



DRAGON GROUP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199306761C)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the "**Board**") of Dragon Group International Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") sets out below its responses to queries from the SGX-ST received on 4 May 2020.

SGX Queries:

- (i) Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. In this regard:

- (a) Provision 3.1 of the Code states that:

"The Chairman and Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making."

We note that the Company has not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person.

Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from, explain the reason for the deviation and explain how the practices it had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Our reply:

Dato' Michael Loh has resigned from his position of Executive Chairman and CEO of the Company with effect from 7 Apr 2020. On 8 Apr 2020, we announced the appointment of Dr Daniel Yeoh as the new Acting Chairman and Mr Timothy Lim as the new Acting CEO and President of the Company. Thus, the Company is in compliance with Provision 3.1.

- (b) Provision 8.1 of the Code states that:

"The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) *each individual director and the CEO; and*
- (b) *at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”*

We note the Company's disclosure on remuneration at pages 8 and 9 of Appendix 1 of the annual report for FY2019. Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Our reply:

As mentioned in the FY2019 AR on page 9 of Appendix 1, taking into consideration the competitive industry in which the Group operates, the Company believes that it is not in the best interests of the Company to disclose the name, remuneration, or the breakdown of the remuneration (in percentage or dollar terms) of the key management personnel (who is not a Director or Executive Chairman and Group CEO) as recommended pursuant to Provision 8.1(b) of the Code. However, the Company has disclosed the total remuneration paid to the two key management personnel of the Company as well as disclosed their remuneration in bands that is no wider than S\$250,000. Given the competitive industry the Group operates in, the level of disclosure given by the Company is consistent with the intent of Principle 8 of the Code as the Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Except for the names of the Key Management Personnel, the Company has disclosed its remuneration policies, level and mix of remuneration in the recommended bands, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

- (ii) *Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.*

Our reply:

Our internal audit function is currently outsourced to Baker Tilly in Singapore. Baker Tilly in Singapore is one of the largest accountancy firms in Singapore. They are the appointed outsourced internal auditor to more than 35 public listed companies in Singapore & Hong Kong. The engagement team is led by its partner Mr Lim Wei Wei who has more than 18 years of professional internal audit experience in the field and possesses the designation of Certified Internal Auditor. The engagement team from Baker Tilly comprises a Manager, a Lead Consultant and consultants who possess relevant experience as well as designations such as Certified Public Accountant, Certified Internal Auditor etc.

BY ORDER OF THE BOARD

Dr Daniel Yeoh Ghee Chong
Acting Chairman

6 May 2020