




# Electrification Revolution

Annual Report 2021



DRAGON GROUP INTERNATIONAL LIMITED

A member of  ASTI

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# About DGI

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Founded in 1990, Dragon Group International Limited (“Group”) was listed on the Singapore Exchange-SESDAQ in September 1994. It subsequently progressed onto the Mainboard of the Singapore Exchange in September 1998. In June 2006, Dragon Group became a subsidiary of ASTI Holdings Limited, one of the world’s leading semiconductor equipment and manufacturing services providers.

The Group’s principal business activities comprise distribution of electronic components and test consumables undertaken by Spire Technologies Pte Ltd and Nanjing Dragon Treasure Boat Development Co., Ltd., a subsidiary that is involved in the construction of the Dragon Treasure Boat. This project is a joint venture with the Gulou District Government of Nanjing. The Dragon Treasure Boat is a replica of Admiral Zhenghe’s treasure boat that sailed across the world in the Ming Dynasty.

The Group also engaged in the development of battery and storage solutions through EoCell. The research and development centre is located in the United States of America. Headquartered in Singapore, Dragon Group has subsidiaries and representative offices across China, Hong Kong and Taiwan.

For more information, please visit our website at [www.dragongp.com](http://www.dragongp.com).



# Letter To Shareholders and Operations Review



*Our efforts to search for an appropriate exit solution continue, albeit in increasingly uncertain economic landscape.*

Dear Shareholders,

The challenges posed by COVID-19 healthcare crisis last year is now further exacerbated by the Russia-Ukraine conflicts. Our efforts to search for an appropriate exit solution continue, albeit in increasingly uncertain economic landscape.

The inflationary pressures amid rising energy and commodity prices are hindering governments' efforts to revitalize the trade and business sentiments. The ravages created by the Omicron variant are also

diverting resources and attention towards addressing its ferocity. Facing the tough operating environment, investors are now focusing on salvaging and hedging their risks as opposed to acquiring new businesses. The road ahead has become more difficult for us to achieve our exit mission and we hope our shareholders will bear with us as we strive to find an acceptable solution.

In compliance with the disclosure requirements DGI will continue keep our shareholders informed of any developments.

## **OPERATION REVIEW**

### **INCOME STATEMENT**

Revenue of US\$2.2 million in FY2021 was higher than last year, mainly due to higher demands.



The gross profit margin increased from 18.5% to 20.5% due to changes in the sales mix.

Other operating income rose marginally for the year due to costs recovered.

Selling & marketing (“S&M”) costs increased mainly due to additional headcount and activities.

General and administrative (“G&A”) costs increased mainly due to impairment on amount due from an associate.

Finance costs decreased for the year due to the waiver of loan interest by the holding company.

## **REVIEW OF STATEMENT OF FINANCIAL POSITION**

### **Assets**

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

Inventories balance was higher in expectation of higher demand.

Trade receivables balance was lower due to improved receivables turnover.

### **Liabilities**

Trade creditors and accruals were lower mainly due settlement of trade creditors and reduction of accrued operating expenses.

The increase in amounts due to holding company was in relation to the additional borrowings and proration of expenses during the year.

### **Equity**

As at 31 December 2021, the Group had negative US\$1.0 million in shareholders’ equity.

## **CASHFLOW**

The Group utilised US\$1.5 million for its operating activities and generated US\$1.5 million from financing activities.

As at 31 December 2021, cash and cash equivalents amounted to US\$1.2 million.

## **OUTLOOK**

The new challenges that we are facing will not deter our efforts and we continue to search for an exit solution that will be acceptable to our shareholders.

## **IN APPRECIATION**

We thank our customers, principals, bankers and shareholders for their patience and understanding and look forward to their support in the new financial year.

Yours Sincerely,

**Chong Man Sui**  
*Acting Chairman*



# Board of Directors



**Dato' Sri Mohd Sopiyan B Mohd Rashdi, 59**

*Lead Independent Director  
Audit Committee Chairman*

*Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391)  
Degree in Accountancy, University iTM, Malaysia*

Dato' Sri Mohd Sopiyan brings with him a wealth of experience from his previous employment with Maybank Finance Bhd, Bank Negara Malaysia, Edaran Digital System Bhd Group of Companies and Financial Advisory Services where he was responsible for the accounting, financial, corporate finance, budgeting, treasury management and tax matters.

During his tenure with Bank Negara, he was attached to the Bank's regulatory department which oversees and monitors financial institutions. He was subsequently seconded to TPU Sdn Bhd, a company formed by Bank Negara to restructure and rehabilitate companies facing financial problems during the recession in the 1980s.

Dato' Sri Mohd Sopiyan is currently the Chief Executive Officer of PT Dragon Terra Venture, a company involved in capital market activities including corporate finance and fund raising exercises in Indonesia.

**Current Listed Companies' Directorships**

- Dragon Group International Limited
- ASTI Holdings Limited
- Advanced Systems Automation Limited
- PT Envy Technology Indonesia TBK

**Past 3 Years Listed Companies' Directorships**

- None



**Dr Kenneth Yu Keung Yum, 74**

*Independent Director  
Nominating Committee Chairman*

*PhD Electrical Engineering and Applied Physics, Stanford University*

Dr Yu brings with him over 35 years of experience from the areas of technology, product design and management. He had spent 16 years with Lattice Semiconductor Corp during which he started and managed a subsidiary company in Shanghai, China.

An expert in all facets of semiconductor equipment and technologies, Dr Yu has done memory and ASIC designs and is familiar with applications ranging from PLDs, processors, telephony ICs to CCD imagers. He is the co-author of 25 technical articles and owner of 8 patents.

Dr Yu's present interest is developing the technology to operate a generalised IoT network seamlessly, and to apply Big Data Analytic to sensor data collected by IoT networks.

**Current Listed Companies' Directorships**

- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**

- Advanced Systems Automation Limited





**Mr Mandie Chong Man Sui, 65**  
*Non-Executive Acting Chairman and Independent Director  
Remuneration Committee Chairman*

*Bachelor of Science in Engineering, National Taiwan University*

Mr Mandie Chong is a veteran with over 30 years of experience in the semiconductor industry. He is knowledgeable and well acquainted with the Hong Kong and China markets. He is the Director of Nanjing Dragon Treasure Boat Development Co., Ltd.

**Current Listed Companies' Directorships**

- Dragon Group International Limited
- Advanced Systems Automation Limited

**Past 3 Years Listed Companies' Directorships**

- ASTI Holdings Limited



**Mr James Soh Pock Kheng, 51**  
*Non-Executive and Non-Independent Director*

*Diploma in Electronics Engineering, Ngee Ann Polytechnic*

Mr James Soh has a depth of experience in the electronics industry having spent more than 20 years in various disciplines ranging from development of acoustics products, to automotive and batteries storage, charging and various other applications. He is a co-founder of two technology companies in Singapore and China with experience in business reorganisation and strategy mapping. Throughout his professional career, he served as CEO, General Manager and VP of operations across various facilities in Singapore and China.

**Current Listed Companies' Directorships**

- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**

- None



# Financial Highlights

RESULT OF OPERATIONS	2021	2020	2019
	US\$'000	US\$'000	US\$'000
<b>Group Income Statement</b>			
Revenue	2,247	2,061	2,355
(Loss)/profit before Taxation	(5,544)	(5,147)	17,034
(Loss)/profit attributable to Owners of the Company	(5,556)	(5,195)	17,064
<b>Group Balance Sheets</b>			
Non-Current Assets	13,218	15,528	19,259
Current Assets	2,059	4,336	4,349
Total Assets	15,277	19,864	23,608
Current Liabilities	5,122	15,004	12,954
Non-Current Liabilities	11,131	-	-
Total Liabilities	16,253	15,004	12,954
Equity Attributable to Owners of the Company	1,378	7,133	12,813
Non-Controlling Interests	(2,354)	(2,273)	(2,159)
Total (Deficit)/Equity	(976)	4,860	10,654
Basic (Loss)/Profit per share (cents)	(1.6)	(1.5)	4.9
Net Assets Value per share (cents)	0.4	2.1	3.7
Weighted average number of shares in the year	347,944,511	347,944,511	347,944,511
Number of shares (excluding treasury shares) as at end of year	347,944,511	347,944,511	347,944,511
<b>Financial Ratios</b>			
Return on Average Shareholders' Fund (%)	(131)	(52)	420
Gearing Ratio (%)	92	66	48
Current Ratio (Times)	0.40	0.29	0.34





# Corporate Information

## BOARD OF DIRECTORS

Dato' Sri Mohd Sopiyan B Mohd Rashdi  
*Lead Independent Director*

Dr Kenneth Yu Keung Yum  
*Independent Director*

Mr Mandie Chong Man Sui  
*Acting Chairman and Independent Director*

Mr James Soh Pock Kheng  
*Non-Independent Director*

## AUDIT COMMITTEE

Dato' Sri Mohd Sopiyan B Mohd Rashdi  
*Chairman*

Dr Kenneth Yu Keung Yum  
Mr Mandie Chong Man Sui

## NOMINATING COMMITTEE

Dr Kenneth Yu Keung Yum  
*Chairman*

Dato' Sri Mohd Sopiyan B Mohd Rashdi  
Mr Mandie Chong Man Sui

## REMUNERATION COMMITTEE

Mr Mandie Chong Man Sui  
*Chairman*

Dato' Sri Mohd Sopiyan B Mohd Rashdi  
Dr Kenneth Yu Keung Yum

## COMPANY SECRETARIES

Dayne Ho Chung Wei  
Ted Teo Yi Xiang

## REGISTERED OFFICE

1 Robinson Road #18-00  
AIA Tower  
Singapore 048542  
Tel: (65) 6535 1944  
Fax: (65) 6535 8577

## BUSINESS OFFICE

33 Ubi Avenue 3  
#08-69 Vertex  
Singapore 408868  
Tel: (65) 6512 8310

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## INDEPENDENT AUDITOR

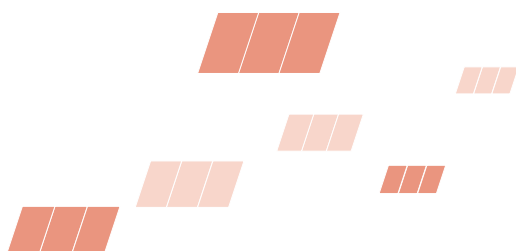
Ernst & Young LLP  
Public Accountants and Chartered Accountants  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

## AUDIT PARTNER-IN-CHARGE:

Ong Beng Lee, Ken  
(Since the financial year ended 31 December 2020)

## PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

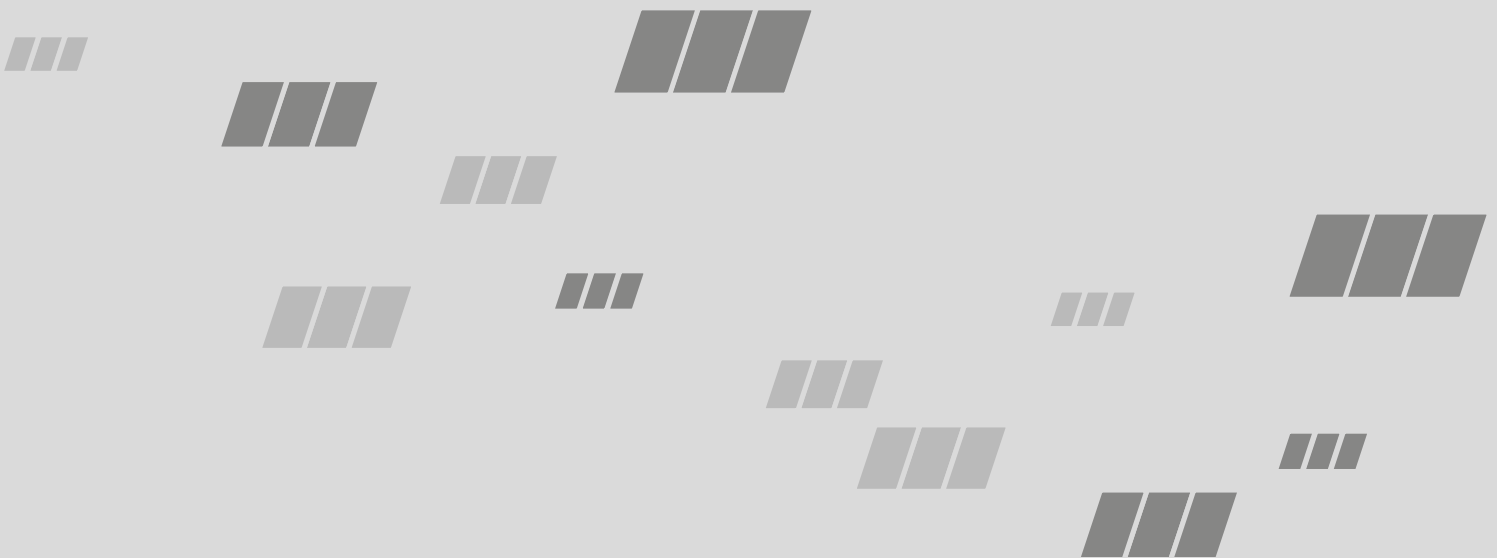




# APPENDIX 1

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## CORPORATE GOVERNANCE REPORT



# CORPORATE GOVERNANCE REPORT

Year ended 31 December 2021

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Dragon Group International Limited (the "**Company**") and its subsidiaries (collectively, the "**the Group**") are committed to maintaining a high standard of corporate governance and complying with the Singapore Code of Corporate Governance 2018 ("**CCG**" or the "**Code**"), which took effect from 1 January 2019. For FY2021, the Company had complied with all principles and provisions set out in the Code, where appropriate. In areas where the Company deviates from the provisions of the Code, the rationale and explanation of how the Company's practices are in line with the principles of the Code is provided. The Board of Directors (the "**Board**") of the Company believes that good corporate governance is essential to the stability and sustainability of the Group's performance.

This Corporate Governance Report ("**Report**") describes the corporate governance practices of the Group that were in place throughout the financial year ended 31 December 2021 ("**FY2021**") with specific references to the Code.

## BOARD MATTERS

### Principle 1: The Board's Conduct of its Affairs

The Company has an effective board that is able to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with the management of the Company ("**Management**") to achieve this and Management remains accountable to the Board.

The main role and responsibility of the Board is to oversee the business affairs of the Company and to set broad policies, strategies and goals for the Company and the Group. The Board is involved in the approval of annual budgets and the management's investment and divestment decisions. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. The Board is accountable to the shareholders of the Company (the "**Shareholders**").

The Board endeavours to provide shareholders with balanced and understandable assessments of the Group's performance, financial position and prospects on a quarterly basis. This responsibility extends to the provision of interim and other price sensitive public reports including those to regulators (if and whenever required).

The principal functions of the Board are:

- providing entrepreneurial leadership, setting strategic aims and to ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- reviewing the Management's performance;
- setting the Company's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met;
- overseeing the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls;
- approving the nominations of the Board and the appointments of key management personnel, as may be recommended by Nominating Committee (the "**NC**") and appointments to the various Board Committees;
- identifying the key stakeholder group and recognizing that their perceptions affect the Group's reputation;
- appointing the Group Chief Executive Officer and reviewing and endorsing the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee (the "**RC**");
- considering sustainability issues, e.g., environmental and social factors, as part of the Group's strategic formulation;
- approving annual budgets, major funding proposals, investment and divestment proposals of the Group; and
- providing oversight in the proper conduct of the Group's business and assume responsibility for corporate governance.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

- strategies and objectives of the Group;
- announcement of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- investment and divestments;
- commitments to terms loans and lines of credits from banks and financial institutions;
- interested person transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of the Company and/or Directors);
- approval of corporate strategies;
- corporate or financial restructuring; and
- authorisation or approval of merger and acquisition transactions.

Typically, any transaction that is significant relative to the financial position of the Group, for example new investments, would require Board approval.

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Group. Directors facing conflicts of interest will also recuse themselves from discussions and decisions involving the issues of conflict.

The Board has delegated certain functions to various Board Committees, namely the Audit Committee (the "AC"), the NC and the RC. Each of the various Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Regular meetings of the Board and of the other committees are convened, and the number of meetings and attendance by the respective Members are set out in the table on page 5 of this report.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimise operational efficiency.

Whenever a new Director is appointed on the Board, the Company will provide a formal letter to such new Director, setting out, amongst other things, his duties and obligations and will also ensure that the new Director receives a thorough orientation programme to update him with all information necessary or desirable for him to understand the Company's businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors' duties and compliance with the relevant bodies of law in the performance of their duties. Depending on specific requirements, new Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 210(5)(a) of the Listing Manual, which was revised to be consistent with the Code and effective from 1 January 2019, the Company will arrange for training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors in discharging their duties to the Company. Additional training will be provided and funded, as and when necessary, to the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board.

The Board oversees the management of the business affairs and operations of the Group and establishes from time to time, strategies and financial initiatives implemented by Management. In order to fulfil their responsibilities, Board members were provided with complete, adequate and timely information prior to board meetings and on an on-going basis. Such information includes background or explanatory information relating to matters brought before the Board. They are also given detailed management information including specific divisional performance, variance analysis, budgets, forecasts, funding position and business updates of the Company prior to each Board meeting. The Board also duly monitors Management's performance and has separate and independent access to Management.



# CORPORATE GOVERNANCE REPORT (CONT'D)

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate direct access to the senior management, Directors are also provided with the names and contact details of the Management.

The Acting CEO updates the Board during the quarterly Board meetings on the Group's strategies and business environment to keep the members of the Board abreast of the Group businesses and activities. Mr Timothy Lim Boon Liat resigned as Acting CEO with effect on 31 December 2021 and the Company is currently in the midst of searching for a suitable candidate to appoint as CEO of the Company.

The appointment and removal of the Company Secretary, as well as any change thereof, is a matter for the Board's decision. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and compliance with applicable rules and regulations including the Companies Act 1967 ("**Companies Act**") and the SGX-ST's Listing Manual. The Company Secretary under the direction of the Chairman also ensure good information flows within the Board and its Committees and between senior management and non-executive Directors. The Company Secretary is also invited attend all Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Changes to regulations and accounting standards are closely monitored by the Management. Directors are briefed during the Board Meetings of the changes especially where such changes have an important bearing on the Group's and Directors' disclosure obligation.

In carrying out their obligations as Directors of the Company, access to independent professional advice is, if necessary, available to all Directors, either individually or as a group, at the expense of the Company.

## **Principle 2: Board Composition and Guidance**

As at the date of this Report, the Board comprises four (4) Directors, three (3) out of its four (4) Directors are Independent Directors. With an Independent Chairman and more than half of the Board comprising Independent Directors, the Board is capable of exercising independent and objective judgement on the corporate affairs of the Group.

The Board examines its size and composition of the Board and Board Committees on an annual basis. This enables the Board to maintain or enhance balance and diversity within the Board. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. It takes great pride in the composition of its Board, which as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group, as well as core competencies including that of accounting, finance, business development, management, relevant industry knowledge, strategic planning and customer-based experience and knowledge. The Board is therefore with an appropriate level of diversity of thought and background and is well placed to lead, providing entrepreneurial and strategic leadership, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and are able to make decisions in the best interests of the Company. Accordingly, the Board is of the view that its current practices are consistent with the aim of Principle 2 of the Code.

In February 2021, the Board approved a diversity policy that codified the principles that the NC, the Board and the Company were using annually to assess the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. In summary, the following objective criteria are used to assess the diversity of the board:

- Skills sets, knowledge and experience;
- Mix of industries;
- Gender;
- Age and temperament;
- Ethnicity and culture; and
- Geography.

In this connection, the NC will ensure that female candidates are included for consideration by the NC whenever it seeks to identify a new Director for the Board. In addition, the Board will strive to appoint at least one female Director to the Board. Having said that, the Group is of the view that gender is but one aspect of diversity and new Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

The Independent Directors are encouraged to constructively challenge and help to develop business proposals tabled by Management. They have also monitored and reviewed the reporting of the performance of Management in meeting agreed goals and objectives. To facilitate a more effective check on Management, the Independent Directors meet regularly without the presence of Management and the other Directors, led by one of the Independent Directors and the Chairman of such meetings will provide feedback to the Board as appropriate.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Board will constantly examine its size and decide what is considered an appropriate size for the Board in order to facilitate effective decision-making. Taking into account the nature and scope of the Group's operations and the requirements of its near-term business plans, the Board is of the view that its current size and composition of the Board and its Board Committees are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-makings.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

## Principle 3: Chairman and Chief Executive Officer ("CEO")

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company's business are separated to ensure a balance of power and authority. No one individual Director has unfettered powers of decision-making.

Prior to the retrenchment of the Acting CEO, the Acting Chairman of the Board and the Acting CEO were two separate persons, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making, and are not related to each other.

The Acting Chairman assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between the Management and the Board; sets agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and promotes high standards of corporate governance. Day to day operations of the Group are entrusted to the Financial Controller, as the CEO position has not been filled following the retrenchment of the Acting CEO.

Following Dr Daniel Yeoh Ghee Chong's resignation as Acting Chairman of the Board with effect from 8 September 2021, Mr Chong Man Sui was appointed as Acting Chairman of the Board with effect from 8 September 2021.

## Principle 4: Board Membership

**The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.**

The nature of the Directors' appointments on the Board and details of their membership on the Board Committees are set out below:

### Board and Committee Membership

The Directors and Board Committee members at the date of this annual report are:

Directors	Board Membership	Committee Membership		
		Audit	Remuneration	Nominating
Mr Chong Man Sui*	Non-Executive and Independent Director and Acting Chairman	Member	Chairman	Member
Dato' Sri Mohd Sopiyan B Mohd Rashdi	Lead Independent Director	Chairman	Member	Member
Dr Kenneth Yu Keung Yum	Independent Director	Member	Member	Chairman
Mr Soh Pock Kheng**	Non-Independent Director	N.A.	N.A.	N.A.

\* Mr Chong Man Sui was appointed as Non-Executive and Independent Director with effect from 3 September 2021 and Acting Chairman with effect from 8 September 2021.

\*\* Mr Soh Pock Kheng was appointed as Non-Executive and Non-Independent Director with effect from 29 June 2022.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The academic and professional qualifications of the Directors are set out in the Directors' profile on pages 4 and 5 of the annual report. The shareholding, directorships and principal commitments of each Director is set out in the Directors' Statement under the Section "Directors of the Company" on page 1 in the Directors' Statement in Appendix 2 of this annual report. In addition, pursuant to Rule 720(6) of the Listing Manual, the additional information as set out in Appendix 7.4.1 of the Listing Manual relating to the retiring Directors who are submitting themselves for re-election is disclosed in the section entitled "Information on Directors nominated for re-election – Appendix 7.4.1 of the Listing Manual" to be read in conjunction with the information in the section entitled "Board of Directors" of the Annual Report.

Separately, Mr Timothy Lim Boon Liat had submitted his resignation as a director with effect from 31 December 2021. However, as Mr Timothy Low Boon Liat was the only locally resident director of the Company as at 31 December 2021, his resignation was invalid until Mr Soh Pock Kheng's appointment as director with effect from 29 June 2022, as per section 145(5) of the Companies Act 1967.

## Attendance at Board and Committee Meetings

The Board meets at least 4 times each year and as and when warranted by particular circumstances, as deemed appropriate by the Board. As a general rule, materials for Board meetings are sent to the Directors in advance in order for the Directors to be adequately prepared for the meetings.

The frequency of the meetings of the Board and its various Committees and the attendance by the Directors for FY2021 are set out below:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
<b>No. of Meetings</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>
<b>Directors</b>				
Mr Timothy Lim Boon Liat <sup>***</sup>	5	3*	1*	2*
Dr Kenneth Yu Keung Yum	6	4	2	2
Dato' Sri Mohd Sopiyan B Mohd Rashdi	6	4	2	2
Dr Daniel Yeoh Ghee Chong <sup>**</sup>	4	3	2	2
Mr Chong Man Sui <sup>#</sup>	2	1	-	-
Mr Soh Pock Kheng <sup>##</sup>	-	-	-	-

\* *By Invitation*

\*\* *Dr Daniel Yeoh Ghee Chong resigned as Non-Executive Director and Acting Chairman on 8 September 2021.*

\*\*\* *Mr Timothy Lim Boon Liat ceased as Acting Chief Executive Officer and President with effect from 5 December 2021 and resigned as Executive Director of the Company with effect from 31 December 2021.*

# *Mr Chong Man Sui was appointed as Non-Executive and Independent Director with effect from 3 September 2021 and Acting Chairman with effect from 8 September 2021.*

## *Mr Soh Pock Kheng was appointed as Non-Executive and Non-Independent Director with effect from 29 June 2022.*

## Board Appointments

The NC makes recommendations to the Board on all Board appointments and re-appointments. The members of the NC, namely Dr Kenneth Yu Keung Yum ("**NC Chairman**"), Dato' Sri Mohd Sopiyan B Mohd Rashdi and Mr Chong Man Sui are all non-executive Independent Directors. The Lead Independent Director is a member of the NC.

The key terms of reference of the NC include the following:

- review board succession plans for Directors, in particular, the Chairman, CEO and the key management personnel;
- development of a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- review of training and professional development programs for the Board;
- appointment and re-appointment of Directors;
- evaluate and determine the independence of the Independent Directors; and
- evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## Process for Selection and Appointment of New Directors

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. In the selection and nomination for new Directors, the NC will aim to maintain an optimal Board composition by considering the trends affecting the Company, identifying gaps (which includes considering whether there is an appropriate level of diversity of thought) and identifying these skills and competencies required to enable the Board to fulfil its responsibilities. The NC assesses the suitability of the candidate based on his skills, knowledge and experience and ensures that he is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. Upon review and recommendation of the NC to the Board, new Directors will be appointed by way of passing a Board resolution. The Board and NC will also take into consideration whether a candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the candidate's involvement therein. The Board and NC should also assess whether a candidate's resignation from the board of any such company casts any doubt on the candidate's qualification and ability to act as a Director of the Company.

The Company's Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the Annual General Meeting (the "AGM") following his appointment. Thereafter, he is subject to re-appointment at least once every three years. The NC also ensures that new directors are aware of their duties and obligations.

## Retirement and Re-election of Directors

The NC is responsible for the re-appointment of Directors. In its deliberations on the re-election of existing directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an independent director, if applicable) at Board and Board Committee meetings.

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. The Company's Constitution provides that at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM. As part of the process for the selection, appointment and re-appointment of Directors, the NC will consider the composition and progressive renewal of the Board.

The shareholding of each Director is set out in the Directors' Statement under the Section "Directors' interests in shares and debentures" on page 1 of the Directors' Statement in Appendix 2 of this annual report.

The dates of initial appointments and the last re-election of the persons who are Directors as at the date of this annual report are set out below:

Directors	Designation	Date of Appointment	Date of Last Re-election
Dr Kenneth Yu Keung Yum	Independent Director	1 March 2010	30 April 2021
Dato' Sri Mohd Sopiyan B Mohd Rashdi	Lead Independent Director	16 February 2011	30 April 2021
Mr Chong Man Sui*	Independent Director & Acting Non-Executive Chairman	3 September 2021	-
Mr Soh Pock Kheng	Non-Independent Director	29 June 2022	-

\* Mr Chong Man Sui was appointed as Non-Executive and Independent Director with effect from 3 September 2021 and Acting Chairman with effect from 8 September 2021.

\*\* Mr Soh Pock Kheng was appointed as Non-Executive and Non-Independent Director with effect from 29 June 2022.

Pursuant to the Company's Constitution, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

Mr Soh Pock Kheng	Non-Independent Director
Mr Chong Man Sui	Independent Director
Dato' Sri Mohd Sopiyan B Mohd Rashdi	Lead Independent Director

In recommending the re-election of Mr Soh Pock Kheng, Mr Chong Man Sui and Dato' Sri Mohd Sopiyan B Mohd Rashdi, the NC has considered the effectiveness and contributions of each of the Director. The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

# CORPORATE GOVERNANCE REPORT (CONT'D)

Separately, in the spirit of good corporate governance, the NC has recommended for Mr Soh to be voluntarily stand for re-election in accordance with the Company's Constitution at the AGM for FY2021, despite only being appointed to serve as a director on 29 June 2022 which is after the close of FY2021. This will allow the shareholders the chance of vote on whether Mr. Soh should continue to serve as a director of the Company.

Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon re-election as a Director, remain as Lead Independent Director of the Company, AC Chairman and a member of the NC and RC.

Mr Chong Man Sui will, upon re-election as a Director, remain as Independent Director of the Company, Acting Chairman, Chairman of RC and a member of the AC and NC.

Mr Soh Pock Kheng will, upon re-election as a Director, remain as Non-Independent and Non-Executive of the Company.

## Confirmation of Independence of Directors

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, bearing in mind the provisions set forth in the Code and any other salient factor which would render a director to be deemed not independent. Each NC member does not take part in determining his own renomination or independence. A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 5% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent. For the purpose of determining directors' independence, every Independent Director has provided a declaration of their independence which is deliberated upon by the NC and the Board.

In relation to the assessment of the independence of the Directors, specific tests of Directors' independence are set out in the Listing Manual to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual which took effect on 1 January 2019, a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years.

In its annual review for FY2021, the NC and the Board, having considered the provisions set out in the Code, have confirmed the independence of the following Directors:

Dato' Sri Mohd Sopiyan B Mohd Rashdi	Lead Independent
Dr Kenneth Yu Keung Yum	Independent
Mr Chong Man Sui	Independent

After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, the Independent Director's judgement. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors, and a strong and independent element on the Board.

The Board notes that pursuant to Rule 210(5)(d)(iv) of the SGX-ST Listing Rules, effective from 11 January 2023, a director who has been a director for an issuer for an aggregate period of more than 9 years will no longer be considered independent at the conclusion of the next annual general meeting of the issuer. As Dato' Sri Mohd Sopiyan B Mohd Rashdi and Dr Kenneth Yu Keung Yum have both served as a director of the issuer for an aggregate period of more than nine years, both directors will no longer be considered independent directors at the conclusion of the next annual general meeting of the issuer.

Saved as disclosed in this Report, none of the Directors has served on the Board for more than nine (9) years since their first appointments.



# CORPORATE GOVERNANCE REPORT (CONT'D)

## Directors' Time Commitment and Multiple Directorships

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The internal guideline provides that, as a general rule, each Director should hold no more than ten listed company board representations. The guideline includes the following:

- Directors must consult the Chairman of the Board and the NC Chairman prior to accepting any new appointments as a director and other principal commitments; and
- In support of their candidature for directorship or re-appointment, directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved in their respective commitments.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. For FY2021, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and the Board is of the view that the Directors have discharged their duties adequately. There are currently no alternate directors on the Board.

## Principle 5: Board Performance

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.**

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and the Board Committee and the contribution of each Director to the effectiveness of the Board. The effectiveness of each Board Committee is also reviewed by the Board.

All the Directors have made an assessment of the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors at least once annually where each Director completes a peer evaluation form which is designed to seek their views on the various aspects of the performance of the Board performance so as to assess the overall effectiveness of the Board. These peer assessments are collated by the company secretary and consolidated responses are presented to the NC for review and are taken into account when the NC assesses and makes recommendations to the Board as to whether the retiring Directors are suitable for re-election/re-appointment in consultation with the Acting Non-Executive Chairman.

For the year under review, the NC and the Chairman took note of, *inter alia*, each individual Director's attendance at meetings of the Board, Board Committees and at general meetings; level of participation in discussions at meetings; the individual Director's functional expertise and his/her commitment of time to the Company and contribution of each Director towards the Board's effectiveness and competencies and took such factors into consideration when assessing the performance of the individual Directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, and the peer assessment of each Director, is of the view that the performance of the Board as a whole, of each Board Committee separately, and the contribution of each Director to the effectiveness of the Board has been satisfactory.

## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

### Remuneration Committee

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel.

The Board has set up an RC comprising three (3) non-executive Independent Directors, namely (RC Chairman), Mr Chong Man Sui, Dato' Sri Mohd Sopiyan B Mohd Rashti and Dr Kenneth Yu Keung Yum. There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No Director is involved in deciding his own remuneration.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The RC's principal responsibilities are to:

- recommend to the Board base salary levels, benefits and incentive programs, and also to identify components of salary which can best be used to attract management staff in achieving corporate objectives;
- approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
- review, on an annual basis, the specific compensation packages of the Company's Directors, Acting CEO and key management personnel and determine the appropriate adjustments; and
- review and submit to the Board proposals for the setting-up of share option schemes or long-term incentive schemes.

The members of the RC carry out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a general framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel;
- review the level and mix of remuneration and benefits, policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews;
- implement and administer the Company's share option plan, if any;
- review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and senior management personnel.

The RC has access to appropriate expert advice in the field of executive remuneration outside the Company if required. The RC will ensure that the consultant does not have any connection with the Group or any of its Directors which could affect his independence and objectivity. No remuneration consultants were engaged by the Company during FY2021.

## **Principle 7: Level and Mix of Remuneration**

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate the Executive Directors and key management personnel's needed to run the company successfully and to align their interests with those of the Shareholders, linking rewards to corporate and individual performance and promote the long-term success of the Group. No Director is involved in deciding his own remuneration.

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors;
- considers whether the Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against other types of long-term incentive schemes); and
- reviews the terms, conditions and remuneration of Executive Directors, and ensures that their total remuneration package has a significant portion of performance-related elements.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. Non-executive Directors are paid a basic fee and an additional fee for serving on any of the Board Committees. The fee takes into account factors such as effort and time spent, responsibilities undertaken and their contributions to the Board. The fees paid to the Company's Independent Directors are also benchmarked against Independent Directors' fees paid by companies in the same industry and with similar scale of operation. The RC is of the view that the Company's Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the shareholders at the AGM.

The Executive Directors do not have fixed-term service contracts with the Company. Notice periods in any service contracts of the Company are typically set at a period of six months or less. There are currently no incentive components in the service contracts with Executive Directors and key management personnel.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives except in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The RC has established a suitable remuneration framework to incentivise, compensate and reward the key management and executives. The remuneration policy for staff adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the performances of the Group businesses and respective employees. Performance-related remuneration is also aligned with the interests of shareholders and promotes the long-term success of the Company.

The RC and the Board have collectively endorsed the Company's remuneration policy.

The Company currently does not operate any share-based incentive schemes for employees.

## Principle 8: Disclosure on Remuneration

**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.**

### Remuneration of Directors for the year ended 31 December 2021

Directors	Remuneration (\$'000)	Fees (%)	Fixed Salary (%)	Variable Bonus (%)	Benefits & Allowance (%)	Total (%)
Mr Timothy Lim Boon Liat*	114	9%	66%	0%	25%	100%
Dr Kenneth Yu Keung Yum	27	100%	0%	0%	0%	100%
Dato' Sri Mohd Sopiyan B Mohd Rashdi	28	100%	0%	0%	0%	100%
Dr Daniel Yeoh Ghee Chong#	39	100%	0%	0%	0%	100%
Mr Chong Man Sui##	18	100%	0%	0%	0%	100%
Mr Soh Pock Kheng###	233	0%	82%	0%	18%	100%

\* Mr Timothy Lim Boon Liat ceased as Acting Chief Executive Officer and President with effect from 5 December 2021 and resigned as Executive Director of the Company on 31 December 2021.

Sections 125(4B) and 125(5) provides for that while the director resigns, the company is not conditioned to accept the resignation on terms that this is the remaining director that is an ordinarily resident in Singapore. A breach in the term which requires the company to have one resident director is breached and the resignation is invalidated.

# Dr Daniel Yeoh Ghee Chong resigned as Acting Non-Executive Chairman with effect from 8 September 2021.

## Mr Chong Man Sui appointed as Acting Non-Executive Chairman with effect from 8 September 2021. He also has a service contract with ASTI Holdings Limited ("ASTI") for the services he provided to ASTI in FY2021. His remuneration under the service contract is S\$40,000.

### Mr Soh Pock Kheng was appointed as Non-Executive and Non-Independent Director with effect from 29 June 2022.

Other than the Executive Director, the Group has only two other key executives. The key executives' remuneration band is as follows:

Remuneration Band	FY2021
Between S\$250,000 to S\$499,999	0
Below S\$250,000	2

# CORPORATE GOVERNANCE REPORT (CONT'D)

As at the date of the Report, other than the Directors and Acting CEO, the Company has no key management personnel as the Company's only two (2) key management personnel (who are not directors or Acting CEO) draw remuneration from the Company had been retrenched on 5 December 2021. The total remuneration paid to all the key management personnel (up until date of retrenchment) amounted to approximately S\$403,000. There are no terminations, retirement or post-employment benefits provided for in the employment contracts with the Directors, the Acting CEO or the key executive above. Provision 8.1 sets out that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the Acting CEO, and for at least the top five key management personnel (who are not directors or Acting CEO), in bands no wider than S\$250,000. However, 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 Acting CEO) as such details are confidential and sensitive in nature.

There were no employees who are immediate family members of a Director or the Acting CEO, and whose remuneration exceeds S\$100,000 during FY2021.

Directors' fees are approved by shareholders at every Annual General Meeting of the Company. The remuneration of the Executive Directors is reviewed by the RC and recommended to the Board for endorsement.

## ACCOUNTABILITY AND AUDIT RISK MANAGEMENT AND INTERNAL CONTROLS

### Principle 9: Risk Management and Internal Controls

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for presenting to shareholders a balanced and clear assessment of the Group's performance, position and prospects. Such responsibility extends to interim and other price sensitive public reports, and reports to regulators. The Board has embraced openness and transparency in the conduct of the Company's affairs whilst preserving the interests of the Group.

Management provides the Board quarterly management accounts which present a balance and clear assessment of the Company's performance, position and prospects on a monthly basis and as and when required by the Board from time to time.

The Board also keeps itself up-to-date on legislative and/or regulatory changes that affect the Company and/or the Group so as to ensure that the Company is in compliance with the relevant legislation and regulations including requirements under the Rules of the Listing Manual. Where necessary, external professionals will provide the Board with updates in this regard and the Board will then consider whether any amendments to existing corporate policies will need to be implemented to ensure compliance.

The Board, with assistance from the AC, is responsible for determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives by ensuring that the Company has put in place adequate risk management and internal controls systems to manage its significant business risks, so as to safeguard shareholders' investments and the Company's assets.

A crucial function served by the AC is overseeing the Group's risk management framework and policies, as well as the regulation of risks undertaken or faced by the Group. The AC may examine whichever aspects it deems appropriate of the Group's financial affairs, audits and its exposure to risks of a regulatory or legal nature.

The AC keeps under review the efficacy of the Group's system of accounting and internal financial controls. The AC also keeps under constant review the Company's system of ensuring compliance with legal, operational and regulatory matters, including risk management, amongst others.

In relation to assisting the Board with the risk management function, the AC is guided by the following terms of reference:

- determine the Group's levels of risk tolerance and risk policies;
- oversee management in the formulation, updating and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology risks;
- make the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report in accordance to the SGX-ST's Listing Manual and the Code;
- review the Group's risk profile regularly and the adequacy of any proposed action if necessary; and
- review any material breaches of risk appetite/tolerances/limits and the adequacy of any proposed action if necessary.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Board has received assurance from:

- the Chief Financial Officer/Financial Controller of the Company that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2021 give a true and fair view of the Group's operations and finances; and
- from key management personnel who are responsible, the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

In previous years, the Board would receive the above assurances from the Acting CEO of the Company as well. However, as Mr Timothy Lim Boon Liat resigned as Acting CEO with effect on 5 December 2021 and the Company is currently in the midst of searching for a suitable candidate to appoint as CEO of the Company, the Board was unable to receive such assurances from the Acting CEO of the Company.

The AC, with the assistance of the Internal Auditors, has reviewed, and the Board is satisfied with the adequacy of the Group's material internal controls, including financial, operational and compliance controls, and risk management systems.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors and the review performed by Management and the AC, the Board, with the concurrence of the AC, is satisfied that the Group's framework of internal controls, including financial, operational & compliance and information technology controls, and risk management systems is adequate to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value. Nevertheless, the AC and the Board recognise that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable but not absolute assurance against material misstatement or loss.

## **Risk Management and Interested Person Transactions**

An assessment of the significant risk areas relevant to the Company's businesses, operations and compliance requirements have been carried out and are identified as follows:

### **(a) Foreign Exchange Risk**

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar (the Company's reporting currency) and the Singapore dollar, amongst others, expose the Company to foreign currency risk.

## **Principle 10: Audit Committee**

### **Audit Committee**

The AC comprises three members, namely Dato' Sri Mohd Sopiyan B Mohd Rashdi ("**AC Chairman**"), Dr Kenneth Yu Keung Yum and Mr Chong Man Sui, all of whom, including the AC Chairman, are Independent Directors.

The members of the AC have experience in managerial positions across banking, audit and finance industries (please see Directors' profile on pages 4 and 5 of the annual report). The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions. No member of the AC is a former partner or director of the Company's existing auditing firm.

During the year, the AC obtained updates from the Company's auditors on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

The AC has the explicit power to conduct or authorise investigations into any matters within its terms of reference and has full access to and co-operation by Management. It has full discretion to invite any Director or key management personnel to attend its meetings. All resources that would enable the AC to discharge its duties objectively, effectively and expeditiously are made available to the AC.



# CORPORATE GOVERNANCE REPORT (CONT'D)

The AC performs the following functions in accordance with the terms of reference which include the following:

- reviews with the External Auditors, their audit plan, audit reports and any matters which the External Auditors wish to discuss;
- reviews with the Internal Auditors at least annually, checks on the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal control systems, including financial, operational compliance and information technology controls and risk management;
- reviews the assurance from the Acting CEO and the Chief Financial Officer/Financial Controller on the financial records and financial statements;
- reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcements made quarterly or annually relating to the Company's financial performance, including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- reviews any significant findings of internal investigations;
- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors;
- makes recommendations to the Board on the appointment of External Auditors, the audit fee, terms of engagement and any questions on their resignation or dismissal;
- reviews and approves the appointment, replacement, re-assignment or the dismissal of the Internal Auditor or Head of the Internal Audit function;
- reviews the assistance given by the Company's officers to the External Auditors and Internal Auditors;
- reviews and monitors interested person transactions, if any, arising and to ensure that that the SGX-ST Listing Manual internal control procedures approved by shareholders are adhered to in relation to such transactions;
- reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate;
- conducts an annual review of the independence and objectivity of the Company's External Auditors, including the volume of non-audit services supplied by the External Auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the External Auditors before confirming their re-nomination;
- to review, monitor, assess and evaluate the role, adequacy and effectiveness, independence, scope and results of the external audit and the Internal Audit function in the overall context of the Company's risk management system;
- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors; and
- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC held four (4) meetings during the year, attendance of which is detailed on page 5 of this report. The Chief Financial Officer, Financial Controller, Acting CEO (Mr Timothy Lim Boon Liat), legal counsels, Internal Auditors and External Auditors were invited to these meetings. Other members of senior management were also invited to attend as appropriate to present reports.

The AC has met with the Company's External Auditors, Ernst & Young LLP ("**E&Y**") two (2) times in FY2021. Part of the meetings were conducted without the presence of Management. Reports of the findings and recommendations by External Auditors are done independently and presented to the AC.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The principal activities of the AC during FY2021 are summarised below:

## Financial reporting

The AC met on a quarterly basis and reviewed the quarterly and full year results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the External Auditors.

The AC reviewed the full year financial statements and also discussed with Management, Chief Financial Officer, Financial Controller and the External Auditors, the significant issues and adjustments resulting from the audit, and any significant deficiencies in internal controls over financial reporting matters that came to the External Auditor's attention during their audit together with their recommendations.

## External audit processes

The AC manages the relationship with the Group's External Auditors, E&Y, on behalf of the Board. There were no non-audit services provided by E&Y during FY2021. During FY2021, the AC carried out its annual assessment of the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that E&Y be re-appointed as the External Auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of E&Y.

The fee related to the audit services provided by E&Y for FY2021 is US\$301,000 and is also disclosed in the notes to the financial statements.

Pursuant to the requirement in the SGX-ST Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current audit partner from E&Y for the Company took over from the previous audit partner from the financial year ended 31 December 2020. In appointing auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

## Internal controls

During the year, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with Management, the Internal Auditors and External Auditors.

The AC considered and reviewed with Management and the Internal Auditors the following:

- annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- significant internal audit observations and Management's response thereto.

Each member of the AC abstains from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested in.

## Whistle-blowing policy

The Company has implemented a whistle blowing policy since May 2008 that provides well-defined and accessible channels through which any employee may raise any concerns they may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to any member of the AC and the identity of the person raising the concern is strictly protected to the extent practicable in law. All members of the AC have direct oversight in the administering of the policy with the assistance of the Group Legal Counsel. The AC has reviewed and is satisfied with the adequacy of the whistle blowing policy.

There were no formal complaints received by the Company under the whistle-blowing policy implemented by the Company up to the date of this annual report.

No former partner or director of E&Y or Baker Tilly is or has acted as a member of the company's AC.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## Internal Audit

The internal audit function was 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.

The AC approves the engagement, termination, evaluation and fees of the Internal Auditors. The Internal Auditor, who reports directly on internal audit matters to the Chairman of the AC, has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group's material internal controls. The Internal Auditor also assists Management in identifying operational and business risks and provides recommendations to address those risks.

The Internal Auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on a quarterly basis the effectiveness of the Internal Auditor by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, qualifications and training, relationship with the External Auditor, and its independence of the areas reviewed. The AC is of the view that the Internal Auditor is adequately resourced and has appropriate standing within the Group.

## **SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

### **Principle 11: Shareholder Rights and Conduct of General Meetings**

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

### **Principle 12: Engagement with Shareholders**

**The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

### **Principle 13: Engagement with Stakeholders**

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company is mindful of the obligation to provide regular, effective and fair communication with shareholders and ensures that all the Company's shareholders are treated equitably and the rights of all shareholders are protected. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company has an investor relations policy that requires the Company to conduct dialogue sessions with investors, securities analysts, fund managers and the press as and when necessary. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders to serve the best interests of the Company.

Financial reports and other price sensitive information, all news releases and analyst presentations are disseminated to shareholders through SGXNet and posted on the Company's website. The Annual Report is disseminated to all shareholders and is available on the Company's website. The Company maintains a current corporate website, at [www.dragongp.com](http://www.dragongp.com), on which financial and other information to be communicated to members of the public are made available.

On a regular and timely basis, the Company disseminates material information simultaneously through news and press releases via SGXNet and electronic mail to securities analysts, shareholders, and the media. The Company also posts these press releases on its public website, <http://www.dragongp.com> to ensure that all shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the company's shares. The website also provides a channel for shareholders to raise any concerns or issues, if any.

# CORPORATE GOVERNANCE REPORT (CONT'D)

As part of the Company's investor relations policy, the Company maintains an investor relations section on the Company's website dedicated to ensuring that pertinent information is conveyed to shareholders. Current and past annual reports, quarterly financial results and other information considered to be of interest to shareholders and the investment community are readily available on the section.

The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. Information is always communicated to shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a selected group, the Company ensures that the same disclosure is made publicly to all others as soon as practicable.

Shareholders are informed of shareholders' meetings through timely and formal notices published in the newspapers and via SGXNET. All relevant reports and/or circulars are sent to all shareholders early so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings and to vote in absentia. Every shareholder is entitled to appoint not more than two proxies to attend general meetings and vote in his/her stead, provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not later than 72 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company. The Companies Act allows certain members who are relevant intermediaries such as corporations holding licences in providing nominee and custodial services and the central provident fund ("CPF") Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in general meetings.

Pursuant to the amendments to the Companies Act 1967, a new multiple-proxies regime ("**Regime**") was introduced on 3 January 2016. This Regime allows specified intermediaries, such as banks and capital markets service licence holders which provide custodial services, to appoint more than two (2) proxies. This will enable indirect investors (including investors who purchased shares under the CPF Investment Scheme ("**CPFIS**") and the Supplementary Retirement Scheme ("**SRS**") to attend and vote at Shareholders' meetings. CPFIS investors and SRS investors are required to contact their CPF Approved Nominees if they wish to cast their votes on resolutions at the Shareholders' meetings of the Company but are not able to attend these meetings in person.

At general meetings, each substantially separate issue is dealt with in separate resolutions. The Company avoids bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. All resolutions are put to the vote by poll voting, which allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes for each resolution. Shareholders are informed of the results of the voting at the general meetings, including the number of votes cast for and against each resolution and the respective percentages at the end of the general meeting. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET after each general meeting. The company secretary prepares minutes of shareholders' meetings, which incorporate comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

The Company's External Auditors, chairpersons of the AC, the NC and the RC and all Directors are present at all General Meetings to assist the Board of Directors and Management to address any questions shareholders may have.

The Company has not amended its Constitution to provide for absentia voting methods. Notwithstanding that Provision 11.4 sets out that the Company's Constitution should allow for absentia in voting. However, voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

All minutes of general meetings and a summary of the questions and answers raised at general meetings are available to shareholders upon their requests. The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5 of the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its practices are consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. However, in view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, companies are permitted to hold general meetings via virtual means and this includes publishing the minutes of AGM within one month of the AGM on the corporate website and the SGX website.

# CORPORATE GOVERNANCE REPORT (CONT'D)

Provision 11.6 states that companies should have a dividend policy and communicates it to shareholders. However, the Company currently does not have a formal policy on payment of dividends. Nonetheless, the Company is of the view that its current practices would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(24) of the Listing Manual. The Company may declare dividends by way of an ordinary resolution of the Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders. No dividend was declared in respect of FY2021 as the Group had incurred losses in the year.

## OTHER CORPORATE GOVERNANCE MATTERS

### Dealings in the Company's Securities

The Company has devised and adopted an internal compliance code (the "Internal Code") to provide guidance to its officers with regards to dealings in the Company's securities including reminders that the law on insider trading is applicable at all times. The adoption of this Internal Code has been notified to all Directors, officers and employees of the Group.

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information in relation to those securities as this is an offence.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing two weeks before the date of announcement of the Company's quarterly and half-year financial results and the period commencing one month before the date of announcement of the Company's full-year financial results, ending on the date of announcement of the relevant results.

In addition, the Company's officers and employees should not deal in the Company's securities for short-term considerations.

The Internal Code complies with, and the Board confirms that for FY2021, the Company has complied with, Rule 1207(19) of the SGX-ST Listing Manual.

### Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of Directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

### Interested Person Transactions

The risks associated with an interested person transaction relates not only to compliance issues but also the prevention of transactions being carried out on terms that are less than favourable and not at arm's length.

Except as provided below, there are no interested person transactions between an interested person and the Company, its subsidiaries or associated companies for FY2021:

Name of interested person	Aggregate value of all interested person transactions for FY2021 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions for FY2021 conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
ASTI Holdings Limited (The holding company of the Group)	- Management fee charged (value of transactions amounting to US\$112,000)	Nil

The AC will continue to review and monitor any interested person transaction that may arise and ensures that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these interested person transaction in accordance with Chapter 9 of the SGX-ST Listing Manual.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## Information on Directors nominated for re-election – Appendix 7.4.1 of the Listing Manual

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DATO' SRI MOHD SOPIYAN B MOHD RASHDI
Date of Initial Appointment	3 September 2021	29 June 2022	16 February 2011
Date of last reappointment (if applicable)	Not Applicable	Not Applicable	30 April 2021
Age	65	51	59
Country of principal residence	Hong Kong	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chong Man Sui as a Non-Executive and Independent director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Soh Pock Kheng as a Non-Executive and Non-Independent director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Soh's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Dato' Sri Mohd Sopiyan B Mohd Rashdi as a Non-Executive and Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dato' Sri Sopiyan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>Non-Executive and Independent Director</li> <li>Acting Chairman</li> <li>Remuneration Committee Chairman</li> <li>Nominating Committee Member</li> <li>Audit Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive and Non-Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive and Independent Director</li> <li>Audit Committee Chairman</li> <li>Nominating Committee Member</li> <li>Remuneration Committee Member</li> </ul>
Professional Qualifications	<ul style="list-style-type: none"> <li>Bachelor of Science in Engineering, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>Diploma in Electronics Engineering, Ngee Ann Polytechnic</li> </ul>	<ul style="list-style-type: none"> <li>Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391)</li> <li>Degree in Accountancy, University ITM, Malaysia</li> </ul>
Working experience and occupation(s) during the past 10 years	<u>2001-2016</u> Marketing Director - Dragon Technology Distribution HK Ltd	<u>2007 till 2019</u> VP, Operations - Vansonic (Singapore) Pte Ltd  <u>2019 till 2021-</u> VP, Business Development - ASTI Group	<u>2015 - Current</u> Director & CFO - PT Pan Pages - PT Bintang Makmur Prima  <u>2015 – Current (Cont'd)</u> CEO - PT Expose Mandala Putra Corporate Finance Advisor – LCK Group  Corporate Finance Advisor - PT Cendrawasih Global  <u>2015 – July 2020</u> <u>2022 - Current</u> CEO - PT Envy Technologies Indonesia, International  <u>2009 – Current</u> Shareholder, President Director & CEO - PT Dragon Terra Ventura

# CORPORATE GOVERNANCE REPORT (CONT'D)

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DATO' SRI MOHD SOPIYAN B MOHD RASHDI
Shareholding interest in the listed issuer and its subsidiaries	None	4,400,000 direct shareholdings and 709,000 shares held under nominees	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Past Directorship (for the last 5 years)	<ul style="list-style-type: none"> <li>• Acetech Solutions Limited</li> <li>• ASTI Holdings Limited</li> <li>• EoPlex Inc</li> <li>• Excelfood Holdings Inc.</li> <li>• FE Global Shanghai Limited</li> <li>• Flexcomm Ltd</li> <li>• Flex-In Electronics Macao Commercial Offshore Ltd</li> <li>• Smart Baylink Limited</li> <li>• Telford Shanghai</li> </ul>	None	<ul style="list-style-type: none"> <li>• PT Bintang Makmur Prima</li> <li>• PT Panpages Indonesia MHS Land Sdn. Bhd.</li> </ul>
Present Directorship	<ul style="list-style-type: none"> <li>• Advanced Systems Automation Limited</li> <li>• Asia Phoenix Angels Pte Ltd</li> <li>• ASTI (USA) Inc.</li> <li>• ASTI HK Limited</li> <li>• Dragon D'illum Technologies Pte Ltd</li> <li>• Dragon Equipment and Materials Technology Ltd</li> <li>• Dragon Group International Limited</li> <li>• Dragon Rises Limited</li> <li>• Dragon Venture Limited</li> <li>• DTB Limited</li> <li>• Eocell Limited</li> <li>• EoPlex Limited</li> <li>• Fenghuang Holdings Ltd</li> <li>• Jiansu Longjiang Ship Building Co., Ltd</li> <li>• KSMC Limited</li> <li>• Nanjing Dragon Tourism and Management Co., Ltd</li> <li>• Nanjing Dragon Treasure Boat Development Co., Ltd</li> <li>• Pixiu Holdings Ltd</li> <li>• Reel Service (UK)</li> <li>• SCM Solutions Pte Ltd</li> <li>• Sooner Technology Pte Ltd</li> <li>• Spire Technologies Pte Ltd</li> <li>• Spire Technologies (Taiwan) Ltd</li> <li>• Telford Holding HK Limited</li> <li>• Telford Industries Pte Ltd</li> <li>• Telford Service Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Vansonic (Singapore) Pte Ltd</li> <li>• VS Solutions (Singapore) Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• ASTI Holdings Limited</li> <li>• Advanced Systems Automation Limited</li> <li>• Dragon Group International Limited</li> <li>• EoCell Limited</li> <li>• PT Dragon Terra Ventura</li> <li>• PT Orient Technology Indonesia</li> <li>• Gagah Kejuruteraan Sdn Bhd</li> <li>• Long Term Portfolio Sdn Bhd</li> <li>• PT ENVY Technologies Indonesia Tbk</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONT'D)

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DATO' SRI MOHD SOPIYAN B MOHD RASHDI
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No



## CORPORATE GOVERNANCE REPORT (CONT'D)

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DATO' SRI MOHD SOPIYAN B MOHD RASHDI
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

## CORPORATE GOVERNANCE REPORT (CONT'D)

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DATO' SRI MOHD SOPIYAN B MOHD RASHDI
<p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>This is a re-election of director</p> <p>Not applicable</p>	<p>This is a re-election of director</p> <p>Not applicable</p>	<p>This is a re-election of director</p> <p>Not applicable</p>
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable	Not applicable



# APPENDIX 2

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

- 1 Directors' Statement
- 4 Independent Auditor's Report
- 6 Consolidated Income Statement
- 7 Consolidated Statement of Comprehensive Income
- 8 Statements of Financial Position
- 10 Statements of Changes in Equity
- 13 Consolidated Cash Flow Statement
- 15 Notes to the Financial Statements



## DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Dragon Group International Limited (the "Company") and its subsidiary companies (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

### Opinion of the Directors

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and statement of cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) based on the information available as at the date of this statement and the assumption as disclosed in Note 2.1 "Going Concern Assumption", as at the date of this statement there are uncertainties as to whether the Group and the Company are able to meet their contractual obligations in the next 12 months as and when they fall due, and consequently, there are uncertainties as to their respective abilities to continue as going concern for the next 12 months. Notwithstanding the above, the Directors have assessed and are of the view that it is appropriate that the financial statements of the Group and Company be prepared on a going concern basis as the ultimate holding company has agreed to provide continuing financial support to enable the Group and the Company to continue operations for the next twelve months from the date the financial statements are authorised for issuance.

### Directors of the Company

The Directors of the Company in office at the date of this statement are:

Dr Kenneth Yu Keung Yum  
Dato' Sri Mohd Sopiyan B Mohd Rashdi  
Chong Man Sui  
Soh Pock Kheng

### Arrangements to enable Directors to acquire shares and debentures

Except as disclosed herein, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### Directors' interests in shares and debentures

The following Director, who held office at the end of the financial year, had, according to the register of the Directors' shareholdings, required to be kept under Section 164 of the Companies Act 1967 an interest in shares and share options of the Company and its related corporations as stated below:

Name of Director	At the beginning of the year/ date of appointment	At the end of the year	At 21 January 2022
<b><i>The Company – Dragon Group International Limited ("DGI")</i></b>			
<b>Ordinary shares</b>			
Soh Pock Kheng			
- held in name of Director	4,400,000	4,400,000	4,400,000
- held in name of Nominee	709,000	709,000	709,000
<b><i>The holding company – ASTI Holdings Limited ("ASTI")</i></b>			
<b>Ordinary shares</b>			
Soh Pock Kheng			
- held in name of Director	57,859,000	57,859,000	57,859,000
- held in name of Nominee	28,996,000	28,996,000	28,996,000

## DIRECTORS' STATEMENT

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of related corporations, either at the beginning, at the date of appointment or at the end of the financial year.

### Options

During the financial year, there were:

- (i) No options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) No other shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

### Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, including the following:

1. Reviewed the audit plans of the external auditors of the Group and the Company;
3. Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management;
4. Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
5. Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
6. Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
7. Reviewed the nature and extent of non-audit services provided by the external auditor;
8. Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
9. Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate;
10. Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## DIRECTORS' STATEMENT

### Auditors

Ernst & Young LLP have not expressed their willingness to accept re-appointment as auditors.

On behalf of the board of Directors,

Chong Man Sui

Director

15 August 2023

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi

Director

# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

## Independent Auditor's Report to the Members of Dragon Group International Limited

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### Report on the audit of the financial statements

#### Disclaimer of Opinion

We were engaged to audit the financial statements of Dragon Group International Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the statements of financial position of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for Disclaimer of Opinion

##### *Use of the going concern assumption*

The Group recorded net loss of US\$5,581,000 and an operating cash outflow of US\$1,481,000 for the financial year ended 31 December 2021 and as at that date, the Group is in net liabilities position of US\$976,000, and the Group's and Company's current liabilities exceeded its current assets by US\$3,063,000 and US\$633,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

As disclosed in Note 2.1 to the financial statements, management has prepared the financial statements using the going concern assumption which is primarily dependent on the continued financial support from its' holding company, ASTI Holdings Limited. As a result, the ability of the Group and the Company to continue as a going concern, and to continue operations and meet their obligations in the next twelve months from the date of the financial statements is dependent on the current undertaking from ASTI Holdings Limited to provide financial support and not to recall the amounts due to itself for the next twelve months from the date of the financial statements.

However, based on the information available to us, we were unable to obtain sufficient appropriate evidence to assess the appropriateness of the going concern assumption used to prepare these financial statements due to uncertainties and factors that could significantly affect the ability of management to rely on the current undertaking by ASTI Holdings Limited to provide continuing financial support and not to recall amounts owed by the Group and Company for the next twelve months.

If the Group and Company are unable to continue in operation existence for the foreseeable future, the Group and Company 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 normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities, respectively.

##### *Impairment assessments of the Group's and the Company's interest in EoCell Limited ("EoCell")*

As at 31 December 2021, the carrying value of the Group's and the Company's investment in an associate, EoCell, is US\$13,217,000 and US\$15,633,000, respectively. As the Group applies equity accounting method to account for its investment in EoCell, the Group recorded US\$2,274,000 as its share of EoCell's loss for the year in the consolidated income statement for the year ended 31 December 2021. The details are disclosed in Notes 3, 5, 9 and 17 to the financial statements.

Management has assessed that there were indicators of impairment in respect of the Group's investment in and amounts due from EoCell as at the reporting date. Management has determined the recoverable amount of the Group's and Company's investment in EoCell by estimating their fair value less costs of disposal ("FVLCD") using the market approach and the expected credit losses ("ECL") on the amounts due was estimated based on management's expectation of future recovery.

Determining the FVLCD and ECL at the reporting date requires the use of accounting estimates which involve heightened level of estimation uncertainty and complexity due to the technological, market and economic uncertainties over future developments in the fast-changing nature of the industry that EoCell operates in. Although management had sought assistance from external valuers to assist in the impairment assessment, the external valuers have not finalised their valuation reports as at the date of this report.



# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

## Independent Auditor's Report to the Members of Dragon Group International Limited

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### *Impairment assessments of the Group's and the Company's interest in EoCell Limited ("EoCell") (cont'd)*

Pursuant to the assessments, the Group recorded share of losses of US\$2,274,000 during the year to carry the investment in EoCell at US\$13,217,000 as at 31 December 2021 and a full ECL allowance of US\$2,373,000 to write down the amounts due from EoCell to zero as at 31 December 2021. An impairment loss of US\$687,000 was also recorded against the cost of investment in EoCell in the statement of financial position of the Company.

Based on information available to us, we have not been able to obtain a reasonable basis to conclude on the appropriateness and reasonableness of the key estimates, inputs and assumptions used by management in estimating the FVLCD and ECL as at 31 December 2021. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying values of the Group's and the Company's investment in associate and the amounts due from associate as at 31 December 2021, the corresponding Group's share of results of associate, impairment loss and ECL recognised for the year then ended, and whether any adjustments to these amounts and associated disclosures were necessary.

### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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

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

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

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

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act

The engagement partner on the audit resulting in this independent auditor's report is Ong Beng Lee, Ken.

ERNST & YOUNG LLP

Public Accountants and  
Chartered Accountants  
Singapore

15 August 2023

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	Group 2021 US\$'000	2020 US\$'000
<b>Revenue</b>	6	<b>2,247</b>	2,061
Cost of sales		<b>(1,787)</b>	(1,680)
<b>Gross profit</b>		<b>460</b>	381
Other income	7	<b>88</b>	84
Selling and marketing costs		<b>(57)</b>	(38)
General and administrative costs		<b>(3,774)</b>	(1,620)
Finance income/(costs), net	8	<b>13</b>	(221)
Share of results of an associate		<b>(2,274)</b>	(3,733)
<b>Loss before taxation</b>	9	<b>(5,544)</b>	(5,147)
Taxation	10	<b>(37)</b>	(57)
<b>Loss after taxation</b>		<b>(5,581)</b>	(5,204)
<b>Loss after taxation attributable to:</b>			
Owners of the Company		<b>(5,556)</b>	(5,195)
Non-controlling interests		<b>(25)</b>	(9)
		<b>(5,581)</b>	(5,204)
<u>Loss per share attributable to owners of the Company</u>			
Basic/diluted (cents)	11	<b>(1.60)</b>	(1.49)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Group 2021 US\$'000	2020 US\$'000
<b>Loss for the year</b>		<b>(5,581)</b>	(5,204)
<b>Other comprehensive income:</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		(255)	(590)
<b>Total comprehensive income for the year</b>		<b>(5,836)</b>	(5,794)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(5,755)	(5,680)
Non-controlling interests		(81)	(114)
		<b>(5,836)</b>	(5,794)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	12	–	34	–	34
Property, plant and equipment	13	1	3	–	–
Investments in subsidiary companies	14	–	–	–	22
Investment in an associate	5	13,217	15,491	15,633	16,320
		<b>13,218</b>	<b>15,528</b>	<b>15,633</b>	<b>16,376</b>
<b>Current assets</b>					
Prepayments	15	8	8	5	4
Amounts due from subsidiary companies	16	–	–	18	133
Amounts due from an associate	17	–	2,258	–	2,258
Inventories	19	261	85	–	–
Trade receivables	20	525	656	–	–
Other receivables	21	66	125	30	15
Cash and cash equivalents	22	1,199	1,204	277	98
		<b>2,059</b>	<b>4,336</b>	<b>330</b>	<b>2,508</b>
<b>TOTAL ASSETS</b>		<b>15,277</b>	<b>19,864</b>	<b>15,963</b>	<b>18,884</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables and accruals	23	2,795	2,834	635	703
Other payables	24	2,204	2,226	96	141
Amount due to holding company	25	–	9,822	–	9,822
Amounts due to subsidiary companies	26	–	–	197	103
Restructuring provision	27	74	76	–	–
Provision for taxation		49	46	35	27
		<b>5,122</b>	<b>15,004</b>	<b>963</b>	<b>10,796</b>
<b>NET CURRENT LIABILITIES</b>		<b>(3,063)</b>	<b>(10,668)</b>	<b>(633)</b>	<b>(8,288)</b>
<b>Non-current liabilities</b>					
Amount due to holding company	25	11,131	–	11,131	–
		<b>11,131</b>	<b>–</b>	<b>11,131</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>16,253</b>	<b>15,004</b>	<b>12,094</b>	<b>10,796</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(976)</b>	<b>4,860</b>	<b>3,869</b>	<b>8,088</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Equity attributable to owners of the Company</b>					
Share capital	28	59,970	59,970	59,970	59,970
Capital reserve	29	2,525	2,525	-	-
Foreign currency translation reserve	30	(523)	(324)	-	-
Other reserve	29	18	18	-	-
Accumulated losses		(60,612)	(55,056)	(56,101)	(51,882)
		1,378	7,133	3,869	8,088
<b>Non-controlling interests</b>		<b>(2,354)</b>	<b>(2,273)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (DEFICIT)/EQUITY</b>		<b>(976)</b>	<b>4,860</b>	<b>3,869</b>	<b>8,088</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,277</b>	<b>19,864</b>	<b>15,963</b>	<b>18,884</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**STATEMENTS OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Attributable to owners of the Company						Total (deficit)/ equity US\$'000
	Share capital (Note 28) US\$'000	Capital reserve (Note 29) US\$'000	Foreign currency translation reserve (Note 30) US\$'000	Other reserve (Note 29) US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the Company, total US\$'000	
<b>2021</b>							
<b>Group</b>							
<b>At 1 January 2021</b>	59,970	2,525	(324)	18	(55,056)	7,133	4,860
Loss for the year	-	-	-	-	(5,556)	(5,556)	(5,581)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	(199)	-	-	(199)	(255)
Other comprehensive income for the year, net of tax	-	-	(199)	-	-	(199)	(255)
<b>Total comprehensive income for the year</b>	-	-	(199)	-	(5,556)	(5,755)	(5,836)
<b>At 31 December 2021</b>	59,970	2,525	(523)	18	(60,612)	1,378	(2,354)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital (Note 28) US\$'000	Capital reserve (Note 29) US\$'000	Foreign currency translation reserve (Note 30) US\$'000	Other reserve (Note 29) US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the Company, total US\$'000	Non-controlling interests US\$'000	Total (deficit)/ equity US\$'000
<b>2020</b>								
<b>Group</b>								
<b>At 1 January 2020</b>	59,970	2,525	161	18	(49,861)	12,813	(2,159)	10,654
Loss for the year	–	–	–	–	(5,195)	(5,195)	(9)	(5,204)
<u>Other comprehensive income</u>								
Foreign currency translation	–	–	(485)	–	–	(485)	(105)	(590)
Other comprehensive income for the year, net of tax	–	–	(485)	–	–	(485)	(105)	(590)
<b>Total comprehensive income for the year</b>	–	–	(485)	–	(5,195)	(5,680)	(114)	(5,794)
<b>At 31 December 2020</b>	59,970	2,525	(324)	18	(55,056)	7,133	(2,273)	4,860

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital (Note 28) US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b>2021</b>			
<b>Company</b>			
<b>At 1 January 2021</b>	59,970	(51,882)	8,088
Loss for the year	–	(4,219)	(4,219)
<b>At 31 December 2021</b>	<b>59,970</b>	<b>(56,101)</b>	<b>3,869</b>
<b>2020</b>			
<b>Company</b>			
<b>At 1 January 2020</b>	59,970	(46,235)	13,735
Loss for the year	–	(5,647)	(5,647)
<b>At 31 December 2020</b>	<b>59,970</b>	<b>(51,882)</b>	<b>8,088</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



**CONSOLIDATED CASH FLOW STATEMENT**

31 December 2021

	Note	2021 US\$'000	2020 US\$'000
<b>Cash flow from operating activities</b>			
Loss before taxation		(5,544)	(5,147)
Adjustments for:			
Impairment loss on other receivables	21	86	20
Impairment loss on trade receivables	20	3	1
Impairment loss on the amount due from an associate	17	2,258	115
Impairment loss on intangible asset	12	34	–
Depreciation of property, plant and equipment	13	1	1
Property, plant and equipment written off	13	1	–
Write-back of stock obsolescence	19	(3)	(2)
Interest (income)/cost, net	8	(18)	217
Share of results of an associate		2,274	3,733
Effects of exchange rate changes		(428)	(445)
<b>Operating cash flow before changes in working capital</b>		<b>(1,336)</b>	<b>(1,507)</b>
<u>Changes in working capital</u>			
(Increase)/decrease in:			
Inventories		(173)	35
Prepayments		–	26
Trade and Other Receivables	20/21	321	(121)
Amount due from an associate		–	(50)
Increase/(decrease) in:			
Trade and Other Payables		(89)	254
Restructuring provision		(2)	11
Amount due to holding company		(167)	132
<b>Cash used in operations</b>		<b>(1,446)</b>	<b>(1,220)</b>
Interest received		–	1
Tax paid		(42)	(21)
Tax refunded		7	–
<b>Net cash used in operating activities</b>		<b>(1,481)</b>	<b>(1,240)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**CONSOLIDATED CASH FLOW STATEMENT**

31 December 2021

	Note	2021 US\$'000	2020 US\$'000
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	13	-	(1)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(1)</b>
<b>Cash flow from financing activities</b>			
Loan from holding company	24	<b>1,476</b>	1,252
<b>Net cash generated from financing activities</b>		<b>1,476</b>	1,252
Net (decrease)/increase in cash and cash equivalents		<b>(5)</b>	11
Cash and cash equivalents at beginning of year		<b>1,204</b>	1,193
<b>Cash and cash equivalents at end of year</b>	22	<b>1,199</b>	1,204

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 1. Corporate 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. ASTI was placed on the Watch-list pursuant to Rule 1311 with effect from 6 June 2019 and trading in ASTI’s securities has been suspended with effect from 5 July 2022.

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.

On 6 June 2022, the holding company received a delisting notification from SGX-ST and trading in the holding company’s securities was ceased on 9am, 5 July 2022 and trading will remain suspended until the completion of an exit offer.

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 33, Ubi Avenue 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 associates with a description of their principal activities are included in Note 4 and Note 5 .

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I”).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The 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.

#### Going concern uncertainty

The Group recorded net loss of US\$5,581,000 (2020: US\$5,204,000) and an operating cash outflow of US\$1,481,000 (2020: US\$1,240,000) for the financial year ended 31 December 2021 and as at that date, the Group’s and Company’s current liabilities exceeded its current assets by US\$3,063,000 (2020: US\$10,668,000) and US\$633,000 (2020: US\$8,288,000) respectively. The Group’s net liabilities position is US\$976,000 (2020: net assets position of US\$4,860,000) and Company’s net assets position US\$3,869,000 (2020: US\$8,088,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

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

The Company has received an undertaking letter from the current Board of the Holding Company 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.

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

The Company believes that the potential new Board of Directors and the potential new owners of the Holding Company would continue to provide financial support as there is still a possibility that EoCell would be able to attract investors.

Based on current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligation in the next 12 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 12 months. Notwithstanding the above, the Board 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 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 Changes in accounting policies

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 2021. The adoption of these standards did not have any material effect on the financial performance of the Group or financial position of the Group and the Company.

- Amendment to SFRS(I)16 COVID-19 Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	1 January 2022
SFRS(I) 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 and SFRS(I) 1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

The Group's management expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### (b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.4 Basis of consolidation and business combinations (cont'd)

#### (b) Business combinations (cont'd)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

### 2.5 Foreign currency

The Group's consolidated financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the date of statement of financial position. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the fair values were measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of statement of financial position are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated profit or loss on disposal of the foreign operation.

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the date of statement of financial position and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

### 2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

### 2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

#### (a) Club membership

Club memberships with infinite useful lives are stated at cost less impairment losses.

### 2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	-	20 years
Furniture and fittings	-	3 - 10 years
Plant and machinery	-	3 - 10 years
Office equipment	-	3 - 10 years
Motor vehicles	-	4 - 5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed annually, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.12(b).

#### (b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

#### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office and factory premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

##### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

##### (iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### **De-recognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (b) Financial liabilities

##### **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process.

##### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

### 2.12 Impairment of assets

#### (a) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.12 Impairment of assets (cont'd)

#### (a) Impairment of financial assets (cont'd)

##### (i) Financial assets carried at amortised cost (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (b) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of materials is determined on a weighted average basis. Costs of finished goods include cost of direct materials, direct labour and attributable overheads.

Where necessary, allowance is provided for damaged, obsolete and slowing moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions are only recognised when the Group has a constructive obligation, which is when (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and the number of employee affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

### 2.16 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Sale of semiconductor applications in consumer electronics, computer peripheral and communication solution*

The Group distributes electronic components and test consumables.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

#### (b) *Interest income*

Interest income is recognised using the effective interest method.

### 2.17 Taxes

#### (a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.17 Taxes (cont'd)

#### (b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

Revenue, expenses and assets are recognised at net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.18 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

#### (b) Employee leave entitlement

Employee entitlements to annual leave and is recognised as a liability when they accrue to the employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the date of statement of financial position.

#### (c) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### 2.19 Segment reporting

The Group manages its business based on the Group's nature of business which are independently managed by the respective segment managers responsible for the performance of the respective segments. The segment managers report directly to the management of the Company who review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.20 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 2. Summary of significant accounting policies (cont'd)

### 2.22 Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements and requiring unanimous consent for strategic financial and operating decisions.

Associates and joint ventures are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the post-acquisition results and reserves of associates and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the investees. The profit or loss reflects the share of results of the operations of the investees. Distributions received from investees reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the investees, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the investees.

When the Group's share of losses in an investee equals or exceeds its interest in the investee, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investee and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

### 2.23 Government grants

Government grants are recognized as a receivables when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basic over the periods that the related costs, for which it intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements.

### Impairment of investment in associate

During the financial year, the Group assessed for impairment in investment in an 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\$Nil (2020: US\$Nil) and impairment loss of US\$687,000 (2020: US\$3,680,000) on the Group's and Company's investment in associate respectively to their fair value less costs of disposal.

As at 31 December 2021, the Group's and the Company's carrying value of the investment in EoCell Ltd was US\$13,217,000 (2020: US\$15,491,000) and US\$15,633,000 (2020: US\$16,320,000) respectively.

### Expected credit losses ("ECL") on amount due from associate

The Group uses the general approach to calculate loss allowance provision on amount due from associate. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The determination of expected credit losses requires management to exercise significant judgement and the use of estimates.

The carrying amount of amount due from associate as at 31 December 2021 are disclosed in Note 17.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 4. Group companies

(a) The significant subsidiary companies as at 31 December 2021 are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		2021 %	2020 %
<b><i>Held by the Company</i></b>			
** 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
<b><i>Held by subsidiary companies:</i></b>			
<b><i>Held by DTB Limited</i></b>			
** 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
<b><i>Held by Dragon Ventures Limited</i></b>			
# Dragon Tourism Management Company Limited (People's Republic of China)	Develop and manage a mixed-used property (People's Republic of China)	100	100
<b><i>Held by Dragon Equipment &amp; Materials Technology Ltd (Hong Kong)</i></b>			
* 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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 4. Group companies (cont'd)

(a) The significant subsidiary companies as at 31 December 2021 are as follows (cont'd):

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		2021 %	2020 %
<b><i>Held by Spire Technologies Pte Ltd</i></b>			
** Spire Technologies (Taiwan) Ltd (Taiwan)	Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan)	<b>60</b>	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 FINANCIAL STATEMENTS

31 December 2021

## 4. Group companies (cont'd)

### (b) Interest in subsidiaries with material non-controlling interests (“NCI”)

The Group has the following subsidiaries with NCI that are material to the Group:

1. Nanjing DTB Development Co., Ltd (“Nanjing DTB”)
2. Spire Technologies (Taiwan) Ltd (“Spire Taiwan”)

Name of subsidiary (Principal place of business)	Proportion of ownership interest held by NCI	(Loss)/Profit allocated to NCI during the reporting period US\$'000	Accumulated NCI at end of reporting period US\$'000
<b>31 December 2021:</b>			
Nanjing DTB (People’s Republic of China)	40%	(66)	(2,767)
Spire Taiwan (Taiwan)	40%	41	413
<b>31 December 2020:</b>			
Nanjing DTB (People’s Republic of China)	40%	(42)	(2,645)
Spire Taiwan (Taiwan)	40%	33	372

There were no dividends paid to the above NCI during the years ended 31 December 2021 and 31 December 2020.

#### Significant restrictions:

There were no significant restrictions on the Group’s ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests except that these subsidiaries are required to seek the approval of the NCI should the Group need to deploy the assets from these subsidiaries to the Company or its other subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 4. Group companies (cont'd)

### (c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

#### Summarised balance sheets

	Nanjing DTB		Spire Taiwan	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Current</b>				
Assets	38	43	1,207	958
Liabilities	6,955	6,633	175	51
<b>Net current (liabilities)/assets</b>	<b>(6,917)</b>	<b>(6,590)</b>	<b>1,032</b>	<b>907</b>
<b>Net (liabilities)/assets</b>	<b>(6,917)</b>	<b>(6,590)</b>	<b>1,032</b>	<b>907</b>

#### Summarised income statement

	Nanjing DTB		Spire Taiwan	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	–	–	2,247	2,061
(Loss)/profit before income tax	(166)	(105)	130	114
Income tax expense	–	–	(27)	(32)
(Loss)/profit for the year	<b>(166)</b>	<b>(105)</b>	<b>103</b>	<b>82</b>

#### Summarised statement of other comprehensive income

	Nanjing DTB		Spire Taiwan	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
(Loss)/profit for the year	(166)	(105)	103	82
Other comprehensive (loss)/income	(155)	(320)	16	57
Total other comprehensive (loss)/income for the year	<b>(321)</b>	<b>(425)</b>	<b>119</b>	<b>139</b>

#### Other summarised information

	Nanjing DTB		Spire Taiwan	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Net cash flows (used in)/generated from operations	(6)	6	200	(266)

# NOTES TO THE FINANCIAL STATEMENTS

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## 5. Associate

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

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<u>EoCell Limited</u>				
Beginning balance	15,491	19,223	16,320	20,000
Share of results of the associate	(2,274)	(3,733)	–	–
Write-back of impairment/ (impairment loss)	–	–	(687)	(3,680)
Others	–	1	–	–
At 31 December	<b>13,217</b>	15,491	<b>15,633</b>	16,320

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		2021 %	2020 %
<b><i>Held by the Company</i></b>			
** EoCell Limited (Hong Kong)	Development of battery and storage solutions (Hong Kong)	40	40
<b><i>Held by the EoCell Limited</i></b>			
** EoCell Inc (United States of America)	Development of battery and storage solutions (United States of America)	100	100

\*\* 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

### Summarised balance sheet

	2021 US\$'000	2020 US\$'000
Current assets	3,123	9,878
Non-current assets	3,957	897
Total assets	<b>7,080</b>	10,775
Current liabilities	917	276
Non-current liabilities	4,368	3,050
Total liabilities	<b>5,285</b>	3,326
Net assets	1,795	7,449
Proportion of the Group's ownership	40%	40%
Group's share of net assets	718	2,980
Goodwill on acquisition	12,498	12,498
Impairment loss	–	–
Others	1	13
Carrying amount of investment	<b>13,217</b>	15,491

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 5. Associate (cont'd)

### Summarised statement of comprehensive income

The amounts below represent full year results of the associate:

	2021 US\$'000	2020 US\$'000
Revenue	–	–
Loss after tax for the year	<b>5,686</b>	9,333
Other comprehensive income	–	–
Total comprehensive income for the year	<b>5,686</b>	9,333

Based on the Group's assessment, impairment losses amounting to US\$Nil (2020: US\$Nil) in relation to the Group's associate was determined to be necessary as at the financial year end and to their fair value.

The Group had engaged two separate valuation firms to perform the valuation of the associate for the purpose of impairment testing.

The first valuer had adopted the Income Approach and Market Approach to determine the value-in-use and fair value less cost of disposal respectively.

As there were too many uncertainties involved in the investee, including its expected financial returns, some of which can have substantial impact on the value of the investee, the first valuer was unable to finalise and sign off the valuation report.

The second valuer adopted the Cost Approach as their primary approach to their valuation. In particular, the second valuer used Revalued Net Asset Value ("RNAV") to determine the fair value of the 40% stake owned by the Company. The second valuer had also performed secondary cross-checks on their valuation conclusion.

Based on the fact pattern surrounding the investment in associate, including the non-finalisation of a potential investment in Eocell (Note 5), the second valuer was unable to finalise and sign off the valuation report.

The recoverable amount of the associate has been determined based on the higher of value-in-use or fair value less cost of disposal.

The value-in-use calculations apply a discounted cash flow model using cash flow projections from years 2022 to 2029, based on financial budgets and forecasts approved by management and the Board of Directors of the associate. Management has considered and determined the factors applied in these financial budgets and projections. The range discount rate of 15.5% to 17.5% applied to the cash flow projections was derived from the cost of equity plus a market risk premium at the date of the assessment. Terminal value was computed based on a growth rate of 2.0% per annum after 2029.

In determining the fair value of the investee using Market Approach, forward Enterprise Value to Sales ("EV/S") multiple was adopted in the valuation, with reference to multiples of Comparable Companies. The Comparable Companies were selected based on i) similar industry or focusing on similar products as the investee; ii) The Comparable Companies were loss-making as of valuation date, which is similar to the investee. EV/S was considered as the investee is expected to generate revenue from providing services to external parties in the coming year, even though it is an early-stage company at the R&D stage. The cost of disposal was assumed to be insignificant.

The values assigned to the key assumptions represent management's assessment of relevant future industry trends and are based on both external and internal sources (historical data).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 6. Revenue

Revenue is analysed as follows:

	Group	
	2021 US\$'000	2020 US\$'000
<b>Primary geographical markets</b>		
Singapore	181	86
Greater China	1,873	1,841
Others	193	134
Sale of goods	<u>2,247</u>	<u>2,061</u>
<b>Timing of transfer of goods or services</b>		
At a point in time	<u>2,247</u>	<u>2,061</u>

Sales is made with variable considerations of commissions and sales returns.

Commissions are intercompany in nature and are eliminated on the presentation of group level financial statement, sales returns for the year totaled to US\$81,000.

## 7. Other income

	Group	
	2021 US\$'000	2020 US\$'000
Government incentives and grant incomes	6	37
Aged payables written off	–	27
Employment hosting	24	–
Expenses recharged to Holding Company	35	–
Others	23	20
	<u>88</u>	<u>84</u>

## 8. Finance costs, net

Net finance costs are analysed as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Interest Expenses		
- Bank charges	<u>(5)</u>	<u>(4)</u>
	(5)	(4)
Interest income		
- Current accounts	–	1
- External parties	18	20
-Interest on loan from Holding Company	–	(238)
	<u>18</u>	<u>(217)</u>
Total	<u>13</u>	<u>(221)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 9. Loss before taxation

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

		Group	
	Note	2021 US\$'000	2020 US\$'000
Depreciation of property, plant and equipment	13	(1)	(1)
Property, plant and equipment written off	13	(1)	–
Impairment loss on intangible assets	12	(34)	–
Impairment loss on trade receivables	20	(3)	(1)
Impairment loss on other receivables	21	(86)	(20)
Impairment loss on the amount due from an associate	17	(2,258)	(115)
Foreign exchange gain		322	406
Write-back of stock obsolescence	19	3	2
Staff costs			
- Contributions to national pension schemes		(83)	(61)
- Salaries, wages, bonuses and other costs		(864)	(912)
Legal, regulatory and professional fees		(84)	(372)
Audit fees			
- Auditor of the Company		(301)	(80)
- Other auditors		(40)	(33)
Management fees	31	(112)	(109)
Restructuring	27	4	(6)

## 10. Taxation

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

		Group	
		2021 US\$'000	2020 US\$'000
Current taxation			
- Singapore		(10)	(10)
- Other countries		(27)	(32)
		(37)	(42)
Under in respect of prior years			
- Current taxation		–	(15)
Income tax expense recognised in profit or loss		(37)	(57)



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 10. Taxation (cont'd)

A reconciliation of the domestic statutory tax rate to the effective tax rate applicable to loss before taxation for the financial years ended 31 December is as follows:

	Group	
	2021 %	2020 %
Domestic statutory tax rate	17.00	17.00
<b>Tax effect of:</b>		
Deemed income for tax purposes	(0.06)	(0.14)
Expenses not deductible for tax purposes	(18.34)	(18.23)
Income not subjected to tax	0.49	0.60
Effect of tax exemption	0.10	0.21
Different tax rates of other countries	0.39	(0.11)
Utilisation of losses brought forward	(0.18)	(0.41)
Under-provision in respect of prior years	–	(0.30)
Others	(0.08)	0.27
Effective tax rate	<b>(0.68)</b>	<b>(1.11)</b>

The Group has unutilised tax losses amounting to approximately US\$7,696,000 (2020: US\$7,763,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset has been recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

## 11. Earnings per share

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

Diluted loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year 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 table reflects the net loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 December:

	Group	
Group	2021 US\$'000	2020 US\$'000
Net loss attributable to ordinary equity holders of the Company used in the computation of basic and diluted loss per share	<b>(5,556)</b>	(5,195)
	<b>'000</b>	'000
Weighted average number of ordinary shares in issue applicable to basic and diluted loss per share	<b>347,945</b>	347,945

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 12. Intangible assets

Group/company	Club memberships US\$'000
<b>Cost</b>	
1 January 2020, 31 December 2020 and 1 January 2021	99
Written off	<b>(65)</b>
At 31 December 2021	<b>34</b>
<b>Accumulated amortisation and impairment</b>	
1 January 2020, 31 December 2020 and 1 January 2021	65
Written off	<b>(65)</b>
Impairment loss	<b>34</b>
At 31 December 2021	<b>34</b>
<b>Net carrying amount</b>	
At 31 December 2020	34
At 31 December 2021	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 13. Property, plant and equipment

Group	Buildings US\$'000	Plant and machinery US\$'000	Office equipment US\$'000	Construction- in-progress <sup>(e)</sup> US\$'000	Motor vehicles US\$'000	Total US\$'000
<b>Cost</b>						
1 January 2020	2,223	246	180	8,460	49	11,158
Additions	–	–	1	–	–	1
Written off	–	–	–	–	(49)	(49)
Currency realignment	154	16	11	587	–	768
At 31 December 2020 and 1 January 2021	2,377	262	192	9,047	–	11,878
Written off	–	–	(4)	–	–	(4)
Currency realignment	60	7	5	230	–	302
At 31 December 2021	2,437	269	193	9,277	–	12,176
<b>Accumulated depreciation and impairment</b>						
1 January 2020	2,223	246	178	8,460	49	11,156
Charge for the year	–	–	1	–	–	1
Written off	–	–	–	–	(49)	(49)
Currency realignment	154	16	10	587	–	767
At 31 December 2020 and 1 January 2021	2,377	262	189	9,047	–	11,875
Charge for the year	–	–	1	–	–	1
Written off	–	–	(3)	–	–	(3)
Currency realignment	60	7	5	230	–	302
At 31 December 2021	2,437	269	192	9,277	–	12,175
<b>Net carrying amount</b>						
At 31 December 2020	–	–	3	–	–	3
At 31 December 2021	–	–	1	–	–	1

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 13. Property, plant and equipment (cont'd)

Company	Office equipment US\$'000	Total US\$'000
<b>Cost</b>		
1 January 2020, 31 December 2020 and 1 January 2021	11	11
Written off	(3)	(3)
At 31 December 2021	8	8
<b>Accumulated depreciation and impairment</b>		
1 January 2020	10	10
Charge for the year	1	1
At 31 December 2020 and 1 January 2021	11	11
Written off	(3)	(3)
At 31 December 2021	8	8
<b>Net carrying amount</b>		
At 31 December 2020	–	–
At 31 December 2021	–	–

### (a) Construction-in-progress

In 2017, the Group faced unforeseen delays caused by local environmental rules requiring the boat to be repositioned. This resulted in certain disagreements between shareholders of Nanjing DTB. The construction has since been suspended pending a review by the shareholders of Nanjing DTB on the future plans for the project.

Given this significant uncertainty over the Dragon Treasure Boat project as at 31 December 2017, the construction-in-progress was fully impaired.

## 14. Investments in subsidiary companies

	Company	
	2021 US\$'000	2020 US\$'000
Unquoted shares, at cost	2,282	2,282
Allowance for impairment	(2,282)	(2,260)
Carrying amount of investments	–	22
Movement in allowance account:		
At 1 January	2,260	2,256
Charge for the year	22	4
At 31 December	2,282	2,260

Details of the significant subsidiaries are set out in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 15. Prepayments

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Disclosure in statement of financial position</b>				
Current	8	8	5	4
Non-current (Note (i))	839	839	–	–
	<b>847</b>	<b>847</b>	<b>5</b>	<b>4</b>
Allowance for impairment	(839)	(839)	–	–
	<b>8</b>	<b>8</b>	<b>5</b>	<b>4</b>
Movement in allowance account:				
At 1 January	839	839		
Charge for the year	–	–		
At 31 December	<b>839</b>	<b>839</b>		

- (i) In 2017, prepayments in non-current assets were fully impaired given that it is not likely to be recovered based as the development project along the Yangtze Riverbank is currently on hold. An impairment charge of US\$839,000 was recognised in the “Other losses” line item of the consolidated income statement for the financial year ended 31 December 2017.

## 16. Amounts due from subsidiary companies

	Company	
	2021 US\$'000	2020 US\$'000
Amounts due from subsidiary companies	19,412	19,016
Allowance for impairment	(19,394)	(18,883)
	<b>18</b>	<b>133</b>
Movement in allowance account:		
At 1 January	18,883	18,576
Charge for the year	511	363
Written off	–	(56)
At 31 December	<b>19,394</b>	<b>18,883</b>

The amounts due from subsidiary companies are non-trade in nature, unsecured and are to be settled in cash. They are non-interest bearing and repayable upon demand.

During the financial year, the Company recognised an impairment loss of US\$511,000 (2020: US\$363,000) on the amounts due from subsidiary companies as a result of the deteriorating financial results and financial positions of the subsidiary companies.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 17. Amount due from an associate

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Amount due from an associate	2,373	2,373	2,373	2,373
Allowance for impairment	(2,373)	(115)	(2,373)	(115)
	<b>–</b>	<b>2,258</b>	<b>–</b>	<b>2,258</b>

#### Expected credit losses

The movement of the allowance account used to record the impairment are as follows:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Movement in allowance account:				
At 1 January	115	–	115	–
Charge for the year	2,258	115	2,258	115
At 31 December	<b>2,373</b>	<b>115</b>	<b>2,373</b>	<b>115</b>

The amount due from an associate is non-trade in nature, unsecured and to be settled in cash. This amount is non-interest bearing and repayable upon shareholders' approval when the associate generates any revenue or enters into another round of fund raising, whichever comes earlier.

The Group has assessed that there were indicators of impairment on the amount due from an associate as at 31 December 2021. The determination of the expected credit losses ("ECL") on the amount was estimated based on expected future recovery.

Pursuant to the assessments, the Group recorded an ECL allowance of US\$2,258,000 (2020: US\$115,000) to write down the amount due from an associate as at 31 December 2021.

### 18. Leases

#### Group as a lessee

The Group has leases used in its operations which generally have lease terms within 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

	Group 2021 US\$'000	Group 2020 US\$'000
Expense relating to leases of short-term lease (included in General and administrative costs)	18	17
Total amounts recognised in profit or loss	<b>18</b>	<b>17</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 19. Inventories

	Group	
	2021 US\$'000	2020 US\$'000
<b>Statement of financial position</b>		
Finished goods	261	85
<b>Income statement</b>		
Inventories recognised as an expense in cost of sales	1,726	1,643
Inclusive of the following:		
- Write-back of stock obsolescence	(3)	(2)

## 20. Trade receivables

	Group	
	2021 US\$'000	2020 US\$'000
Trade receivables	529	657
Allowance for impairment	(4)	(1)
	<b>525</b>	<b>656</b>

Trade receivables are non-interest bearing and are generally on 60 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair value on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

### (a) Trade receivables ageing

	Group					
	2021			2020		
	Gross	Allowance	Net	Gross	Allowance	Net
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Not past due	349	–	349	394	–	394
Less than 30 days	99	–	99	170	–	170
30 to 60 days	39	–	39	88	–	88
61 to 90 days	11	–	11	–	–	–
More than 90 days	31	4	27	5	1	4
	<b>529</b>	<b>4</b>	<b>525</b>	<b>657</b>	<b>1</b>	<b>656</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 20. Trade receivables (cont'd)

#### (b) Expected credit losses

The movement of the allowance account used to record the impairment are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Movement in allowance account:		
At 1 January	1	–
Charge for the year	4	1
Write-back	(1)	–
	<hr/>	<hr/>
At 31 December	4	1
	<hr/>	<hr/>

### 21. Other receivables

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Deposits	14	14	–	–
Due from related parties	–	9	–	–
Sundry debtors	2,548	2,712	778	746
	<hr/>	<hr/>	<hr/>	<hr/>
	2,562	2,735	778	746
Allowance for impairment	(2,496)	(2,610)	(748)	(731)
	<hr/>	<hr/>	<hr/>	<hr/>
	66	125	30	15
	<hr/>	<hr/>	<hr/>	<hr/>
Movement in allowance account:				
At 1 January	2,610	2,580	731	709
Charge for the year	86	20	20	20
Exchange differences	(200)	10	(3)	2
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	2,496	2,610	748	731
	<hr/>	<hr/>	<hr/>	<hr/>

Sundry debtors included loans of US\$2,496,000 (2020: US\$2,610,000) to third parties. The loans were secured, bore interest at market rates and were repayable on demand in cash. During the financial year, the Group recognised an additional impairment loss on the loans in the "General and administrative costs" line item in the consolidated income statement.

Other receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Singapore Dollar	8	15
Thailand Baht	–	75
	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 22. Cash and cash equivalents

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Cash at bank and on hand	<b>1,199</b>	1,204	<b>277</b>	98

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore Dollar	<b>257</b>	75	<b>257</b>	75

### 23. Trade payables and accruals

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade payables	<b>405</b>	493	–	–
Accruals	<b>2,390</b>	2,341	<b>635</b>	703
	<b>2,795</b>	2,834	<b>635</b>	703

Trade payables are non-interest bearing and are normally settled on 60 to 75 days terms.

Trade payables and accruals denominated in foreign currencies at 31 December are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Singapore Dollar	<b>621</b>	535
Thai Baht	<b>197</b>	225

### 24. Other payables

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Proposed directors' fees	<b>75</b>	112	<b>75</b>	112
Sundry creditors	<b>141</b>	175	<b>21</b>	29
Advances for capital injection from non-controlling interest	<b>1,988</b>	1,939	–	–
	<b>2,204</b>	2,226	<b>96</b>	141

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 24. Other payables (cont'd)

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

Other payables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore Dollar	105	144	96	137
Thai Baht	15	17	–	–

### 25. Amount due to holding company

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Loan (unsecured)	10,171	8,695	10,171	8,695
Interest payable	425	425	425	425
Others – payments made on behalf	535	702	535	702
Total	11,131	9,822	11,131	9,822

The loan from holding company is non-trade in nature and bears interest ranging at Nil (2020: 2.3% to 3.7%) per annum. The amount is repayable on demand in cash. However, during the board meeting held on 10 June 2022 the holding company had agreed not to recall the amount for the next twelve months from the date the financial statements are authorised for issuance. Furthermore, to provide financial support to the Group and the Company, the interest charged by ASTI for the financial year ended 31 December 2021 is waived.

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:

	2020		Accretion of interests US\$'000	2021
	US\$'000	Cash flows US\$'000		US\$'000
Loan and interest payable	9,120	1,476	–	10,596
Total	9,120	1,476	–	10,596

	2019		Accretion of interests US\$'000	2020
	US\$'000	Cash flows US\$'000		US\$'000
Loan and interest payable	7,626	1,252	242	9,120
Total	7,626	1,252	242	9,120

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 26. Amounts due to subsidiary companies

The amounts due to subsidiary companies are interest-free, non-trade in nature and unsecured. The amounts are repayable on demand in cash.

## 27. Restructuring provision

	Group	
	2021 US\$'000	2020 US\$'000
At 1 January	76	65
Arose during the financial year	1	7
Utilised	–	(1)
Write-back	(5)	–
Exchange differences	2	5
At 31 December	<u>74</u>	<u>76</u>

During 2018, the Group committed to a plan to restructure its operations in Nanjing DTB due to significant uncertainty over the Dragon Treasure Boat project. Following management's decision on the plan, the Group recognised a provision of US\$245,000 for expected staff restructuring costs. The remaining provision of US\$74,000 (2020: US\$76,000) is expected to be fully utilised over the next 12 months.

## 28. Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of the year	<u>347,945</u>	<u>59,970</u>	347,945	59,970

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.

## 29. Capital reserve Other reserve

The capital reserve relates to capitalisation of bonus issued by a subsidiary company in 2001.

The other reserve relates to the difference between consideration and the carrying value of a subsidiary's non-controlling interest acquired in 2011.

## 30. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 31. Related party transactions

### (a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the year:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Holding company</b>				
Management fee expense	(112)	(109)	(112)	(109)
Interest expense for the year	–	(238)	–	(238)
Expenses recharged to holding company	35	–	35	–

### (b) Compensation of key management personnel

	Group	
	2021 US\$'000	2020 US\$'000
Short-term employee benefits	449	596
Defined contribution plans	19	22
	<u>468</u>	<u>618</u>
Comprise amounts paid to:		
Directors of the Company	168	287
Other key management personnel	300	331
	<u>468</u>	<u>618</u>

At 1 January and 31 December 2021, none of the Company's Directors and Key Executive Officers held options to purchase ordinary shares of the Company under employee share option scheme.

During the financial year ended 31 December 2021, no share options have been granted to the Company's Directors.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 32. Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2021 and 2020.

### (b) Assets and liabilities not measured at fair value

#### *Cash and cash equivalents and other debtors and creditors*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

#### *Trade receivables and trade payables*

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

## 33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a continuity of funding.

The Group's and Company's liquidity risk management policy is to maintain sufficient liquid financial assets. The maturity profile of the Group's and the Company's financial assets and financial liabilities used for managing liquidity risk at the end of the reporting year based on contractual undiscounted repayment obligations approximates the carrying amounts on balance sheet dates as these financial assets and financial liabilities are expected to be settled within the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 33. Financial risk management objectives and policies (cont'd)

### (b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors and amounts due from subsidiary companies. For other financial assets (including available-for-sale financial assets and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 360 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicator:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

The Group categorizes a loan or receivable for potential write-off when a debtor fails to make contractual payments on a specific basis. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 33. Financial risk management objectives and policies (cont'd)

#### (b) Credit risk (cont'd)

##### Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2021 is determined as follows. The expected credit losses below is also structured to incorporate forward-looking information such as forecast of economic conditions in plausible scenarios where the gross domestic product deteriorates over the next year, it would lead to a corresponding increase in the number of defaults.

Summarised below is the information about the credit risk exposure on Taiwan's trade receivables using the provision matrix, as it is a significant geographical region:

##### Taiwan:

31 December 2021	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Total
Gross carrying amount	326	36	39	26	427
Loss allowance provision	–	–	–	–	–

31 December 2020	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Total
Gross carrying amount	378	165	66	6	615
Loss allowance provision	–	–	–	(1)	(1)

Information regarding loss allowance of trade receivables are disclosed in Note 20.

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade debtors on an on-going basis. The credit risk concentration profile of the Group's trade debtors at the date of statement of financial position is as follows:

	Group			
	2021 US\$'000	% of total	2020 US\$'000	% of total
<b>By Region:</b>				
China	24	5	14	2
Taiwan	427	81	614	94
Singapore	51	10	8	1
Malaysia	23	4	20	3
	<b>525</b>	<b>100</b>	656	100

At the end of the reporting period, approximately:

- 53% (2020: 72%) of the Group's trade receivables were due from 3 major customers who are multi-national companies located in Taiwan.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 33. Financial risk management objectives and policies (cont'd)

### (b) Credit risk (cont'd)

#### Exposure to credit risk

At the date of statement of financial position, the Group's and the Company's exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position

There is no significant trade credit risk exposure faced by the Group in 2021 and 2020.

#### Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

#### Financial assets that are either past due or impaired

Information regarding trade debtors that are either past due or impaired is disclosed in Note 20.

### (c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the companies within the Group. The companies within the Group customarily conduct their business in their respective functional currencies. No company in the Group has entered into any derivatives to manage foreign currency risk.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in Singapore Dollar.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including People's Republic of China. The Group's investments in these foreign operations are considered to be long-term in nature.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		<b>Group Net loss</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
USD	Strengthened by 5% (2020: 5%)	<b>(694)</b>	(669)
	Weakened by 5% (2020: 5%)	<b>694</b>	669
SGD	Strengthened by 5% (2020: 5%)	<b>(194)</b>	(170)
	Weakened by 5% (2020: 5%)	<b>194</b>	170



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 34. Financial instruments

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Financial assets measured at amortised cost</b>					
Amounts due from subsidiary companies	16	–	–	18	133
Amount due from an associate	17	–	2,258	–	2,258
Trade receivables	20	525	656	–	–
Other receivables	21	66	125	30	15
Cash and cash equivalents	22	1,199	1,204	277	98
		<b>1,790</b>	<b>4,243</b>	<b>325</b>	<b>2,504</b>
<b>Financial liabilities measured at amortised cost</b>					
Trade payables and accruals	23	2,795	2,834	635	703
Other payables <sup>(1)</sup>	24	216	287	96	141
Amount due to holding company	25	11,131	9,822	11,131	9,822
Amounts due to subsidiary companies	26	–	–	197	103
		<b>14,142</b>	<b>12,943</b>	<b>12,059</b>	<b>10,769</b>

<sup>(1)</sup> excludes advances from capital injection from non-controlling interest

### 35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares.

No changes were made in the objectives, policies and processes during the years ended 31 December 2021 and 31 December 2020.

	Group	
	2021 US\$'000	2020 US\$'000
Trade payables and accruals (Note 23)	2,795	2,834
Other payables (Note 24)	2,204	2,226
Amount due to holding company (Note 25)	11,131	9,822
Less: - Cash and cash equivalents (Note 22)	(1,199)	(1,204)
<b>Net debt</b>	<b>14,931</b>	<b>13,678</b>
Equity attributable to owners of the Company	1,378	7,133
<b>Total capital</b>	<b>1,378</b>	<b>7,133</b>
Capital and net debt	16,309	20,811
Gearing ratio	92%	66%

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 36. Segment information

The Group has two (2020: 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 FINANCIAL STATEMENTS

31 December 2021

### 36. Segment information (cont'd)

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to the operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Financial information about business segments is presented as follows:

	Electronics Distribution		Technology Investments and Others		Adjustments and eliminations		Consolidated	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Revenue</b>								
Sale to external customers	2,247	2,061	-	-	-	-	2,247	2,061
<b>Segment Results</b>								
Depreciation of property, plant and equipment	(128)	138	(780)	(1,200)	-	-	(908)	(1,062)
Property, plant and equipment written off	(1)	-	-	(1)	-	-	(1)	(1)
Impairment loss on trade receivables	(1)	-	-	-	-	-	(1)	-
Impairment loss on other receivables	(3)	(1)	-	-	-	-	(3)	(1)
Impairment loss on intangible assets	-	-	(86)	(20)	-	-	(86)	(20)
Impairment loss on amounts due from an associate	-	-	(34)	-	-	-	(34)	-
Interest expense	-	-	(2,258)	(115)	-	-	(2,258)	(115)
Interest income	-	-	(2)	(217)	-	-	(2)	(217)
Share of results of an associate	-	-	20	-	-	-	20	-
Write-back of stock obsolescence	-	-	(2,274)	(3,733)	-	-	(2,274)	(3,733)
Loss before taxation	3	2	-	-	-	-	3	2
Taxation	(130)	139	(5,414)	(5,286)	-	-	(5,544)	(5,147)
Loss for the year								
							(37)	(57)
							(5,581)	(5,204)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 36. Segment information (cont'd)

	Electronics Distribution		Technology Investments and Others		Adjustments and eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets and liabilities:</b>								
Segment assets	1,711	1,846	13,566	18,018	–	–	15,277	19,864
Total assets							15,277	19,864
Segment liabilities	425	529	15,779	14,429	–	–	16,204	14,958
Unallocated liabilities							49	46
Total liabilities							16,253	15,004

Segment assets consist primarily of non-current and current assets and exclude tax recoverable. Segment liabilities comprise mainly operating liabilities and exclude taxation liabilities.

# NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 36. Segment information (cont'd)

### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore	181	86	–	34
Greater China	1,873	1,841	1	3
United States of America	–	–	13,217	15,491
Others	193	134	–	–
	<b>2,247</b>	<b>2,061</b>	<b>13,218</b>	<b>15,528</b>

Non-current assets information presented above consist of intangible assets, property, plant and equipment and investment in an associate as presented in the consolidated statement of financial position.

### Information about a major customer

Revenue from a major customer amounted to US\$394,000 (2020: US\$627,000), arising from sale by the electronics distribution segment.

## 37. Legal contingencies

### (i) Legal matters relating to an ex-employee of the Group

On 7 February 2019, an ex-employee of the Group had written to quantify his claim for the purpose of seeking a settlement for negotiations over certain disputes. The employee, who was terminated in 2018, is claiming US\$3,750,000 relating to employment and shareholder disputes which arose in 2018.

On 18 June 2019, the ex-employee filed a complaint in an administrative proceeding with the California Labor Commissioner's Office ("CLCO") for the amount of US\$750,000 for his commission and bonus for the years 2017 and 2018. On 19 November 2019, the amount claimed was revised to US\$1,553,000 for his commission, bonus claims and late payment penalty.

On 7 July 2020, the ex-employee had filed a similar claim with Superior Court of California for his alleged unpaid commission and bonus, and also losses and damages allegedly due to wrongful actions of the defendants. Subsequently, the Group filed a motion to compel arbitration at the Federal Court. On 28 October 2020, the Federal Court in the United States District Court for the Northern District of California ("Federal Court") ruled in favor of the Group to compel arbitration where the case can only be arbitrated in Hong Kong. As the ex-employee did not appeal within the 30 days period, the Federal Court's ruling had become final, and is binding on the Superior Court of California. At the date of financial statements, the ex-employee had not filed any claims for arbitration in Hong Kong. In January 2021, the ex-employee has tried to re-open an administrative proceeding with California Labor Commissioner's office.

Management has assessed the facts and circumstances surrounding the claim and is of the view that the claim is unmeritorious and unlikely to be successful, given the Federal Court's order compelling the dispute to arbitration in Hong Kong, and has assessed that it is possible, but not probable, that the claim will succeed.

On 20 April 2021, the Labor Commissioner Office had dismissed the case due to lack of jurisdiction.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

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### 37. Legal contingencies (cont'd)

(ii) Legal matters relating to an ex-consultant of the Group

In April 2020, an ex-consultant contacted EoCell Inc requesting compensation under the Consulting Agreement in respect of the investment made by YinLong in EoCell Limited (parent company of EoCell Inc) which was completed in May 2019. In May 2020, the ex-consultant made a demand on Eocell inc, asserting that he was owed payment in lieu of services rendered to the Group. On 20 May 2020, the ex-consultant's counsel issued a written demand letter, asserting a claim for breach of contract relating to the Consulting Agreement and demanding settlement offer of \$375,000.

On 3 February 2021, the ex-consultant filed a Complaint to the Superior Court of California for a claim of 2.5% to 3.0% of \$20,000,000 plus interest (\$500,000 to \$600,000). Subsequently on 19 March 2021, a formal claim has been served to EoCell inc by the ex-consultant.

Management has assessed the facts and circumstances of the claim and is of the view that the claim is unmeritorious and is unlikely to be successful, and has determined that it is possible, but not probable, that the claim will succeed.

In July 2021, the case was settled out of court for an amount of \$100,000.

(iii) Legal matters relating to a dispute from an ex-employee of the Group

On 26 October 2022, the Company's indirect subsidiaries Nanjing DTB Development Co., Ltd. ("DTB Nanjing"), and Jiangsu Longjiang Ship Building Co., Ltd. ("Jiangsu Longjiang") jointly received a Request For Litigation from the Nanjing Gulou District People's Court ("Request For Litigation").

The Request For Litigation is in relation to a dispute from an ex-employee, who was previously employed by Jiangsu Longjiang to DTB. In the Request For Litigation, it is alleged that Jiangsu Longjiang owes him accrued and unpaid labor remuneration, overtime pay, fixed subsidies and executive benefits worth RMB 2,544,250.57 ("Alleged Debt"). As Jiangsu Longjiang is a wholly owned subsidiary of DTB Nanjing and the two companies share the same office address as well as the same management and finance teams and ex-employee alleges that the two companies should be jointly responsible for the Alleged Debt owed by Jiangsu Longjiang.

On 20 April 2023, the court had awarded RMB1,149,258 (equivalent to US\$180,361) to the ex-employee.

The Company had appealed to the court. However, management has assessed the circumstances and has determined that it is probable that the appellate court may uphold the original judgement.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 38. Subsequent event

- (i) On 2 February 2022, EoCell, Inc. (“EoCell”), an associate of the Company has entered into a Master Development Agreement with Morrow Batteries AS to commercialize a best-in-class prismatic battery for the automotive industry. The collaboration is expected to deliver a market-leading battery that can be produced at scales sufficient to meet the high requirements of the world’s leading electric vehicle manufacturers.
- (ii) On 8 June 2022, EoCell, an associate of the Company has entered into a Non-Binding Letter of Intent with a publicly traded special purpose acquisition corporation (“SPAC”) for the purposes of consummating a business combination transaction (“Transaction”).

Following the Transaction negotiations, in the event that a definitive agreement is signed, and the Transaction is completed, it is expected that, inter alia, the SPAC will acquire EoCell by reverse triangular merger, or by similar structure as mutually agreed by the parties, and the shareholders of EoCell will become shareholders of the SPAC.

As the Company has an indirect interest in EoCell, the Company will accordingly have an indirect interest in the SPAC upon the completion of the Transaction.

The Company has announced that following negotiations, no definitive agreement was entered into and the parties to the Transaction has decided that they will no longer be proceeding with the Transaction on 9 February 2023.

- (iii) On 10 June 2022, EoCell, an associate of the Company has entered into a Memorandum of Understanding (“MOU”) with Hong Seng Consolidated Berhad, a company incorporated under the laws of Malaysia that is listed on the Main Market of Bursa Malaysia Securities Berhad (“Hong Seng”, together with EoCell the “Parties”) and is involved in various sectors including but not limited to manufacturing. The MOU sets out the Parties’ understanding of the key terms relating to the project whereby the Parties shall work together to build and create a regional manufacturing hub in Malaysia to manufacture batteries for electric vehicles (“EV”) and progress to other power storage solutions for EV and to supply to EV manufacturers, assemblers, users in the South East Asian region (“Project”) subject to the terms and conditions of the MOU.
- (iv) On 20 July 2023, the Company has applied to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for a further extension to 31 August 2023 to hold its FY2021 AGM and 31 October 2023 to hold its FY2022 AGM pursuant to Rule 707(1) of the SGX-ST Listing Manual (“Further Applications”).

Despite the Company having previously submitted an application for an extension of time to hold its annual general meeting for FY2022 on 28 April 2023, the Company was notified by the SGX-ST on 11 May 2023 that they are unable to grant the Company the extension of time to comply with Rule 707(1) of the Listing Manual by 30 November 2023 in respect of the Company’s AGM for FY2022 taking into consideration that the Company has been in breach of Rule 707(1) in relation to its FY2021 AGM since 7 September 2022. The Company has submitted an appeal on 12 May 2023.

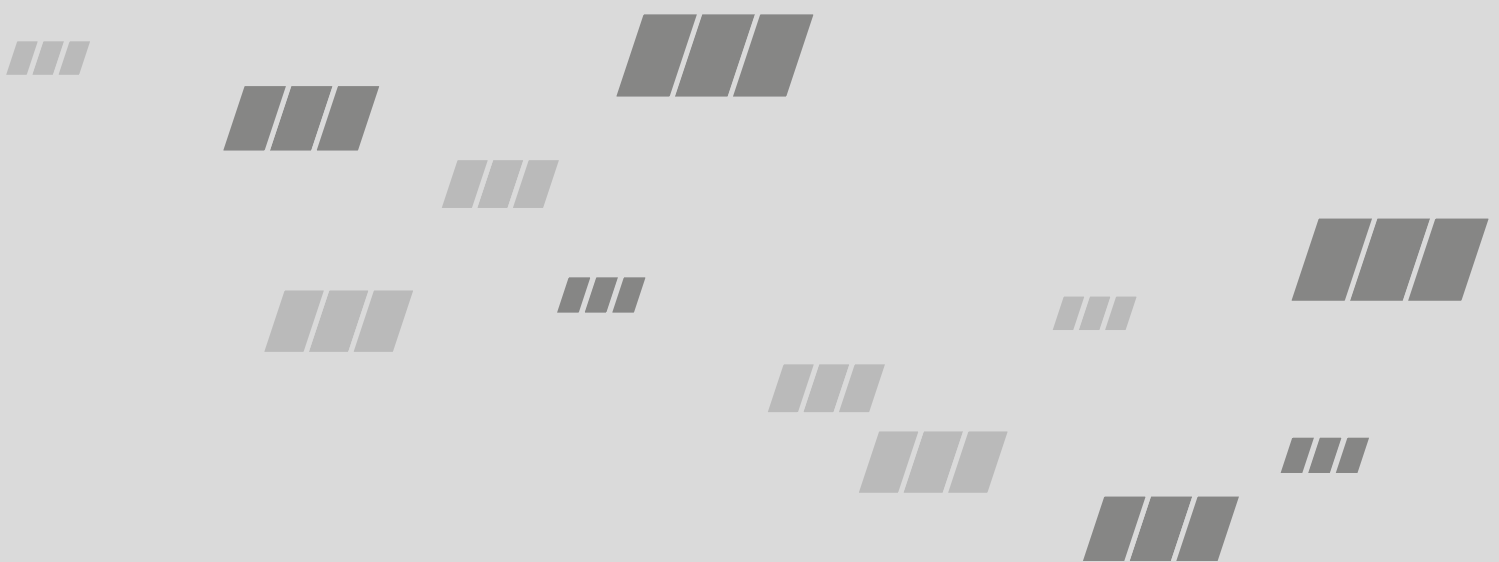
### 39. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 15 August 2023.

# APPENDIX 3

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## THE PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO RT LLP





## APPENDIX DATED 16 AUGUST 2023

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Appendix is circulated to Shareholders of Dragon Group International Limited (the “**Company**”) together with the Company’s annual report (“**Annual Report**”). Its purpose is to explain to shareholders of the Company (“**Shareholders**”) the rationale and provide information relating to the proposed change of auditors to be tabled at the annual general meeting (“**AGM**”) to be held on 31 August 2023 at 9.00 a.m.

If you have sold or transferred all your ordinary shares in the capital of Dragon Group International Limited held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser of the transferee as arrangement will be made by CDP for a separate Appendix to be sent to the purchaser or the transferee. If you have sold or transferred all your ordinary shares in the capital of Dragon Group International Limited, you should immediately forward this Appendix, the Notice of AGM and the Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The legal advisers appointed by the Company for the purpose of the corporate action set out in this Appendix is Mr Ng Li Yong, WNLEX LLC.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the accuracy of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.



## **DRAGON GROUP INTERNATIONAL LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199306761C)

### **APPENDIX TO SHAREHOLDERS**

#### **IN RELATION TO**

#### **THE PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO RT LLP**

### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	: 28 August 2023 at 9.00 a.m.
Date and time of the AGM	: 31 August 2023 at 9.00 a.m.
Place of the AGM	: The Annual General Meeting will be held at Lifelong Learning Institute, Event Hall 2-1, 11 Eunos Road 8, Singapore 408601

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## DEFINITIONS

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The following definitions apply throughout in this Appendix except where the context otherwise requires: -

“ <b>Accountants Act</b> ”	The Accountants Act 2004 of Singapore, as amended, supplemented or modified from time to time
“ <b>ACRA</b> ”	Accounting and Corporate Regulatory Authority of Singapore
“ <b>AGM</b> ”	The annual meeting of the Company to be held on 31 August 2023 at 9.00 a.m., the notice of which is set out on Appendix 5 of the Annual Report 2021
“ <b>Audit Committee</b> ”	The Audit Committee of the Company as at the date of this Appendix
“ <b>Appendix</b> ”	This Appendix to Shareholders dated 16 August 2023
“ <b>Auditors</b> ”	The auditors of the Company as appointed from time to time
“ <b>Board</b> ”	The board of directors of the Company as at the date of this Appendix
“ <b>CDP</b> ”	The Central Depository (Pte) Limited
“ <b>Company</b> ”	Dragon Group International Limited
“ <b>Companies Act</b> ”	The Companies Act 1967, as amended, modified or supplemented from time to time
“ <b>Constitution</b> ”	The constitution of the Company, as may be amended or modified from time to time
“ <b>Director</b> ”	A director of the Company as at the date of this Appendix or at any relevant time as the case may be
“ <b>EY</b> ”	Ernst & Young LLP
“ <b>FY</b> ”	Financial year ended or ending 31 December
“ <b>Group</b> ”	The Company and its subsidiaries
“ <b>Latest Practicable Date</b> ”	10 August 2023, being the latest practicable date prior to the printing of this Appendix
“ <b>Listing Manual</b> ”	The SGX Listing Manual, as amended, modified or supplemented from time to time
“ <b>Notice of AGM</b> ”	The Notice of AGM as set out on Appendix 5 of the Annual Report 2021
“ <b>Ordinary Resolution</b> ”	The ordinary resolution in relation to the Proposed Appointment of RT LLP as auditor of the Company in place of EY
“ <b>Proposed Appointment of Auditors</b> ”	The proposed change of auditors of the Company from EY to RT
“ <b>RT</b> ”	RT LLP
“ <b>SFA</b> ”	Securities and Futures Act 2001, as amended, modified, or supplemented from time to time
“ <b>SGX-ST</b> ”	Singapore Exchange Securities Trading Limited
“ <b>Shareholders</b> ”	Registered holders of Shares, except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
“ <b>Shares</b> ”	Ordinary shares in the share capital of the Company
“ <b>%</b> ” or “ <b>per cent.</b> ”	Percentage or per centum
“ <b>S\$</b> ”, “ <b>\$</b> ” and “ <b>cents</b> ”	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

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## DEFINITIONS

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The expressions “**related corporation**”, “**subsidiary**” and “**Substantial Shareholder**” shall have the meaning ascribed to them respectively in the Companies Act.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA and the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA and the Listing Manual or modification as the case may be, unless otherwise provided.

Any reference in this Appendix to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise stated.

# DRAGON GROUP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199306761C)

## Directors:

Mr Chong Man Sui  
(*Non-Executive Director and Independent Chairman*)  
Dr Kenneth Yu Keung Yum  
(*Non-Executive and Independent Director*)  
Dato' Sri Mohd Sopiyan B Mohd Rashdi  
(*Non-Executive and Independent Director*)  
Mr Soh Pock Kheng  
(*Non-Executive and Non-Independent Director*)

## Registered Office:

1 Robinson Road #18-00  
AIA Tower  
Singapore 048542

Date: 16 August 2023

## To: The Shareholders of Dragon Group International Limited

Dear Sir / Madam,

### THE PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO RT LLP

#### 1. INTRODUCTION

- 1.1 The Board is convening the AGM to be held on 31 August 2023 to seek the approval of the Shareholders for the Proposed Change of Auditors.
- 1.2 The purpose of this Appendix is to provide Shareholders with relevant information pertaining to above-mentioned proposal and the rationale thereof, and to seek Shareholders' approval for the same as an ordinary resolution at the AGM to be convened, the notice of which is set out on Appendix 5 of the Annual Report 2021.

#### 2. THE PROPOSED CHANGE OF AUDITORS

##### 2.1 Background and rationale

The Company's current Auditors, EY, have been the Auditors of the Company since the financial year ended 31 December 2000 and was last re-appointed at the AGM held on 31 May 2021, to hold office until the conclusion of the next annual general meeting of the Company. The appointment of EY as auditors of the Company will therefore expire upon conclusion of the AGM.

EY Audit Partner had informed the Audit Committee ("AC") that EY would not be seeking re-appointment during the 23 February 2023 AC Meeting. EY had been considering for quite some time to step down as the auditor of the Group. In light of EY's retirement and as part of good corporate governance initiatives as well as the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board conducted a cost rationalisation exercise and is of the view that it would be timely to effect a change of Auditors subject to Shareholders' approval.

The management of the Company had sought and obtained quotations and proposals from several reputable audit firms. The Board, in consultation with the Audit Committee, having considered the suitability of the audit firms and the needs of the Company and Group, has nominated and recommended RT to replace EY as the Auditors.

In particular, RT was selected amongst various other audit firms which had provided their quotations and proposals to the Company, after taking into account, *inter alia*, the adequacy of the resources and experience of RT, the audit engagement partner assigned to the audit, the other audit engagements of RT, the Group's audit requirements (taking into consideration the size and complexity of the Group) and the number and experience of supervisory and professional staff to be assigned to the audit. The Board and Audit Committee have also considered the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of the proposed appointment, and are of the opinion that RT will be able to fulfil the audit requirements of the Company and the Group without compromising the quality and effectiveness of the audit of the Company and the Group.

The Group expects the Proposed Change of Auditors to result in cost savings of approximately 32% in audit fees with the change in Auditors. The Proposed Appointment of Auditors is not expected to affect the quality of the audit to be undertaken and there will be no change in the scope of audit to be undertaken by RT.

EY will retire as Auditors upon the conclusion of the AGM. RT has, on 8 August 2023, given their consent to act as Auditors, subject to Shareholders' approval at the AGM.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of RT as Auditors in place of EY must be specifically approved by Shareholders in a general meeting.

Accordingly, the appointment of RT as Auditors will therefore take effect upon the date of approval of Shareholders at the AGM. RT, if appointed, will hold office until the conclusion of the next annual general meeting of the Company.

The Board wishes to express its appreciation for the past services rendered by EY.

## 2.2 Information on RT and the Audit Engagement Partner

*The information on RT and the audit engagement partner provided below was provided to the Company by RT and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

RT LLP started as a partnership operating under the name of Soh, Wong & Partners in 1985. Over the years, the partnership acquired other practices. In 2000, it changed its name to LTC & Associates, and it converted to a limited liability partnership (LLP) in 2008 with the approval of ACRA. With that conversion, it changed its name to LTC LLP. In August 2013, with re-branding, the firm changed its name from LTC LLP to RT LLP with the vision to focus on high value clients with complex advisory needs and to develop an ASEAN strategy with a regional focus. RT LLP has acted as statutory auditors for more than 70 companies listed on SGX-ST over the years. It currently acts as the statutory auditors for 12 companies listed on SGX-ST.

RT LLP has been a member of one of the top global accounting associations, BKR International since the late 1980s. BKR International was formed in 1989 as the result of a merger of National CPA Group, based in the United States of America, and several members of the primarily European DHR International. It has a combined strength of more than 160 independent accounting and business advisory firms in over 500 offices and 80 countries. The member firms are monitored at regular intervals to ensure that standards are maintained. BKR International was ranked seventh in the International Accounting Bulletin's (IAB) 2022 World Survey for global associations.

RT LLP is also a leading, well established and dynamic public accounting practice in Singapore that is a member of RT ASEAN, which is a network of multi-disciplinary business solution providers. RT ASEAN was founded by RT LLP. RT ASEAN, headquartered in Singapore, is the first global professional network in Asia to be recognised as a member of Forum of Firms.

The Forum of Firms is an association of networks of international accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, including the use of International Standards on Auditing, and the maintenance of appropriate quality management standards in accordance with International Standards on Quality Management issued by the International Auditing and Assurance Standards Board. Through their organisations, members also conduct globally coordinated internal quality assurance reviews on a regular basis and have policies and methodologies that conform to the Code of Ethics for Professional Accountants. The Transnational Auditors Committee is the Executive Committee of the Forum of Firms and a committee of the International Federation of Accountants. All partners and directors of RT LLP are experienced in cross-border work, and have developed considerable expertise in advising individuals, owner-managers, small and medium-sized businesses, public sector entities and/or listed companies. The partners, directors and staff of RT LLP are from diverse geographic cultural, academic and professional backgrounds with a shared purpose of striving for excellence in the delivery of public accounting and other professional services. Its team of qualified and experienced professionals endeavour to deliver unique and pragmatic solutions that are tailored to specific requirements of its clients and to meet statutory obligations. Currently, RT LLP in Singapore, has 5 audit partners, 3 directors and about 50 professional staff.

For information about RT LLP, please visit [www.rtasean.sg](http://www.rtasean.sg).

For information on RT ASEAN, please visit: <https://rtasean.com>.

For information on the Forum of Firms and RT ASEAN membership, please visit: <https://www.ifac.org/who-we-are/committees/transnational-auditors-committee-forum-firms>.

For information on BKR International, please visit: <https://bkr.com>.

RT LLP will assign a team comprising three partners (including a lead engagement partner (Mr Kenneth Ng), an engagement quality control partner (Miss Heng Sot Leng) and advisory partner (Mr Andrew Chua Yong Qiang)), one senior manager, one assistant manager, one senior and two associates with respect to the audit of the Group. RT has agreed to set aside adequate resources to work on this engagement as soon as their appointment is approved by the shareholders of the Company in the coming FY2021 AGM and to enable the Company to hold its FY2022 AGM by 31 October 2023.

Mr Kenneth Ng ("**Kenneth**"), who is the Head of Audit of RT LLP will be the Audit Partner-in-Charge. He is a Chartered Accountant with the Institute of Singapore Chartered Accountants (ISCA) and CPA Australia. He is also a certified Public Accountant, approved by ACRA. He graduated with a Bachelor of Commerce with a double major in Accounting and Taxation from Curtin University in Australia.

Kenneth has more than 10 years of experience working in Big Four audit firms in Singapore, Brunei and Malaysia of which he has more than 5 years working experience at a managerial level. In the earlier part of Kenneth's career, he was a Senior Audit Manager overseeing engagements in both listed and private companies clients across a wide range of industries such as banking, fund management, oil and gas, telecommunication, shipping, fast moving consumer goods (FMCG) and manufacturing. As audit engagement partner or engagement leader, Kenneth has experience in assessing valuation or impairment assessment of investment in associated companies.

Kenneth was involved in the audit of the Group prior to joining RT and is currently the Engagement Partner of the following SGX listed companies: -

Client	Industry	Financial year ended	Size of Company <sup>1</sup>	Status of Audit	Partner
Fuxing China Group Limited And Its Subsidiaries	Zipper production which involves dyeing, plating and weaving	31/12/2022	Larger	Completed	Engagement Partner
Khong Guan Limited And Its Subsidiaries	Trading of wheat flour and other edible products and investment holding	31/7/2023	Similar	On going	Engagement Partner
Incredible Holdings Ltd. and Its Subsidiaries	Distribution of equipment and consumable materials for the electronics industry	31/12/2022	Smaller	Completed	Engagement Partner
Ntegrator Holdings Limited and Its Subsidiaries	Provision of network infrastructure and voice communication services	31/12/2022	Similar	Completed	Engagement Partner
Shanghai Turbo Enterprises Ltd and Its Subsidiaries	Precision Engineering Manufacturer	31/12/2022	Smaller	On going	Engagement Partner
Zixin Group Holdings Limited and Its Subsidiaries	Sweet potato biotech-focused value chain operator	31/3/2023	Similar	Completed	Engagement Partner
Anan International Limited and Its Subsidiaries	Investments holding of its oil distribution business	31/12/2022	Larger	Just started	Engagement Partner

Note:

<sup>1</sup> Size of the listed company as compared to the Group.

Other than financial auditing, Kenneth is also experienced in advising clients on International Financial Reporting Standards (IFRS) conversions, Reverse Takeovers (RTO), Initial Public Offering (IPO) and financial due diligence projects.

Currently, Kenneth serves as the Vice Chairman of ESG Committee of the BKR International – Asia Pacific region. He is also the Regional Managing Director and a member of the EXCO of RT ASEAN Singapore.

Kenneth's Public Accountant ("PA") license (registration number: 02097) was issued on 19 April 2023 and he has not been selected for the Practice Monitoring Programme ("PMP") review as of to date.

### 2.3 Compliance with Rule 712 of the Listing Manual and the Companies Act

In compliance with Rules 712(1) and 712(2) of the Listing Manual, the Board, for the reasons set out in Paragraph 2.1 and having regard to the information on RT and the audit engagement partner in Paragraph 2.2 above, are of the view that RT is a suitable auditing firm to meet its audit obligations, having regard to:

- (a) the adequacy of the resources and experience of RT;
- (b) the experience of the audit engagement partner-in-charge assigned to the audit;
- (c) RT's other audit engagements;
- (d) the size and complexity of the Group;
- (e) the number and experience of supervisory and professional staff assigned to the audit; and
- (f) that RT is approved under the Accountants Act.

Pursuant to Section 205 of the Companies Act, a copy of the notice of nomination of the proposed new Auditor dated 1 August 2023 from a Shareholder is attached as Annex 1 to this Appendix.

### 2.4 Compliance with Rule 715 of the Listing Manual

Following Shareholders' approval of the Proposed Change of Auditors, RT will be the Auditors of the Company and Singapore-incorporated subsidiaries. The Company's significant subsidiaries incorporated in Taiwan and Hong Kong will be audited by Yuan Teng CPAs & Consulting Inc and K.C. Fok & Company respectively.

The Board and Audit Committee are satisfied that the appointment of different audit firms for its significant subsidiaries incorporated in Taiwan and Hong Kong would not compromise the standard and effectiveness of the audit of the Company, and that Yuan Teng CPAs & Consulting Inc and K.C. Fok & Company are suitable auditing firms for its Taiwan and Hong Kong subsidiaries. Accordingly, the Board confirms that Rule 715 of the Listing Manual will be complied with.

## 2.5 Confirmations pursuant to Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the Company confirms that there were no disagreements with EY on accounting treatments within the last twelve (12) months up to the date of this Appendix;
- (b) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Appendix;
- (c) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed in Section 2.1 of this Appendix;
- (d) the Company confirms that it is or will be in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of RT as the Company's new auditors.

Note: RT is currently in the midst of seeking professional clearance from EY. The Company will strive to obtain comments from EY on whether there are any issues that they will be raising to RT and will make necessary announcements within 5 days from the date of Appendix.

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct interest		Deemed Interest	
	Number of Shares	Shareholding (%) <sup>(1)(2)</sup>	Number of Shares	Shareholding (%) <sup>(1)(2)</sup>
<b>Directors</b>				
Mr Chong Man Sui	-	-	-	-
Dr Kenneth Yu Keung Yum	-	-	-	-
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	-	-	-	-
Mr Soh Pock Kheng <sup>(3)</sup>	4,400,000	1.26	709,000	0.20
<b>Substantial Shareholders</b>				
ASTI Holdings Limited	142,579,302	40.98	-	-

### **Notes:**

- (1) Based on 347,944,511 Shares in issue as at the Latest Practicable Date.
- (2) Rounded to the nearest two decimal places.
- (3) Deemed interested in 709,000 shares held by nominees.

None of the Directors or Substantial Shareholders have any interest, whether direct or indirect (other than through their respective shareholding interests in the Company), in the Proposed Change of Auditors.

## 4. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of RT as Auditors of the Company in place of EY, after taking into consideration the suitability and independence of RT to meet the audit requirements of the Group, the factors set out in Paragraph 2 of this Appendix, and compliance with the requirements of the relevant Listing Manual.

## 5. DIRECTORS' RECOMMENDATION

The Directors having considered, among other things, the rationale and benefit of the Proposed Change of Auditors as well as the recommendation of the Audit Committee, is of the opinion that the Proposed Change of Auditors is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Change of Auditors at the AGM.

## 6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on Appendix 5 of the Annual Report 2021, will be held at Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601 on 31 August 2023 at 9.00 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the Ordinary Resolution set out in the Notice of AGM.



## 7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, the Proxy Form must be submitted to the Company in the following manner: a) if submitted by post, be lodged with the Company at 33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868; or b) if submitted electronically, be submitted via email to the Company at [agm2021@dragongp.com](mailto:agm2021@dragongp.com), in either case not less than 48 hours before the time appointed for the AGM. The submission of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked. A Depositor shall not be regarded as a member entitled to attend, speak and vote at the AGM unless his name appears in the Depository Register 72 hours before the time appointed for holding the AGM.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of Appendix would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following are available for inspection at the registered office of the Company at 33 Ubi Avenue 3 #08-69, Vertex, Singapore 408868 during normal business hours from the date of this Appendix up to and including the date of the AGM: -

- (a) Constitution of the Company;
- (b) RT's letter to the Company in respect of their consent to act as Auditors dated 8 August 2023.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to [agm2021@dragongp.com](mailto:agm2021@dragongp.com) to make an appointment in advance.

Yours faithfully  
For and on behalf of the Board of  
**DRAGON GROUP INTERNATIONAL LIMITED**

Mr Chong Man Sui  
Non-Executive Chairman

## ANNEX 1 – NOTICE OF NOMINATION

1 August 2023

The Board of Directors  
Dragon Group International Limited  
33 Ubi Avenue 3  
#08-69 Vertex  
Singapore 408868

Dear Sirs

Notice of Nomination

Pursuant to the provisions of Section 205 of the Companies Act 1967, I, Seah Chong Hoe, in my capacity as a member of Dragon Group International Limited (the "Company"), hereby give notice of my nomination of **RT LLP** of 70 Shenton Way #07-15, Eon Shenton, Singapore 079118, for appointment as Auditors of the Company in place of the retiring Auditor, Ernst & Young LLP of 1 Raffles Quay, #18-01 Singapore 048583 at the forthcoming Annual General Meeting of the Company to be held on 31 July 2023 or at any adjournment thereof.

Yours faithfully,



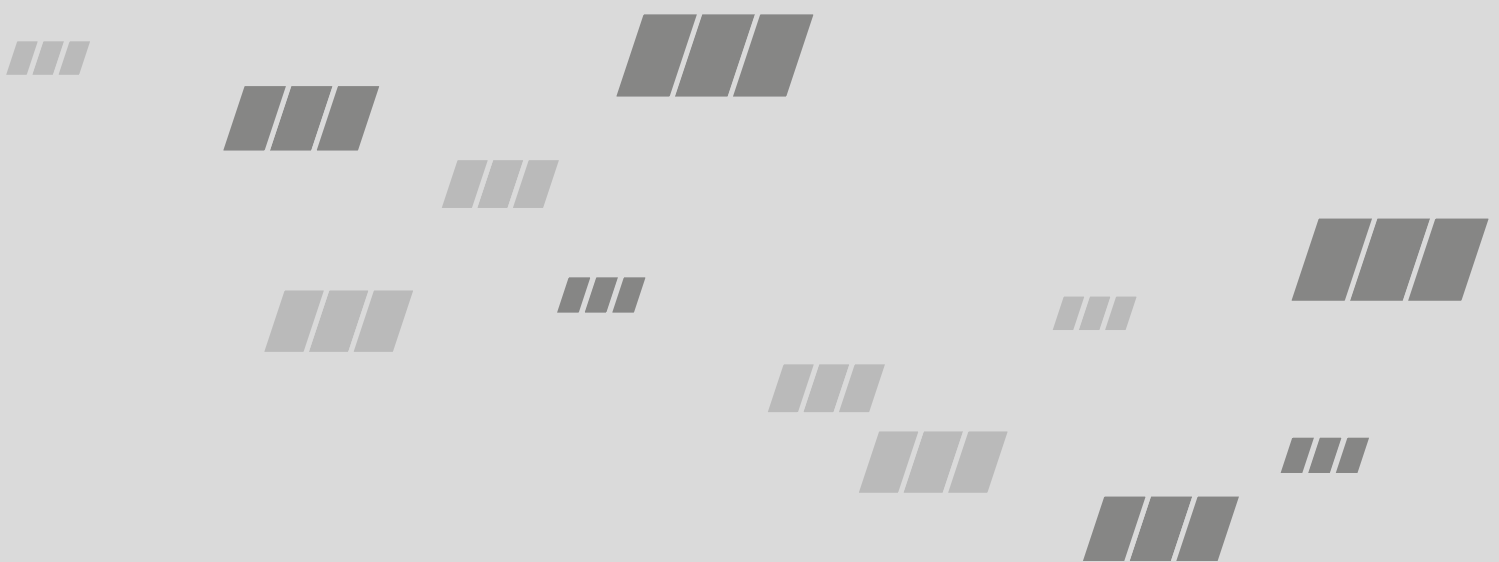
SEAH CHONG HOE  
Member, DRAGON GROUP INTERNATIONAL LIMITED



# APPENDIX 4

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## STATISTICS OF SHAREHOLDINGS



# STATISTICS OF SHAREHOLDINGS

As at 10 August 2023

Number of Equity Securities	:	347,944,511
Number of Treasury Shares	:	Nil
Class of Equity Securities	:	Ordinary shares
Voting Rights	:	One vote per share

The Company does not have any treasury shares or subsidiary holdings.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	151	4.35	5,791	0.00
100 - 1000	1,679	48.40	751,049	0.22
1,001 - 10,000	1,050	30.27	3,338,173	0.96
10,001 - 1,000,000	553	15.94	64,249,232	18.46
1,000,001 and above	36	1.04	279,600,266	80.36
<b>Total</b>	<b>3,469</b>	<b>100.00</b>	<b>347,944,511</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

S/No	Name	No. of Shares	%
1.	ASTI HOLDINGS LIMITED	142,579,302	40.98
2.	RAFFLES NOMINEES (PTE.) LIMITED	21,035,009	6.05
3.	DBS NOMINEES (PRIVATE) LIMITED	14,232,509	4.09
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	11,137,100	3.20
5.	UOB KAY HIAN PRIVATE LIMITED	8,051,853	2.31
6.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,831,100	1.96
7.	ABN AMRO CLEARING BANK N.V.	6,135,000	1.76
8.	NG YEW NAM	5,000,000	1.44
9.	LIM HOCK GUAN	4,727,000	1.36
10.	RAMESH S/O PRITAMDAS CHANDIRAMANI	4,663,600	1.34
11.	SOH POCK KHENG	4,400,000	1.26
12.	TAY PECK CHUAN LEONG	3,576,000	1.03
13.	KHOO HO TONG	3,500,000	1.01
14.	PHILLIP SECURITIES PTE LTD	3,259,640	0.94
15.	KOH CHIN HWA	3,000,000	0.86
16.	MAYBANK SECURITIES PTE. LTD.	2,641,503	0.76
17.	FIRST CITY LOGISTICS PTE LTD	2,500,000	0.72
18.	LIM GUAN TECK VICTOR	2,500,000	0.72
19.	TAN LING	2,450,000	0.70
20.	FIONA SOH SIOK LAN MRS LIM GUAN TECK	2,373,000	0.68
<b>Total</b>		<b>254,592,616</b>	<b>73.17</b>

## SUBSTANTIAL SHAREHOLDERS (As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%	Total %
ASTI Holdings Limited	142,579,302	40.98	-	-	40.98

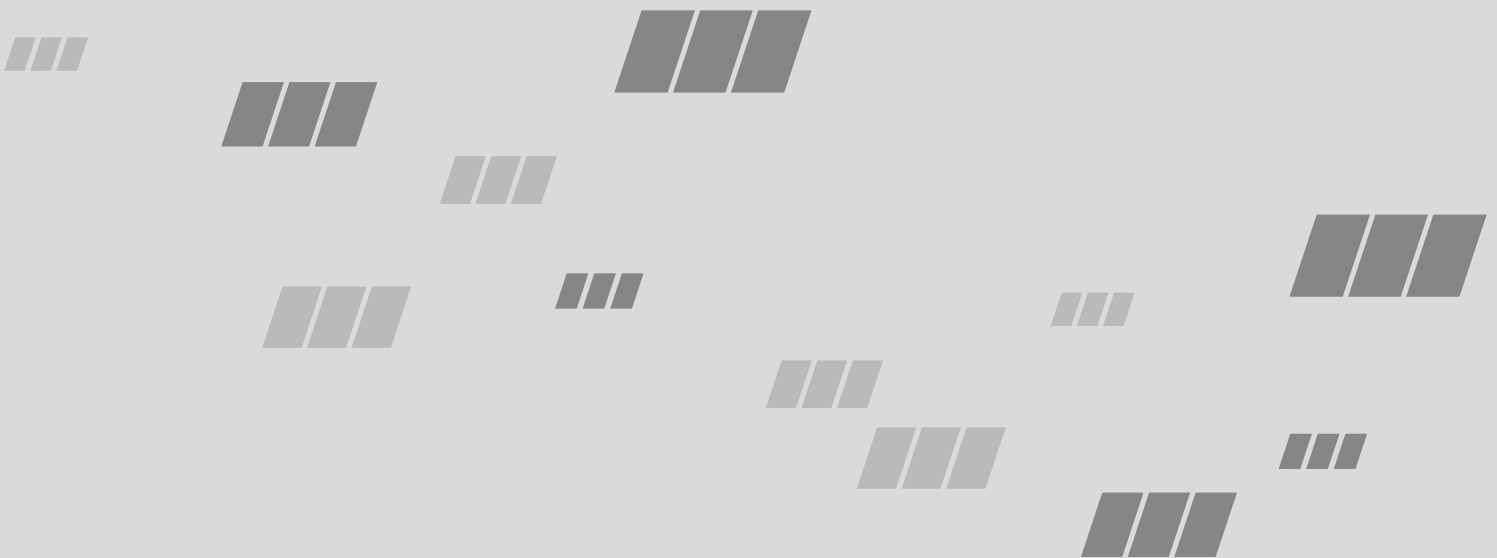
## PERCENTAGE SHAREHOLDING IN PUBLIC'S HAND (RULE 723)

59.02% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# APPENDIX 5

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## NOTICE OF ANNUAL GENERAL MEETING



# NOTICE OF ANNUAL GENERAL MEETING

## DRAGON GROUP INTERNATIONAL LIMITED

(Company Registration No. 199306761C)

(Incorporated in the Republic of Singapore with limited liability)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Dragon Group International Limited (the “**Company**”) will be convened at **Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601**, on **Thursday, 31 August 2023 at 9.00 a.m.** for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Dato’ Sri Mohd Sopiyan B Mohd Rashdi who is retiring pursuant to Regulation 89 of the Constitution of the Company.  
[See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Chong Man Sui and Mr Soh Pock Kheng who are retiring pursuant to Regulation 88 of the Constitution of the Company.  
Mr Chong Man Sui  
[See Explanatory Note (ii)] **(Resolution 3)**  
Mr Soh Pock Kheng  
[See Explanatory Note (iii)] **(Resolution 4)**
4. Contingent upon the passing of Ordinary Resolution 2 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual Section B: Rules of Mainboard (“**Mainboard Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which took effect from 1 January 2022, Shareholders to approve the continued appointment of Dato’ Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third Annual General Meeting from the aforesaid approval.  
[See Explanatory Note (iv)] **(Resolution 5)**
5. Contingent upon the passing of Ordinary Resolutions 2 and 5 and pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which take effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Dato’ Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval.  
[See Explanatory Note (iv)] **(Resolution 6)**
6. To approve the payment of Directors’ fees of S\$102,185 for the year ended 31 December 2021 (2020: S\$154,568). **(Resolution 7)**
7. To appoint Messrs RT LLP as the Auditors of the Company in place of Messrs Ernst & Young LLP, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Directors of the Company to fix their remuneration.  
[See Explanatory Note (v)] **(Resolution 8)**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

#### 9. **AUTHORITY TO ALLOT AND ISSUE SHARES IN THE SHARE CAPITAL OF THE COMPANY**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 2(a) or 2(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)]

**(Resolution 9)**

**By Order of the Board**

Dayne Ho Chung Wei and Ted Teo Yi Xiang  
Joint Company Secretaries  
Singapore, 16 August 2023



## Explanatory Notes:

- (i) Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon approval by shareholders by way of a two-tier voting process for his continued appointment as an Independent Director (as further elaborated below) and his re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Mainboard Rules. Dato' Sri Mohd Sopiyan B Mohd Rashdi will remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.
- (ii) Mr Chong Man Sui will, upon re-election as a Director of the Company, remain as the Independent and Non-Executive Chairman, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees, and will be considered independent.
- (iii) While Mr Soh Pock Kheng was appointed to serve as a Director of the Company on 29 June 2022, after the close of FY2021, the Company is however voluntarily subjecting Mr Soh Pock Kheng to re-election pursuant to the AGM for FY2021 to allow the shareholders the chance of determining if Mr Soh Pock Kheng should continue to be allowed to serve as a Director of the Company.
- (iv) Pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which took effect from 1 January 2022, Dato' Sri Mohd Sopiyan B Mohd Rashdi, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates. While Rule 210(5)(d)(iii) has since been deleted pursuant to "Transitional Practice Note 4 Transitional Arrangements Regarding the Tenure Limit for Independent Directors" ("**Transition Practice Note 4**") from 11 January 2023, Rule 210(5)(d)(iii) which took effect from 1 January 2022 would have been in force had the company's AGM been held during the course of 2022. The Company is therefore now voluntarily subjecting itself to Rule 210(5)(d)(iii) to give shareholders a chance to confirm the independence of the independent directors who have served for more than 9 years. Transitional Practice Note 4 of the Mainboard Rules of SGX-ST provides that during the period between 11 January 2023 and the date of the Company's AGM for the financial year ending on or after 31 December 2023 ("**Transitional Period**"), directors who have served for more than nine years can remain as independent directors so long as they meet the requirements in Rules 210(5)(d)(i) and 210(5)(d)(ii). Ordinary Resolutions 5 and 6, if passed, will enable Dato' Sri Mohd Sopiyan B Mohd Rashdi to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018. Resolution 5 is conditional upon Resolution 6 being duly approved, else the aforesaid director will be designated as a Non-Independent Director.
- (v) The Ordinary Resolution 8 in item 7 above relates to the appointment of Messrs RT LLP as the Auditors of the Company, in place of the retiring Messrs Ernst & Young LLP, and to hold office until the conclusion of the next annual general meeting of the Company. In accordance with Rule 1203(5) of the Listing Manual of the SGX-ST:
  - (a) the Company confirms that there were no disagreements with Messrs Ernst & Young LLP on accounting treatments within the last 12 months;
  - (b) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the shareholders of the Company;
  - (c) The Proposed Change of Auditors is due to Messrs Ernst & Young LLP declining to continue to serve as the Auditors of the Company; and
  - (d) the Company confirms that it has complied with Rule 712 and 715.
- (vi) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST and any subsequent bonus issue, consolidation or subdivision of shares.

## Notes:

1. A member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the Annual General Meeting (“AGM”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
3. The instrument appointing a proxy, duly completed and signed, must either be (a) submitted by mail to **DRAGON GROUP INTERNATIONAL LIMITED**, at **33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868**; or (b) submitted by email to **agm2021@dragongp.com**, not later than **9.00 a.m. on 28 August 2023** (72 hours before the time set for the AGM).
4. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
7. A member of the Company who holds his/her shares through a Relevant Intermediary\* (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM (i.e. by 9.00 a.m. on 22 August 2023).

## **Submission of questions prior to the Annual General Meeting**

1. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 9.00 a.m. on 23 August 2023 by email to **agm2021@dragongp.com** or by post to **DRAGON GROUP INTERNATIONAL LIMITED** at **33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868**. The Company will endeavour to address substantial and relevant questions and will upload the Company's responses to the queries from shareholders on the SGXNet and Company's website by 25 August 2023.
2. If the questions are deposited in physical copy at the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/ its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

\*A Relevant Intermediary is:

- (a) *a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or*
- (b) *a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or*
- (c) *the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

## **Miscellaneous:**

All documents relating to the AGM including Annual Report and the accompanying proxy form together with the Notice of AGM will be published on SGXNET and also made available for download from the Company's corporate website at [https://www.dragongp.com/PDF/AR2021\\_DGI.pdf](https://www.dragongp.com/PDF/AR2021_DGI.pdf). **There will not be any printed copy of Annual Report for FY2021.**

## **Personal data privacy:**

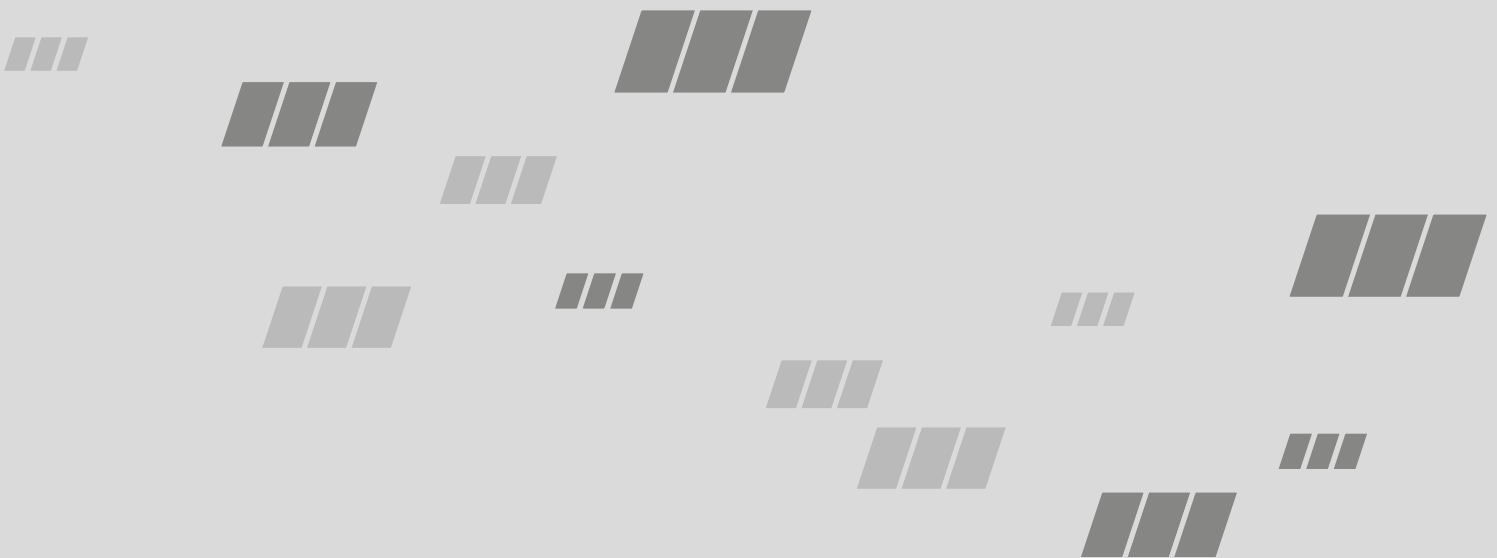
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



# APPENDIX 6

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2021

## PROXY FORM





# DRAGON GROUP INTERNATIONAL LIMITED

(Company Registration No. 199306761C)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 6 for the definition of "relevant intermediary")
2. The Meeting will be held, in a wholly physical format, at Lifelong Learning Institute, Event Hall 2-1, 11 Eunos Road 8 Singapore 408601, on Thursday, 31 August 2023 at 9.00 a.m. There will be no option for shareholders to participate virtually.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We\*, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (Address)

being a member/ members of **Dragon Group International Limited** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our\* proxy/proxies\* to vote for me/us\* on my/our\* behalf at the Annual General Meeting of the Company to be convened at Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601, on **Thursday, 31 August 2023 at 9.00 a.m.** and at any adjournment thereof. I/We direct my/our\* proxy/proxies\* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/her\* discretion.

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.)

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of Directors' Report and Audited Financial Statements for the year ended 31 December 2021 ("FY2021")			
2	Re-election of Dato' Sri Mohd Sopiyan B Mohd Rashdi as a Director of the Company			
3	Re-election of Mr Chong Man Sui as a Director of the Company			
4	Re-election of Mr Soh Pock Kheng as a Director of the Company			
5	To approve the continued appointment of Dato' Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director by all shareholders			
6	To approve the continued appointment of Dato' Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates)			
7	Approval of Directors' fees amounting to S\$102,185 for FY2021 (FY2020: S\$154,586)			
8	Appointment of Messrs RT LLP as Auditors in place of the retiring Messrs Ernst & Young LLP			
9	Authority to allot and issue shares in the share capital of the Company			

Note: Voting will be conducted by poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ August \_\_\_\_\_ 2023

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\*Delete where inapplicable

Important: Please read notes overleaf

## Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. The instrument appointing a proxy, duly completed and signed, must either be (a) submitted by mail to **DRAGON GROUP INTERNATIONAL LIMITED** at **33 Ubi Avenue 3, Vertex, #08-69, Singapore 408868**; or (b) submitted by email to **agm2021@dragongp.com**, not later than 9.00 a.m. on 28 August 2023 - 72 hours before the time set for the Annual General Meeting (the "AGM").
3. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
4. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
5. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
6. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes **at least seven (7) working days before the AGM (i.e. by 9.00 a.m. on 22 August 2023)** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

"**relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

7. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which this proxy form shall be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore.

## PERSONAL DATA PRIVACY:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 August 2023.

## General:


The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.







**DRAGON GROUP INTERNATIONAL LIMITED**

A member of  **ASTI**

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#08-69 Vertex  
Singapore 408868  
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Website : [www.dragongp.com](http://www.dragongp.com)  
(Co. Reg. No. 199306761C)