



Company No. 199306761C

Dragon Group International Limited and its Subsidiaries

**Condensed Interim Financial Statements
For the Six Months Ended 30 June 2023**

CONDENSED BALANCE SHEETS

AS AT 30 JUNE 2023

	Note	Group		Company	
		30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
		US\$'000	US\$'000	US\$'000	US\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
ASSETS					
Non-current assets					
Investments in subsidiaries	4	-	-	-	-
Investment in associate	5	11,490	12,156	15,633	15,633
		11,490	12,156	15,633	15,633
Current assets					
Prepayments		8	8	40	4
Amounts due from subsidiaries		-	-	24	17
Amounts due from associate		618	-	618	-
Inventories		239	97	-	-
Trade receivables		456	619	-	-
Other receivables		147	31	14	10
Cash and bank balances		1,146	995	75	107
		2,614	1,750	771	138
TOTAL ASSETS		14,104	13,906	16,404	15,771
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		2,322	2,522	215	487
Other payables	6	2,484	2,216	328	290
Amount due to holding company	7	11,808	11,172	11,808	11,172
Amounts due to subsidiaries		-	-	457	297
Restructuring provision		74	74	-	-
Provision for taxation		37	42	34	36
		16,725	16,026	12,842	12,282
NET CURRENT LIABILITIES		(14,111)	(14,276)	(12,071)	(12,144)
TOTAL LIABILITIES		16,725	16,026	12,842	12,282
NET (LIABILITIES)/ASSETS		(2,621)	(2,120)	3,562	3,489
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		468	163	-	-
Accumulated losses		(63,435)	(62,585)	(56,408)	(56,481)
		(454)	91	3,562	3,489
Non-controlling interests		(2,167)	(2,211)	-	-
TOTAL (DEFICIT)/EQUITY		(2,621)	(2,120)	3,562	3,489
TOTAL EQUITY AND LIABILITIES		14,104	13,906	16,404	15,771

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Group Second Quarter Ended			Group First Half Ended		
		30-Jun-23	30-Jun-22	Change	30-Jun-23	30-Jun-22	Change
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	8	367	696	(47)	891	1,630	(45)
Cost of sales		(314)	(596)	(47)	(741)	(1,350)	(45)
Gross profit		53	100	(47)	150	280	(46)
Other income		13	14	(7)	29	29	-
Selling and marketing costs		(27)	(12)	>100	(42)	(26)	62
General and administrative costs		(187)	(125)	50	(63)	(289)	(78)
Foreign currency exchange loss		(325)	(321)	1	(286)	(311)	(8)
Other operating income		19	-	NM	19	-	NM
Finance costs, net		(4)	(4)	-	(9)	(7)	29
Share of results of associate		(340)	(142)	>100	(666)	(507)	31
Loss before taxation	9	(798)	(490)	63	(868)	(831)	4
Income tax expense	10	(1)	(13)	(92)	(5)	(33)	(85)
Loss for the period		(799)	(503)	59	(873)	(864)	1
Attributable to:							
Owners of the Company		(786)	(512)	54	(850)	(892)	(5)
Non-controlling interests		(13)	9	NM	(23)	28	NM
		(799)	(503)	59	(873)	(864)	1
<u>Loss per share attributable to owners of the Company</u>							
Basic/diluted (cents)	12				(0.24)	(0.26)	

NM : Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Group			Group		
	Second Quarter Ended			First Half Ended		
	30-Jun-23	30-Jun-22	Change	30-Jun-23	30-Jun-22	Change
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Loss for the period	(799)	(503)	59	(873)	(864)	1
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	493	511	(4)	372	449	(17)
Total comprehensive income for the period	(306)	8	NM	(501)	(415)	21
Total comprehensive income attributable to:						
Owners of the Company	(380)	(91)	>100	(545)	(514)	6
Non-controlling interests	74	99	(25)	44	99	(56)
	(306)	8	NM	(501)	(415)	21

NM - Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	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		
2023								
Group								
At 1 January 2023	59,970	2,525	18	163	(62,585)	91	(2,211)	(2,120)
Loss for the period	-	-	-	-	(850)	(850)	(23)	(873)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	305	-	305	67	372
Other comprehensive income for the period, net of tax	-	-	-	305	-	305	67	372
Total comprehensive income for the period	-	-	-	305	(850)	(545)	44	(501)
At 30 June 2023	59,970	2,525	18	468	(63,435)	(454)	(2,167)	(2,621)
2022								
At 1 January 2022	59,970	2,525	18	(523)	(60,446)	1,544	(2,354)	(810)
(Loss)/profit for the period	-	-	-	-	(892)	(892)	28	(864)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	378	-	378	71	449
Other comprehensive income for the period, net of tax	-	-	-	378	-	378	71	449
Total comprehensive income for the period	-	-	-	378	(892)	(514)	99	(415)
At 30 June 2022	59,970	2,525	18	(145)	(61,338)	1,030	(2,255)	(1,225)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share Capital US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
2023			
<u>Company</u>			
At 1 January 2023	59,970	(56,481)	3,489
Profit for the period	-	73	73
At 30 June 2023	59,970	(56,408)	3,562
2022			
<u>Company</u>			
At 1 January 2022	59,970	(55,935)	4,035
Loss for the period	-	(103)	(103)
At 30 June 2022	59,970	(56,038)	3,932

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Group	
	30-Jun-23 US\$'000	30-Jun-22 US\$'000
Cashflow from operating activities		
Loss before taxation	(868)	(831)
Adjustment for:-		
Impairment loss on other receivables	10	-
Write-back of trade receivables	-	(4)
Write-back of amount due from associate	(19)	-
Depreciation of property, plant and equipment	-	1
Allowance for/(write-back of) stock obsolescence	4	(3)
Interest cost, net	6	4
Share of results of associate	666	507
Effects of exchange rate changes	237	129
Operating cash flow before changes in working capital	36	(197)
<u>Changes in working capital</u>		
(Increase)/decrease in:		
Inventories	(142)	179
Prepayments	-	(2)
Receivables	80	306
Amount due from associate	(599)	-
Increase/(decrease) in:		
Payables	130	(124)
Amount due to holding company	652	-
Cash generated from operations	157	162
Interest received	3	-
Tax paid	(9)	(14)
Net cash generated from operating activities	151	148
Net increase in cash and cash equivalents	151	148
Cash and cash equivalents at beginning of period	995	1,199
Cash and cash equivalents at 30 June	1,146	1,347

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 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 six months ended 30 June 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 SIX MONTHS ENDED 30 JUNE 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\$873,000 (1H 2022: net loss US\$864,000) and an operating cash inflow of US\$151,000 (1H 2022: US\$148,000) for the financial period ended 30 June 2023 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US\$14,111,000 (2022: US\$14,276,000) and US\$12,071,000 (2022: US\$12,144,000) respectively. The Group's net liabilities position was US\$2,621,000 (2022: US\$2,120,000) and Company's net assets position was US\$3,562,000 (2022: US\$3,489,000) 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 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) 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 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 unaudited 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

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 30 June 2023, the Group's and the Company's carrying value of the investment in EoCell Ltd was US\$11,490,000 (2022: US\$12,156,000) and US\$15,633,000 (2022: US\$15,633,000) respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. INVESTMENTS IN SUBSIDIARIES

Company	30-Jun-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-Jun-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 SIX MONTHS ENDED 30 JUNE 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-Jun-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
FE Global Shanghai Ltd (People's Republic of China)	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) Limited (Taiwan)	Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan)	60	60

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. INVESTMENT IN ASSOCIATE

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

	Group		Company	
	30-Jun-23 US\$'000	31-Dec-22 US\$'000	30-Jun-23 US\$'000	31-Dec-22 US\$'000
EoCell Limited				
Beginning balance	12,156	13,217	15,633	15,633
Share of results of associate	(666)	(1,061)	-	-
Carrying amount at end of the period	11,490	12,156	15,633	15,633

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		30-Jun-23 %	31-Dec-22 %
<i>Held by the Company</i>			
EoCell Limited (Hong Kong)	Development of battery and storage solutions (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-Jun-23 US\$'000	31-Dec-22 US\$'000	30-Jun-23 US\$'000	31-Dec-22 US\$'000
Proposed Directors' fees	189	152	189	152
Sundry creditors	543	246	139	138
Advances for capital injection from non-controlling interest	1,752	1,818	-	-
	2,484	2,216	328	290

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. AMOUNT DUE TO HOLDING COMPANY

	Group		Company	
	30-Jun-23 US\$'000	31-Dec-22 US\$'000	30-Jun-23 US\$'000	31-Dec-22 US\$'000
Loan (unsecured)	10,186	10,201	10,186	10,201
Interest payable	422	423	422	423
Others - payments made on behalf	1,200	548	1,200	548
Total	11,808	11,172	11,808	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		1H2023	
	Cash flows	Foreign exchange movement	Cash flows	Foreign exchange movement
Loan and interest payable	10,624	-	(16)	10,608
Total	10,624	-	(16)	10,608

	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	Second Quarter Ended		First Half Ended	
	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000
Primary geographical markets				
Singapore	-	107	-	170
Malaysia	4	8	81	86
Greater China	299	567	723	1,325
Others	64	14	87	49
Sale of goods	367	696	891	1,630
Timing of transfer of goods or services				
At a point in time	367	696	891	1,630

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

9. LOSS BEFORE TAXATION

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

Group	Second Quarter Ended		First Half Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	3	-	3	-
Interest expense	(5)	(2)	(9)	(4)
Depreciation of property, plant and equipment	-	(1)	-	(1)
(Allowance for)/write-back of stock obsolescence	-	(3)	(4)	3
Write-back of trade receivables	-	11	-	4
Impairment loss on other receivables	-	-	(10)	-
Write-back of amounts due from associate	19	-	19	-

10. INCOME TAX EXPENSE

Group	Second Quarter Ended		First Half Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	US\$'000	US\$'000	US\$'000	US\$'000
Income tax payable in respect of results for the period:				
Current income tax				
(i) Singapore	(2)	(3)	(4)	(5)
(ii) Other countries	1	(10)	(1)	(28)
Income tax expense recognised in profit or loss	(1)	(13)	(5)	(33)

11. NET ASSETS VALUE

	Group		Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	US\$	US\$	US\$	US\$
Net assets value per share (cents)	(0.13)	0.03	1.02	1.00
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 SIX MONTHS ENDED 30 JUNE 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-Jun-23 S\$'000	30-Jun-22 S\$'000
Net loss attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	<u>(850)</u>	<u>(892)</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-Jun-23 No. of shares '000	31-Dec-22	30-Jun-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 SIX MONTHS ENDED 30 JUNE 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	First Half Ended							
	Electronics Distribution		Technology Investments and Others		Adjustments and Elimination		Consolidated Total	
	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000
Revenue								
Sales to external customers	891	1,630	-	-	-	-	891	1,630
Segment results	(233)	(128)	32	(198)	-	-	(201)	(326)
Depreciation of property, plant and equipment	-	(1)	-	-	-	-	-	(1)
Write-back of trade receivables	-	4	-	-	-	-	-	4
Impairment loss on other receivables	-	-	(10)	-	-	-	(10)	-
Write-back of amounts due from associate	-	-	19	-	-	-	19	-
Interest expense	-	-	(9)	(4)	-	-	(9)	(4)
Interest income	2	-	1	-	-	-	3	-
Share of results of associate	-	-	(666)	(507)	-	-	(666)	(507)
(Allowance for)/write-back of stock obsolescence	(4)	3	-	-	-	-	(4)	3
Loss before taxation	(235)	(122)	(633)	(709)	-	-	(868)	(831)
Income tax expense							(5)	(33)
Loss after taxation							(873)	(864)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. SEGMENT INFORMATION (CONT'D)

Group	Second Quarter Ended							
	Electronics Distribution		Technology Investments and Others		Adjustments and Elimination		Consolidated Total	
	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000	30-Jun-23 US\$'000	30-Jun-22 US\$'000
Revenue								
Sales to external customers	367	696	-	-	-	-	367	696
Segment results	(301)	(242)	(174)	(111)	-	-	(475)	(353)
Depreciation of property, plant and equipment	-	(1)	-	-	-	-	-	(1)
Write-back of trade receivables	-	11	-	-	-	-	-	11
Write-back of amounts due from associate	-	-	19	-	-	-	19	-
Interest expense	-	-	(5)	(2)	-	-	(5)	(2)
Interest income	2	-	1	-	-	-	3	-
Share of results of associate	-	-	(340)	(142)	-	-	(340)	(142)
Allowance for stock obsolescence	-	(3)	-	-	-	-	-	(3)
Loss before taxation	(299)	(235)	(499)	(255)	-	-	(798)	(490)
Income tax expense	-	-	-	-	-	-	(1)	(13)
Loss after taxation	-	-	-	-	-	-	(799)	(503)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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	Second Quarter Ended		First Half Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Holding company</u>				
Cost recovery	8	8	16	17

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Amounts due from subsidiaries	-	-	24	17
Amounts due from associate	618	-	618	-
Trade receivables	456	619	-	-
Other receivables	147	31	14	10
Cash and bank balances	1,146	995	75	107
	2,367	1,645	731	134
Financial liabilities:				
Trade payables and accruals	2,322	2,522	215	487
Other payables *	732	398	328	290
Amount due to holding company	11,808	11,172	11,808	11,172
Amounts due to subsidiaries	-	-	457	297
	14,862	14,092	12,808	12,246

* 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 SIX MONTHS ENDED 30 JUNE 2023

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Dragon Group International Limited and its subsidiaries as at 30 June 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 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.

3. CHANGES IN TREASURY SHARES

Not applicable.

4. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable.

5. REVIEW OF PERFORMANCE OF THE GROUP

Consolidated Income Statement – second quarter (“2Q2023”) & first half (“1H2023”) ended 30 June 2023 performance

2Q2023

The revenue for the quarter decreased mainly due to slower business activities arising from lower customers' demands. The gross profit margin remained unchanged at 14.4%.

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 period.

Other operating income increased due to reversal of impairment on amounts due from associate.

1H2023

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 16.8% due to changes in sales mix.

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

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

Other operating income increased due to reversal of impairment on amounts due from associate.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

Consolidation Statement of Financial Position as at 30 June 2023

Assets

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

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

Inventories balance increased in expectation of higher demand in coming quarter.

Trade receivables balance in 1H2023 was lower due to lower revenue in 2Q2023.

Liabilities

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

Other payables increased mainly due to deposit received from a customer.

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 June 2023

The Group generated US\$151,000 from its operating activities.

As at 30 June 2023, cash and cash equivalents amounted to US\$1.1 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.

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

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. DIVIDEND (CONT'D)

(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 1H2023 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.

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 June 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 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 June 2023.

By Order of the Board

Chong Man Sui
Acting Chairman
14 August 2023