



Company No. 199306761C

Dragon Group International Limited and its Subsidiaries

**Condensed Interim Financial Statements
For the Nine Months Ended 30 September 2023**

CONDENSED BALANCE SHEETS

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30-Sep-23 US\$'000	31-Dec-22 US\$'000 Audited	30-Sep-23 US\$'000	31-Dec-22 US\$'000 Audited
ASSETS					
Non-current assets					
Investments in subsidiaries	4	-	-	-	-
Investment in an associate	5	10,179	11,179	11,179	11,179
		10,179	11,179	11,179	11,179
Current assets					
Prepayments		15	8	12	4
Amounts due from subsidiaries		-	-	27	17
Amounts due from an associate		813	-	813	-
Inventories		96	97	-	-
Trade receivables		410	619	-	-
Other receivables		64	31	37	10
Cash and cash equivalents		917	995	142	107
		2,315	1,750	1,031	138
TOTAL ASSETS		12,494	12,929	12,210	11,317
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		2,164	2,651	112	616
Other payables	6	2,464	2,218	621	289
Amounts due to subsidiaries		-	-	708	297
Restructuring provision		68	74	-	-
Provision for taxation		36	42	34	36
		4,732	4,985	1,475	1,238
NET CURRENT LIABILITIES		(2,417)	(3,235)	(444)	(1,100)
Non-current liabilities					
Amount due to the holding company	7	11,858	11,172	11,858	11,172
		11,858	11,172	11,858	11,172
TOTAL LIABILITIES		16,590	16,157	13,333	12,410
NET LIABILITIES		(4,096)	(3,228)	(1,123)	(1,093)
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		523	164	-	-
Accumulated losses		(64,976)	(63,694)	(61,093)	(61,063)
		(1,940)	(1,017)	(1,123)	(1,093)
Non-controlling interests		(2,156)	(2,211)	-	-
TOTAL DEFICIT		(4,096)	(3,228)	(1,123)	(1,093)
TOTAL EQUITY AND LIABILITIES		12,494	12,929	12,210	11,317

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	Group Third Quarter Ended			Group Nine Months Ended		
		30-Sep-23	30-Sep-22	Change	30-Sep-23	30-Sep-22	Change
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	8	990	631	57	1,881	2,261	(17)
Cost of sales		(862)	(521)	65	(1,603)	(1,871)	(14)
Gross profit		128	110	16	278	390	(29)
Other income		15	14	7	44	43	2
Selling and marketing costs		(27)	(14)	93	(69)	(40)	73
General and administrative costs		(208)	(163)	28	(252)	(452)	(44)
Foreign currency exchange loss		10	(403)	NM	(276)	(714)	(61)
Finance costs, net		(6)	(4)	50	(15)	(11)	36
Share of results of an associate		(334)	(199)	68	(1,000)	(706)	42
Loss before taxation	9	(422)	(659)	(36)	(1,290)	(1,490)	(13)
Taxation	10	(3)	(11)	(73)	(8)	(44)	(82)
Loss for the period		(425)	(670)	(37)	(1,298)	(1,534)	(15)
Attributable to:							
Owners of the Company		(432)	(676)	(36)	(1,282)	(1,568)	(18)
Non-controlling interests		7	6	17	(16)	34	NM
		(425)	(670)	(37)	(1,298)	(1,534)	(15)
<u>Loss per share attributable to owners of the Company</u>							
Basic/diluted (cents)	12				(0.37)	(0.45)	

NM : Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Group			Group		
	Third Quarter Ended			Nine Months Ended		
	30-Sep-23	30-Sep-22	Change	30-Sep-23	30-Sep-22	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Loss for the period	(425)	(670)	(37)	(1,298)	(1,534)	(15)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	58	667	(91)	430	1,116	(61)
Total comprehensive loss for the period	(367)	(3)	>100	(868)	(418)	>100
Total comprehensive loss attributable to:						
Owners of the Company	(378)	(116)	>100	(923)	(630)	47
Non-controlling interests	11	113	(90)	55	212	(74)
	(367)	(3)	>100	(868)	(418)	>100

NM - Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to owners of the Company							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	Non-controlling Interests US\$'000	
2023								
Group								
At 1 January 2023	59,970	2,525	18	164	(63,694)	(1,017)	(2,211)	(3,228)
Loss for the period	-	-	-	-	(1,282)	(1,282)	(16)	(1,298)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	359	-	359	71	430
Other comprehensive income for the period, net of tax	-	-	-	359	-	359	71	430
Total income/(loss) comprehensive loss for the period	-	-	-	359	(1,282)	(923)	55	(868)
At 30 September 2023	59,970	2,525	18	523	(64,976)	(1,940)	(2,156)	(4,096)
2022								
At 1 January 2022 (Restated)	59,970	2,525	18	(523)	(69,653)	(7,663)	(2,354)	(10,017)
(Loss)/income 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/(loss) for the period	-	-	-	938	(1,568)	(630)	212	(418)
At 30 September 2022	59,970	2,525	18	415	(71,221)	(8,293)	(2,142)	(10,435)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Share Capital US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
2023			
<u>Company</u>			
At 1 January 2023	59,970	(61,063)	(1,093)
Loss and total comprehensive loss for the period	-	(30)	(30)
At 30 September 2023	59,970	(61,093)	(1,123)
2022			
<u>Company</u>			
At 1 January 2022 (Restated)	59,970	(67,558)	(7,588)
Loss and total comprehensive loss for the period	-	(37)	(37)
At 30 September 2022	59,970	(67,595)	(7,625)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Group	
	30-Sep-23 US\$'000	30-Sep-22 US\$'000
Cashflow from operating activities		
Loss before taxation	(1,290)	(1,490)
Adjustment for:-		
Impairment loss on other receivables	10	-
Write-back of impairment loss on trade receivables	-	(4)
Write-back of impairment loss on amount due from an associate	(19)	-
Depreciation of property, plant and equipment	-	1
Allowance for/(write-back of) stock obsolescence	34	(3)
Interest cost, net	11	7
Share of results of associate	1,000	706
Effects of exchange rate changes	147	508
Operating cash flow before changes in working capital	(107)	(275)
<u>Changes in working capital</u>		
(Increase)/decrease in:		
Inventories	(26)	170
Prepayments	(7)	(9)
Receivables	267	157
Amount due from associate	(794)	-
Increase/(decrease) in:		
Payables	(161)	103
Amount due to holding company	762	3
Cash (used in)/generated from operations	(66)	149
Interest received	3	-
Tax paid	(15)	(23)
Net cash (used in)/generated from operating activities	(78)	126
Net (decrease)/increase in cash and cash equivalents	(78)	126
Cash and cash equivalents at beginning of period	995	1,199
Cash and cash equivalents at 30 September	917	1,325

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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 and the principal place of business the Company is located at at 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 subsidiaries.

Details of the significant subsidiaries and associates with a description of their principal activities are included in Note 4 and Note 5, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The condensed interim financial statements for the nine months ended 30 September 2023 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.

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 2023

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\$1,298,000 (9M2022: US\$1,534,000) and a net operating cash outflow of US\$78,000 (9M2022: cash inflow of US\$126,000) for the financial period ended 30 September 2023 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US\$2,417,000 (2022: US\$3,235,000) and US\$444,000 (2022: US\$1,100,000), respectively. The Group and the Company were in a net liabilities position of US\$4,096,000 (2022: US\$3,228,000) and US\$1,123,000 (2022: 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.

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 audited 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.

Based on current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligations 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.

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 year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

- Amendments to SFRS(I) 1-1, SFRS(I) 1-8 and SFRS(I) 1-12
- SFRS(I) 17 and Amendments to SFRS(I)17

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 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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 audited financial statements as at and for the year ended 31 December 2022.

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 associate

The Group assessed for impairment of its investment in an associate, EoCell Limited by comparing the recoverable value against its carrying amount. Recoverable value is the higher of the fair value less costs of disposal and the value-in-use of the investment. When the fair value of such investment cannot be determined from active markets, valuation techniques including prices and other relevant information generated by market transactions involving identical or comparable assets are used. The inputs to the valuation models 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 30 September 2023, the Group and the Company performed an impairment assessment based on latest information and recognised US\$Nil (2022: write-back of impairment loss of US\$8,064,000) and US\$Nil (2022: write-back of impairment loss of US\$7,003,000) on the Group's and the Company's investment in associate, respectively.

As at 30 September 2023, the Group's and the Company's carrying value of the investment in EoCell Limited was US\$10,179,000 (2022: US\$11,179,000) and US\$11,179,000 (2022: US\$11,179,000), respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

4. INVESTMENTS IN SUBSIDIARIES

Company	30-Sep-23 US\$'000	31-Dec-22 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	2,282
Impairment for the period	-	-
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-23 %	31-Dec-22 %
<i>Held by the Company</i>			
DTB Limited (Hong Kong)	Investment holding (Hong Kong)	100	100
Dragon Equipment & Materials Technology Limited (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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

4. INVESTMENTS IN 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-23 %	31-Dec-22 %
<i>Held by Dragon Equipment & Materials Technology Limited (Hong Kong)</i>			
Spire Technologies Pte Ltd (Singapore)	Importing, exporting, retailing and trading in electronic components and test consumables (Singapore)	100	100
<i>Held by Spire Technologies Pte Ltd</i>			
Spire Technologies (Taiwan) Limited (Taiwan)	Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan)	60	60

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

5. INVESTMENT IN ASSOCIATE

The Group's material investment in associate is summarised below:

	Group		Company	
	30-Sep-23 US\$'000	31-Dec-22 US\$'000	30-Sep-23 US\$'000	31-Dec-22 US\$'000
EoCell Limited				
Beginning balance	11,179	4,176	11,179	4,176
Share of results of associate	(1,000)	(1,061)	-	-
Write-back of impairment loss	-	8,064	-	7,003
Carrying amount at end of the period	10,179	11,179	11,179	11,179

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		30-Sep-23 %	31-Dec-22 %
<i>Held by the Company</i>			
EoCell Limited (Hong Kong)	Investment holding (Hong Kong)	40	40
<i>Held by the EoCell Limited</i>			
EoCell Inc (United States of America)	Development of battery and storage solutions (United States of America)	100	100

6. OTHER PAYABLES

	Group		Company	
	30-Sep-23 US\$'000	31-Dec-22 US\$'000	30-Sep-23 US\$'000	31-Dec-22 US\$'000
Proposed Directors' fees	189	152	189	152
Sundry creditors	540	248	432	137
Advances for capital injection from non-controlling interest	1,735	1,818	-	-
	2,464	2,218	621	289

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 2023

7. AMOUNT DUE TO HOLDING COMPANY

	Group		Company	
	30-Sep-23 US\$'000	31-Dec-22 US\$'000	30-Sep-23 US\$'000	31-Dec-22 US\$'000
Loan (unsecured)	10,125	10,201	10,125	10,201
Interest payable	420	423	420	423
Others - payments made on behalf	1,313	548	1,313	548
Total	11,858	11,172	11,858	11,172

The loan from holding company is non-trade in nature and non-interest bearing. 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:

	2022		9M2023	
	Cash flows	Foreign exchange movement	Cash flows	Foreign exchange movement
Loan and interest payable	10,624	-	(79)	10,545
Total	10,624	-	(79)	10,545
	2021		2022	
	Cash flows	Foreign exchange movement	Cash flows	Foreign exchange movement
Loan and interest payable	10,596	-	28	10,624
Total	10,596	-	28	10,624

8. REVENUE

Revenue is analysed as follows:

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000
Primary geographical markets				
Singapore	-	25	-	195
Malaysia	122	64	203	150
Greater China	816	523	1,539	1,848
Others	52	19	139	68
Sale of goods	990	631	1,881	2,261
Timing of transfer of goods or services				
At a point in time	990	631	1,881	2,261

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

9. LOSS BEFORE TAXATION

Loss before taxation is stated after (charging)/crediting:

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	-	-	3	-
Interest expense	(5)	(3)	(14)	(7)
Depreciation of property, plant and equipment	-	-	-	(1)
(Allowance for)/write-back of stock obsolescence	(30)	-	(34)	3
Write-back of trade receivables	-	-	-	4
Impairment loss on other receivables	-	-	(10)	-
Write-back of amounts due from an associate	-	-	19	-

10. INCOME TAX EXPENSE

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	US\$'000	US\$'000	US\$'000	US\$'000
Income tax payable in respect of results for the period:				
Current income tax				
(i) Singapore	(1)	(3)	(5)	(8)
(ii) Other countries	(2)	(8)	(3)	(36)
Income tax expense recognised in profit or loss	(3)	(11)	(8)	(44)

11. NET ASSETS VALUE

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	US\$	US\$	US\$	US\$
Net assets value per share (cents)	(0.56)	(0.29)	(0.32)	(0.31)
Based on number of shares (in '000s)	347,945	347,945	347,945	347,945

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 2023

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 financial period ended:

Group	30-Sep-23 S\$'000	30-Sep-22 S\$'000
Net loss attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	<u>(1,282)</u>	<u>(1,568)</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-23 No. of shares '000	31-Dec-22 No. of shares '000	30-Sep-23 US\$'000	31-Dec-22 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 (2022: 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 2023

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-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000
Revenue								
Sales to external customers	1,881	2,261	-	-	-	-	1,881	2,261
Segment results	(88)	(471)	(166)	(312)	-	-	(254)	(783)
Depreciation of property, plant and equipment	-	(1)	-	-	-	-	-	(1)
Write-back of impairment loss on trade receivables	-	4	-	-	-	-	-	4
Impairment loss on other receivables	-	-	(10)	-	-	-	(10)	-
Write-back of impairment loss on amounts due from an associate	-	-	19	-	-	-	19	-
Interest expense	-	-	(14)	(7)	-	-	(14)	(7)
Interest income	2	-	1	-	-	-	3	-
Share of results of an associate	-	-	(1,000)	(706)	-	-	(1,000)	(706)
(Allowance for)/write-back of stock obsolescence	(34)	3	-	-	-	-	(34)	3
Loss before taxation	(120)	(465)	(1,170)	(1,025)	-	-	(1,290)	(1,490)
Income tax expense							(8)	(44)
Loss after taxation							(1,298)	(1,534)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

14. SEGMENT INFORMATION (CONT'D)

Group	Third Quarter Ended							
	Electronics Distribution		Technology Investments and Others		Adjustments and Elimination		Consolidated Total	
	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000	30-Sep-23 US\$'000	30-Sep-22 US\$'000
Revenue								
Sales to external customers	990	631	-	-	-	-	990	631
Segment results	146	(343)	(199)	(114)	-	-	(53)	(457)
Interest expense	-	-	(5)	(3)	-	-	(5)	(3)
Share of results of an associate	-	-	(334)	(199)	-	-	(334)	(199)
Allowance for stock obsolescence	(30)	-	-	-	-	-	(30)	-
Loss before taxation	116	(343)	(538)	(316)	-	-	(422)	(659)
Income tax expense							(3)	(11)
Loss after taxation							(425)	(670)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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-23	30-Sep-22	30-Sep-23	30-Sep-22
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Holding company</u>				
Expenses recharged	10	9	26	26

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Amounts due from subsidiaries	-	-	27	17
Amounts due from an associate	813	-	813	-
Trade receivables	410	619	-	-
Other receivables	64	31	37	10
Cash and bank balances	917	995	142	107
	2,204	1,645	1,019	134
Financial liabilities:				
Trade payables and accruals	2,164	2,651	112	616
Other payables *	729	400	621	289
Amount due to holding company	11,858	11,172	11,858	11,172
Amounts due to subsidiaries	-	-	708	297
	14,751	14,223	13,299	12,374

* 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 2023

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Dragon Group International Limited and its subsidiaries as at 30 September 2023 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 first quarter 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 OF 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.

In the Group's latest audited financial statements for the financial year ended 31 December 2022 ("FY2022"), RT LLP, the Group's auditors, have issued a disclaimer of opinion in respect of the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

The financial statements were prepared 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. The hearings for both legal proceedings was expected on 23 October 2023 at the Singapore High Court but has since been adjourned to 17 November 2023.

As of the date of audited report (20 October 2023), the auditors 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, the auditors were unable to ascertain the appropriateness of the going concern basis of preparation of the financial statements.

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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 (“3Q2023”) & nine months (“9M2023”) ended 30 September 2023 performance

3Q2023

The revenue for the quarter increased mainly due to higher customers' demands. The gross profit margin decreased from 17.4% to 12.9% due to changes in sales mix.

Selling & marketing costs increased due to additional headcount for the quarter.

General and administrative costs increased mainly due to higher legal & professional fees incurred during the quarter.

9M2023

The revenue for the period decreased mainly due to slower business activities arising from lower customers' demands. The gross profit margin decreased from 17.2% to 14.8% due to changes in sales mix.

Selling & marketing costs increased due to additional headcount in 2Q2023.

General and administrative costs reduced mainly due to reversal of accrued operating expenses.

Consolidation Statement of Financial Position as at 30 September 2023

Assets

The decrease in investment in an associate was due to share of losses.

The increase of amounts due from an associate increased mainly due to receivables assignment from the holding company.

Inventories balance remained constant for the period.

Trade receivables balance in 9M2023 was lower due to improved receivables turnover.

Liabilities

Trade payables and accruals were lower mainly due to lower accrued expenses.

Other payables increased mainly due to increase in sundry creditors.

The increase in amount due to holding company was mainly due to receivables assignment and proration of expenses during the period.

Consolidated Statement of Cash Flows Position as at 30 September 2023

The Group utilised US\$0.1 million for its operating activities.

As at 30 September 2023, cash and cash equivalents amounted to US\$0.9 million.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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.

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 9M2023 as the Group is in a loss-making position in this year.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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.

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 2023 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 any of the Group's subsidiaries or associates.

By Order of the Board

Chong Man Sui
Acting Chairman
14 November 2023