabilities: | | | | | |
| Long term borrowings | 4,227,307 | 1,528,562 | 5,755,869 | 36.2% | d |

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the the financial year ended 30 June 2019

| Group | Unaudited Results | Variance | Audited Results | % Change | Note |
|--|-------------------|-----------|-----------------|-----------|------|
| | S\$ | S \$ | S \$ | | |
| Other Income | 713,249 | (157,220) | 556,029 | -22.0% | f |
| Impairment loss of financial assets | - | (135,696) | (135,696) | N/A | f |
| Other Expenses | (113,305) | (100,923) | (214,228) | 89.1% | f g |
| Income tax expenses | 617 | (8,345) | (7,728) | -1,352.5% | h |
| Exchange differences on translating foreign operations | (55,382) | (54,060) | (109,442) | 97.6% | i |
| Loss for the year | (1,075,272) | (324,455) | (1,399,727) | 30.2% | j |

Consolidated Statement of Cashflow for the the financial year ended 30 June 2019

| Group | Unaudited Results | Variance | Audited Results | % Change | Note |
|---|--------------------|------------------|--------------------|---------------|----------|
| | S\$ | S \$ | S \$ | | |
| Cash flows from Operating Activities | | | | | |
| Loss before income tax | (1,075,889) | (316,110) | (1,391,999) | 29.4% | j |
| Allowance for impairment of trade receivables | 52,195 | 279,881 | 332,076 | 536.2% | a |
| Allowance for inventory obsolescence | - | 148,660 | 148,660 | N/A | a |
| Impairment of property, plant and equipment | - | 31,398 | 31,398 | N/A | a |
| Net cash used in operating activities | (1,368,690) | 226,129 | (1,142,561) | -16.5% | k |
| Net cash from financing activities | 1,141,784 | (306,095) | 835,689 | -26.8% | k |

Explanatory Notes:

- a. Adjustments made for Impairment and written-off PPE and inventories from one of the significant subsidiaries, as well as additional allowance of Expected Credit Losses ("ECL") of trade and other receivables.
- b. Reclassification of client retention sum not past due from "trade receivables" to "contract assets", and reclassification of certain wrongly recorded amount due to contract customers as "contract liabilities".
- c. Reclassification of quote equity investments from "Available for sale investment" to "Financial assets, at FVOCI", upon adoption of SFRS(I) 9.
- d. Reclassification of "long term borrowings" from a related party, previously classified as "trade and other payables" and "short term borrowings".
- e. Reclassifications made as a result of audit adjustments, due to previous wrong classification of "income tax recoverable" and "provision for warranty" in the unaudited management accounts.
- f. Reclassification of net impairment loss of financial assets from "other operating income" and "other expenses", in accordance with SFRS(I) 9.
- g. Adjustment made as a result of audit adjustments on Impairment and written-off PPE and inventories, as well as additional allowance of Expected Credit Losses ("ECL") of trade and other receivables, as noted in above explanation note item (a).
- h. Adjustment made for additional tax provision for a Malaysian subsidiary.
- i. Audit adjustment made at consolidated financial statements due to error.
- j. As a result of above audit adjustments as stated in the Statement of Financial Position, which is mainly due to the impairment and written-off of PPE and inventories, and additional ECL allowance of trade and other receivables.
- k. As a result of above reclassifications, mainly arising from the reclassification of borrowings from a related party from "trade and other payables" to "long term borrowings".

BY ORDER OF THE BOARD

Orr Joseph Wai Shing
Chief Executive Officer and Executive Director
9 January 2020

*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**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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.

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: sponsorship@ppcf.com.sg).