



Company No. 199306761C

Dragon International Limited and its Subsidiaries

**Condensed Financial Statements
For the Nine Months Ended 30 September 2022**

CONDENSED BALANCE SHEETS

AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
		US\$'000	US\$'000	US\$'000	US\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
ASSETS					
Non-current assets					
Property, plant and equipment		-	1	-	-
Investments in subsidiaries	4	-	-	-	-
Investment in an equity-accounted investee	5	2,991	3,697	3,697	3,697
		2,991	3,698	3,697	3,697
Current assets					
Prepayments		17	8	14	5
Amounts due from subsidiaries		-	-	18	18
Amounts due from an equity-accounted investee		1,796	1,796	1,796	1,796
Inventories		94	261	-	-
Trade receivables		497	525	-	-
Other receivables		25	66	8	30
Cash and bank balances		1,325	1,199	59	277
		3,754	3,855	1,895	2,126
TOTAL ASSETS		6,745	7,553	5,592	5,823
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		2,451	2,523	401	469
Other payables	6	2,145	2,219	246	112
Amount due to holding company	7	10,873	11,131	10,873	11,131
Amounts due to subsidiaries		-	-	189	197
Restructuring provision		3	4	-	-
Provision for taxation		64	49	41	35
		15,536	15,926	11,750	11,944
NET CURRENT LIABILITIES		(11,782)	(12,071)	(9,855)	(9,818)
TOTAL LIABILITIES		15,536	15,926	11,750	11,944
NET LIABILITIES		(8,791)	(8,373)	(6,158)	(6,121)
Equity attributable to owners of the Company					
Share capital	13	59,970	59,970	59,970	59,970
Capital reserve		2,525	2,525	-	-
Other reserve		18	18	-	-
Foreign currency translation reserve		415	(523)	-	-
Accumulated losses		(69,649)	(68,081)	(66,128)	(66,091)
		(6,721)	(6,091)	(6,158)	(6,121)
Non-controlling interests		(2,070)	(2,282)	-	-
TOTAL DEFICIT		(8,791)	(8,373)	(6,158)	(6,121)
TOTAL EQUITY AND LIABILITIES		6,745	7,553	5,592	5,823

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Note	Group Third Quarter Ended			Group Nine Months Ended		
		30-Sep-22	30-Sep-21	Change	30-Sep-22	30-Sep-21	Change
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	8	631	482	31	2,261	1,660	36
Cost of sales		(521)	(387)	35	(1,871)	(1,307)	43
Gross profit		110	95	16	390	353	10
Other operating income		14	29	(52)	43	47	(9)
Selling and marketing costs		(14)	(14)	-	(40)	(41)	(2)
General and administrative costs		(163)	(337)	(52)	(452)	(1,119)	(60)
Foreign currency exchange (loss)/gain		(403)	41	<100	(714)	211	<100
Finance (costs)/income, net		(4)	137	<100	(11)	11	<100
Share of results of an equity-accounted investee		(199)	(579)	(66)	(706)	(1,659)	(57)
Loss before taxation	9	(659)	(628)	5	(1,490)	(2,197)	(32)
Taxation	10	(11)	(12)	(8)	(44)	(27)	63
Loss for the period		(670)	(640)	5	(1,534)	(2,224)	(31)
Attributable to:							
Owners of the Company		(676)	(656)	3	(1,568)	(2,243)	(30)
Non-controlling interests		6	16	(63)	34	19	79
		(670)	(640)	5	(1,534)	(2,224)	(31)
<u>Loss per share attributable to owners of the Company</u>							
Basic/diluted (cents)					(0.45)	(0.64)	

nm : Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Group			Group		
	Third Quarter Ended			Nine Months Ended		
	30-Sep-22	30-Sep-21	Change	30-Sep-22	30-Sep-21	Change
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Loss for the period	(670)	(640)	5	(1,534)	(2,224)	(31)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	667	19	>100	1,116	(102)	<100
Total comprehensive income for the period	(3)	(621)	(100)	(418)	(2,326)	(82)
Total comprehensive income attributable to:						
Owners of the Company	(116)	(640)	(82)	(630)	(2,320)	(73)
Non-controlling interests	113	19	>100	212	(6)	<100
	(3)	(621)	(100)	(418)	(2,326)	(82)

nm - Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company						Non-controlling Interests US\$'000	Equity Total US\$'000
	Share Capital US\$'000	Capital Reserve US\$'000	Other Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Equity attributable to owners of parent, Total US\$'000		
2022								
Group								
At 1 January 2022	59,970	2,525	18	(523)	(68,081)	(6,091)	(2,282)	(8,373)
(Loss)/profit for the period	-	-	-	-	(1,568)	(1,568)	34	(1,534)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	938	-	938	178	1,116
Other comprehensive income for the period, net of tax	-	-	-	938	-	938	178	1,116
Total comprehensive income for the period	-	-	-	938	(1,568)	(630)	212	(418)
At 30 September 2022	59,970	2,525	18	415	(69,649)	(6,721)	(2,070)	(8,791)
2021								
At 1 January 2021	59,970	2,525	18	(324)	(55,056)	7,133	(2,273)	4,860
(Loss)/profit for the period	-	-	-	-	(2,243)	(2,243)	19	(2,224)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	(77)	-	(77)	(25)	(102)
Other comprehensive income for the period, net of tax	-	-	-	(77)	-	(77)	(25)	(102)
Total comprehensive income for the period	-	-	-	(77)	(2,243)	(2,320)	(6)	(2,326)
At 30 September 2021	59,970	2,525	18	(401)	(57,299)	4,813	(2,279)	2,534

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Share Capital US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
2022			
<u>Company</u>			
At 1 January 2022	59,970	(66,091)	(6,121)
Loss for the period	-	(37)	(37)
At 30 September 2022	59,970	(66,128)	(6,158)
2021			
<u>Company</u>			
At 1 January 2021	59,970	(51,882)	8,088
Loss for the period	-	(793)	(793)
At 30 September 2021	59,970	(52,675)	7,295

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Group	
	30-Sep-22 US\$'000	30-Sep-21 US\$'000
Cashflow from operating activities		
Loss before taxation	(1,490)	(2,197)
Adjustment for:-		
Impairment loss on other receivables	-	15
Write-back of trade receivables	(4)	(1)
Depreciation of property, plant and equipment	1	1
(Write-back of)/allowance for stock obsolescence	(3)	1
Interest cost/(income), net	7	(15)
Share of results of an equity-accounted investee	706	1,659
Effects of exchange rate changes	508	(322)
Operating cash flow before changes in working capital	(275)	(859)
<u>Changes in working capital</u>		
(Increase)/decrease in:		
Inventories	170	6
Prepayments	(9)	(13)
Receivables	157	365
Increase/(decrease) in:		
Payables	103	(138)
Amount due to holding company	3	12
Cash generated from/(used in) operations	149	(627)
Tax paid	(23)	(42)
Net cash generated from/(used in) operating activities	126	(669)
Cashflow from financing activities		
Loan from holding company	-	467
Net cash generated from financing activities	-	467
Net increase/(decrease) in cash and cash equivalents	126	(202)
Cash and cash equivalents at beginning of period	1,199	1,204
Cash and cash equivalents at 30 September	1,325	1,002

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

1. CORPORATION INFORMATION

Dragon Group International Limited (the “Company”) is a limited liability company which is domiciled and incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The immediate and ultimate holding company is ASTI Holdings Limited (“ASTI”), also incorporated in Singapore.

The Company was placed on the watch-list under financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the SGX-ST on 4 March 2015, and under minimum trading price criteria pursuant to Rule 1311(2) of the Listing Manual of SGX-ST on 3 March 2016. The deadline for the Company to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual (the “Financial Exit Criteria”) was 3rd March 2017 pursuant to Rule 1315 of the Listing Manual. On 14 August 2017, the Company announced that SGX-ST had granted the Company an extension of time until 3rd March 2018 to meet the Financial Exit Criteria (the “Extended Deadline”). As the Company was unable to satisfy the Financial Exit Criteria on or before the expiry of the Extended Deadline, a Delisting Notification was issued by SGX-ST to the Company on 11 April 2018. Trading in the Company’s securities was ceased on 5pm, 10 May 2018 and trading will remain suspended until the completion of the exit offer. Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. Work on the exit proposal is on-going.

The registered office of the Company is located at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542.

The principal place of business is located at Block 33, Ubi Ave 3 #08-69 Vertex, Singapore 408868.

The principal activities of the Company are those of investment holding and acting as corporate manager and advisor in relation to the administration and organisation of the businesses of its subsidiary companies.

Details of the significant subsidiary companies and their principal activities are included in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The condensed interim financial statements for the nine months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual unaudited financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States Dollars (“USD” or “US\$”), which is the functional currency of the Company. All values in the tables are rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 *Basis of preparation (cont'd)*

Going concern uncertainty

The Group recorded net loss of US\$1,534,000 (9M2021: net loss US\$2,224,000) and an operating cash inflow of US\$126,000 (9M2021: outflow US\$669,000) for the financial period ended 30 September 2022 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US\$11,782,000 (2021: US\$12,071,000) and US\$9,854,000 (2021: US\$9,818,000) respectively. The Group's and Company's net liability positions are US\$8,791,000 (2021: US\$8,373,000) and US\$6,157,000 (2021: US\$6,121,000) 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. These financial statements have been prepared on a going concern basis as the holding company has given an undertaking letter not to recall the amounts due to itself and provide continuing financial support to enable the Group to continue operations for the next twelve months from the date the financial statements.

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 balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

- Amendments to SFRS(I) 3, SFRS(I) 1-16 and SFRS(I) 1-37
- IFRS 9 Financial Instruments

The Group has not early applied new and revised SFRSs that have been issued but are not yet mandatorily effective for the year beginning 1 January 2022.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated unaudited financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of investment in equity-accounted investee

During last financial year, the Group assessed for impairment in investment in associate, EoCell Ltd at by comparing the recoverable value against its carrying amount. Recoverable amount is the higher of the associate's fair value less costs of disposal and its value-in-use. When the fair value of such investment cannot be determined from active markets, valuation techniques including price of recent investment are used. The inputs to the valuation model are derived from market observable data where possible, but where this is not feasible, a degree of judgement is required to establish fair value. As at 31 December 2021, the Group and the Company performed an impairment assessment based on latest information and recognised an impairment loss of US\$12,623,000 on the Company's investment in associate.

As at 30 September 2022, the Group's and the Company's carrying value of the investment in EoCell Ltd was US\$2,991,000 (2021: US\$3,697,000) and US\$3,697,000 (2021: US\$3,697,000) respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

4. SUBSIDIARIES

Company	30-Sep-22 US\$'000	31-Dec-21 US\$'000
Unquoted shares, at cost	2,282	2,282
Allowance for impairment	(2,282)	(2,282)
Carrying amount of investments	-	-
Movement in allowance account:		
At 1 January	2,282	2,260
Impairment for the period	-	22
Balance at end of the period	2,282	2,282

(a) The Group has the following significant investments in subsidiaries:

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		30-Sep-22 %	31-Dec-21 %
<i>Held by the Company</i>			
** DTB Limited (Hong Kong)	Investment holding (Hong Kong)	100	100
** Dragon Equipment & Materials Technology Ltd (Hong Kong)	Sale, distribution and acting as commission agent in equipment, materials and electronic components (Hong Kong)	100	100
<i>Held by subsidiary companies:</i>			
<i>Held by DTB Limited</i>			
** Nanjing DTB Development Co., Ltd (People's Republic of China)	Construction of antique wooden sea boat, communication of culture, exhibition and conference, etc. (People's Republic of China)	60	60
** Dragon Ventures Limited (Hong Kong)	Investment holding (Hong Kong)	100	100
<i>Held by Dragon Ventures Limited</i>			
# Dragon Tourism Management Company Limited (People's Republic of China)	Develop and manage a mixed-used property (People's Republic of China)	100	100

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

4. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		30-Sep-22 %	31-Dec-21 %
<i>Held by Dragon Equipment & Materials Technology Ltd (Hong Kong)</i>			
* Spire Technologies Pte Ltd (Singapore)	Importing, exporting, retailing and trading in electronic components and test consumables (Singapore)	100	100
** FE Global Shanghai Ltd	Registered company in Shanghai free-trade-zone handling manpower services (People's Republic of China)	100	100
<i>Held by Spire Technologies Pte Ltd</i>			
** Spire Technologies (Taiwan) Ltd (Taiwan)	Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan)	60	60

* Audited by Ernst & Young LLP, Singapore

Not required to be audited in country of incorporation

** Audited by the following Certified Public Accounting firms:

Company

Spire Technologies (Taiwan) Ltd
 Dragon Equipment & Materials Technology Ltd
 DTB Limited
 Dragon Ventures Limited
 Nanjing DTB Development Co., Ltd
 FE Global Shanghai Ltd

Certified Public Accounting firm

YuanTeng CPAs & Consulting Inc
 Y.K Leung & Co., Hong Kong
 Y.K Leung & Co., Hong Kong
 Y.K Leung & Co., Hong Kong
 Jiangsu LiAnDaXingYe Certified Public Accountants Co., Ltd
 Shanghai Gaoren Certified Public Accountants Partnership

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

5. EQUITY-ACCOUNTED INVESTEE

The Group's material investment in an equity-accounted investee is summarised below:

	Group		Company	
	30-Sep-22 US\$'000	31-Dec-21 US\$'000	30-Sep-22 US\$'000	31-Dec-21 US\$'000
EoCell Limited				
Beginning balance	3,697	15,491	16,320	16,320
Share of results of associate	(706)	(2,274)	-	-
Impairment loss	-	(9,520)	(12,623)	(12,623)
Others	-	-	-	-
Carrying amount at end of the period	2,991	3,697	3,697	3,697

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		30-Sep-22 %	31-Dec-21 %

Held by the Company

** EoCell Limited (Hong Kong)	Development of battery and storage solutions (Hong Kong)	40	40
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Held by the EoCell Limited

** EoCell Inc (United States of America)	Development of battery and storage solutions (United States of America)	100	100
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** Audited by the following Certified Public Accounting firms:

<u>Company</u>	<u>Certified Public Accounting firm</u>
EoCell Limited	Y.K Leung & Co., Hong Kong
EoCell Inc	Armanino LLP

6. OTHER PAYABLES

	Group		Company	
	30-Sep-22 US\$'000	31-Dec-21 US\$'000	30-Sep-22 US\$'000	31-Dec-21 US\$'000
Proposed Directors' fees	143	90	143	90
Sundry creditors	244	141	103	22
Advances for capital injection from non-controlling Interest	1,758	1,988	-	-
	2,145	2,219	246	112

Other payables are unsecured, interest free and repayable on demand in cash.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

7. AMOUNT DUE TO HOLDING COMPANY

	Group		Company	
	30-Sep-22 US\$'000	31-Dec-21 US\$'000	30-Sep-22 US\$'000	31-Dec-21 US\$'000
Loan (unsecured)	9,929	10,171	9,929	10,171
Interest payable	414	425	414	425
Others - payments made on behalf	530	535	530	535
Total	10,873	11,131	10,873	11,131

The loan from holding company is non-trade in nature and bears interest at Nil (2021: Nil) per annum. The amount is repayable on demand in cash.

The others balance is non-trade in nature, interest-free and repayable on demand in cash.

A reconciliation of liabilities arising from financing activities is as follows:

	31-Dec-21		30-Sep-22	
		Cash flows	Foreign exchange movement	
Loan and interest payable	10,596	-	(253)	10,343
Total	10,596	-	(253)	10,343

	2020		2021	
		Cash flows	Accretion of interest	
Loan and interest payable	9,120	1,476	-	10,596
Total	9,120	1,476	-	10,596

8. REVENUE

Revenue is analysed as follows:

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000
Primary geographical markets				
Singapore	25	63	195	117
Greater China	523	364	1,848	1,383
Others	83	55	218	160
Sale of goods	631	482	2,261	1,660
Timing of transfer of goods or services				
At a point in time	631	482	2,261	1,660

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

9. LOSS BEFORE TAX

The following significant items have been included in arriving at loss before tax.

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	-	5	-	15
(Interest expense)/ waiver of interest	(3)	134	(7)	-
Depreciation of property, plant and equipment	-	-	(1)	(1)
(Allowance for)/write-back of stock obsolescence	-	(1)	3	(1)
Write-back of trade receivables	-	35	4	1
Impairment loss on other receivables	-	(5)	-	(15)

10. TAXATION

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	US\$'000	US\$'000	US\$'000	US\$'000
Income tax payable in respect of results for the period:				
Current income tax				
(i) Singapore	(3)	(3)	(8)	(4)
(ii) Other countries	(8)	(9)	(36)	(23)
	(11)	(12)	(44)	(27)
Income tax expense recognised in profit or loss	(11)	(12)	(44)	(27)

11. NET ASSETS VALUE

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	US\$	US\$	US\$	US\$
Net assets value per share (cents)	(1.93)	(1.75)	(1.77)	(1.76)
Based on number of shares	347,944,511	347,944,511	347,944,511	347,944,511

Net assets value per share is calculated based on the equity attributable to the owners of the Company divided by the number of issued shares (excluding treasury shares).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

12. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted loss per share amounts are calculated by dividing the net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the net loss and share data used in the computation of basic and diluted loss per share for the end of the period:

Group	30-Sep-22 S\$'000	30-Sep-21 S\$'000
Net loss attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	<u>(1,568)</u>	<u>(2,243)</u>
Weighted average number of ordinary shares in issue applicable to basic and diluted loss per share computation (no. of shares, in '000s)	<u>347,945</u>	<u>347,945</u>

13. SHARE CAPITAL

Group and Company	30-Sep-22 No. of shares '000	31-Dec-21	30-Sep-22 US\$'000	31-Dec-21 US\$'000
Issued and fully paid ordinary shares				
Balance at beginning and at end	<u>347,945</u>	<u>347,945</u>	<u>59,970</u>	<u>59,970</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

14. SEGMENT INFORMATION

The Group has two (2021: two) main business segments that are organised and managed separately according to their respective business activities. The business segments are Electronics Distribution and Technology Investments and Others. The activities of these business segments are described as follows:

- (i) The Electronics Distribution segment is a distributor of electronic components and test consumables.
- (ii) The Technology Investments and Others segment acts as the investment arm of the Group and is involved in various investment projects such as the development of batteries solutions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

14. SEGMENT INFORMATION (CONT'D)

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets, investments and intangible assets.

Group	Nine Months Ended							
	Electronics Distribution		Technology Investments and Others		Adjustments and Elimination		Consolidated Total	
	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000
Revenue								
Sales to external customers	2,261	1,660	-	-	-	-	2,261	1,660
Segment results	(471)	(41)	(312)	(496)	-	-	(783)	(537)
Depreciation of property, plant and equipment	(1)	(1)	-	-	-	-	(1)	(1)
Write-back of trade receivables	4	1	-	-	-	-	4	1
Impairment loss on other receivables	-	-	-	(15)	-	-	-	(15)
Interest expense	-	-	(7)	-	-	-	(7)	-
Interest income	-	-	-	15	-	-	-	15
Share of results of an equity-accounted investee	-	-	(706)	(1,659)	-	-	(706)	(1,659)
Write-back of /(allowance for) stock obsolescence	3	(1)	-	-	-	-	3	(1)
Loss before taxation	(465)	(42)	(1,025)	(2,155)	-	-	(1,490)	(2,197)
Taxation							(44)	(27)
Loss for the period							(1,534)	(2,224)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

14. SEGMENT INFORMATION (CONT'D)

Group	Third Quarter Ended							
	Electronics Distribution		Technology Investments and Others		Adjustments and Elimination		Consolidated Total	
	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000	30-Sep-22 US\$'000	30-Sep-21 US\$'000
Revenue								
Sales to external customers	631	482	-	-	-	-	631	482
Segment results	(343)	(62)	(114)	(155)	-	-	(457)	(217)
Write-back of trade receivables	-	35	-	-	-	-	-	35
Impairment loss on other receivables	-	-	-	(5)	-	-	-	(5)
(Interest expense)/waiver of interest	-	-	(3)	134	-	-	(3)	134
Interest income	-	-	-	5	-	-	-	5
Share of results of an equity-accounted investee	-	-	(199)	(579)	-	-	(199)	(579)
Allowance for stock obsolescence	-	(1)	-	-	-	-	-	(1)
Loss before taxation	(343)	(28)	(316)	(600)	-	-	(659)	(628)
Taxation							(11)	(12)
Loss for the period							(670)	(640)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Holding company</u>				
Management fee expense	-	(28)	-	(84)
Cost recovery	9	-	26	-

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Amounts due from subsidiaries	-	-	18	18
Amounts due from an equity-accounted investee	1,796	1,796	1,796	1,796
Trade receivables	497	525	-	-
Other receivables	25	66	8	30
Cash and bank balances	1,325	1,199	59	277
	3,643	3,586	1,881	2,121
Financial liabilities:				
Trade payables and accruals	2,451	2,523	401	469
Other payables *	387	231	246	112
Amount due to holding company	10,873	11,131	10,873	11,131
Amounts due to subsidiaries	-	-	189	197
	13,711	13,885	11,709	11,909

* excludes advances from capital injection from non-controlling interest

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Dragon Group International Limited and its subsidiaries as at 30 September 2022 and the related condensed consolidated income statement and statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended and certain explanatory notes have not been audited or reviewed.

2. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY MODIFICATIONS OR EMPHASIS OF MATTER)

Not applicable.

2A. WHERE THE LATEST FINANCIAL STATEMENTS ARE SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OR OPINION: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

3. CHANGES IN TREASURY SHARES

Not applicable.

4. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable.

5. REVIEW OF PERFORMANCE OF THE GROUP

Consolidated Income Statement – third quarter (“3Q2022”) & nine months (“9M2022”) ended 30 September 2022 performance

3Q2022

The revenue for the quarter increased due to higher demand from customers. The gross profit margin decreased from 19.7% to 17.4% due to changes in sales mix.

Other operating income decreased for the quarter due to absence of a non-recurring item.

Selling & marketing costs remained constant for the quarter.

General and administrative costs decreased mainly due to lower staff costs and the absence of management fees charged as the holding company is currently in the process of reviewing the management fees.

Finance income booked last year was attributable to the interest waiver by the holding company. This year the finance costs were due to bank and interest charges incurred.

9M2022

The revenue for the period increased due to higher demand from customers. The gross profit margin decreased from 21.3% to 17.2% due to changes in sales mix.

Other operating income decreased marginally for the period due to absence of a non-recurring item.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

5. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)

9M2022 (Cont'd)

Selling & marketing costs remained constant for the period.

General and administrative costs decreased mainly due to lower staff costs and the absence of management fees. The holding company is currently in the process of reviewing the management fees.

Consolidation Statement of Financial Position as at 30 September 2022

Assets

The decrease in investment in an equity-accounted investee was due to share of losses.

Inventories balance decreased due to change in purchasing strategy.

Trade receivables balance in 9M2022 was lower due to improved receivables turnover.

Liabilities

Trade payables and accruals were lower mainly due to reduction of cost accruals.

Other payables decreased mainly due to foreign exchange volatility between USD and RMB.

The decreased in "Amount due to holding company" was mainly due to foreign exchange volatility on the SGD loan amount.

Consolidated Statement of Cash Flows Position as at 30 September 2022

The Group generated US\$126,000 from its operating activities.

As at 30 September 2022, cash and cash equivalents amounted to US\$1.3 million.

6. WHERE A FORECAST, OR PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS.

Not applicable.

7. A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS.

The Company continues to work on the exit proposal and we will keep our shareholders updated at the appropriate time.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

8. DIVIDEND**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived

Not applicable

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for 9M2022 as the Group is in a loss-making position in this year.

9. IF THE GROUP HAS OBTAINED A GENERAL MANDATE FROM SHAREHOLDERS FOR IPTS, THE AGGREGATE VALUE OF SUCH TRANSACTIONS AS REQUIRED UNDER RULE 920(1)(A)(II). IF NO IPT MANDATE HAS BEEN OBTAINED, A STATEMENT TO THAT EFFECT.

No general mandate for IPTs has been obtained from shareholders.

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial year under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (1)(a) (excluding transactions below S\$100,000)
ASTI Holdings Limited	-	-

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

10. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720(1) OF THE LISTING MANUAL.

The Company hereby confirms that it has procured undertaking from all directors and executive officers under Rule 720(1).

11. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5).

To the best of our knowledge, nothing has come to the attention of the Board of Directors of Dragon Group International Limited which may render the unaudited financial results for the financial period ended 30 September 2022 to be false or misleading in any material aspect.

12. DISCLOSURES ON ACQUISITION AND REALISATION OF SHARES PURSUANT TO RULE 706A.

There were no acquisitions or realisations of shares in neither any of the Group's subsidiary associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during the financial period ended 30 September 2022.

By Order of the Board

Chong Man Sui
Acting Chairman
11 November 2022