



## DRAGON GROUP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199306761C)

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### DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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1. Pursuant to Rule 704(5) of the Listing Manual, Mainboard Rules, the board of directors (the “**Board**”) of the Company (and, together with its subsidiaries and associated companies, the “**Group**”) wishes to announce that the independent auditor of the Company, RT LLP (the “**Independent Auditor**”), has included a disclaimer of opinion (“**Disclaimer of Opinion**”) in the Independent Auditor’s Report dated 20 October 2023 (the “**Independent Auditor’s Report**”), in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2022 (“**FY2022**”) (“**Financial Statements**”).
2. The basis for the Disclaimer of Opinion is contained in the Independent Auditor's Report. Please refer to the copy of the Independent Auditor’s Report attached herein for further details.
3. An extract of Note 2.1 to the Financial Statements pertaining to the Group’s and Company’s going concern assumption is also attached to this announcement for information in relation to the Disclaimer of Opinion.
4. Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report, the Financial Statements and the Company’s Annual Report for FY2022 in their entirety and to exercise caution when dealing in the shares of the Company.

By Order of the Board

Chong Man Sui  
Acting Chairman  
Dragon Group International Limited  
24 October 2023

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DRAGON GROUP INTERNATIONAL LIMITED**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022  
Report on the Audit of the Financial Statements**

**Disclaimer of Opinion**

We were engaged to audit the financial statements of **Dragon Group International Limited** (the "Company") and its subsidiaries (the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer of Opinion**

*Use of Going Concern Assumption*

The Group recorded a net operating cash outflow of US\$204,000 for the financial year ended 31 December 2022 and as at that date, the Group's and Company's current liabilities exceeded its current assets by US\$3,235,000 and US\$1,100,000, respectively. The Group and the Company were in a net liabilities position of US\$3,228,000 and US\$1,093,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

As disclosed in note 2.1 to the financial statements, management has prepared the financial statements on a going concern basis based on an undertaking letter from ASTI Holdings Limited (the "Holding Company") not to recall the amounts due to itself and provide continuing financial support to enable the Group and the Company to continue its operations for the next twelve months from the date of the financial statements.

On 24 August 2023, the Holding Company's lawyers lodged legal proceedings against 8 defendants (including 4 requisitioning shareholders and 4 individuals) who held an extraordinary general meeting on 22 August 2023 and claim to have been appointed as incoming directors. On the same day, lawyers for the 4 requisitioning shareholders had also filed legal proceedings against the Holding Company's incumbent directors and the Holding Company. Both legal proceedings have been fixed to be heard together before the Singapore High Court on 23 October 2023.

As of the date of our report, we are unable to ascertain whether the judgement for the legal proceedings, of which are still unknown, would have an impact on the ability of management to rely on the current undertaking by the Holding Company to not recall the amounts due to itself and provide continuing financial support to the Group and the Company for the next twelve months from the date of the financial statements. Accordingly, we were unable to ascertain the appropriateness of the going concern basis of preparation of the financial statements.

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 certain non-current assets and liabilities as current.

Because of the significance of the uncertainties arising from the matters described above, we are unable to express an opinion on the accompanying financial statements.

## **Other matter**

The financial statements for the financial year ended 31 December 2021 were audited by another firm of auditors who issued a disclaimer of opinion on those financial statements in their report dated 15 August 2023.

## **Responsibilities of Management and Director 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 Companies Act 1967 (the “Act”) and the Singapore Financial Reporting Standards (International) (“SFRS(I)”), and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and 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.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor’s report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether 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.

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Kenneth Ng Boon Chong.

## **RT LLP**

Public Accountants and  
Chartered Accountants

Singapore, 20 October 2023

## Extract of Note 2.1 to the Financial Statements for FY2022

### Going concern uncertainty

The Group recorded net profit of US\$5,954,000 (2021: net loss of US\$14,622,000) and a net operating cash outflow of US\$204,000 (2021: US\$1,481,000) for the financial year ended 31 December 2022 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US\$3,235,000 (2021: US\$3,063,000) and US\$1,100,000 (2021: US\$633,000), respectively. The Group and the Company were in a net liabilities position of US\$3,228,000 (2021: US\$10,017,000) and US\$1,093,000 (2021: US\$7,588,000), respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

In the assessment of going concern, the Board of Directors has considered the following factors:

The Company has received an undertaking letter from the Holding Company not to recall the amounts due to itself and provide continuing financial support to enable the Group and the Company to continue its operations for the next twelve months from the date the financial statements.

As at the date of the issuance of these financial statements, there is no indication that the amount due to the Holding Company will be recalled.

The Company believes that the Holding Company would continue to provide financial support as there is still a possibility that the Group's associate, EoCell Limited, would be able to attract investors.

Based on current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligation in the next twelve months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to continue as a going concern for the next twelve months. Notwithstanding the above, the Board of Directors has assessed and is of the view that it is appropriate that the financial statements of the Group and Company are to be prepared on a going concern basis.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its 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 consolidated statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current. No such adjustments have been made to these financial statements.