A NEW HORIZON

Annual Report 2022

DRAGON GROUP INTERNATIONAL LIMITED

A member of ASTI

Contents

About DGI

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.

Letter To Shareholders and Operations Review

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.

Dear Shareholders,

Our present position has not changed from the previous year's reporting despite the world's emergence from the pandemic. The ongoing global tensions and the rising interest rates have created treacherous grounds for many businesses. The latest conflict between Palestine and Israel has added to the risks and uncertainties surrounding the world.

Currently, investors' interests are focused in the areas of managing climate change, automation and robotics, health and pharmaceuticals and alternative energy. Not being in any of these areas, inevitably there are lower interests in the Group. We were a trading and distribution company serving technology needs primarily in China. This is no longer relevant given the changes in the region's technology landscapes. Correspondingly, the team faces higher barriers in their efforts to find solutions for the Group.

The above does not mean that the last twelve months have been static. On the contrary, the team was preoccupied with meeting regulatory and compliance needs. Furthermore, despite the barriers and hindrances, we have completed our annual reporting, albeit with some delays to our schedule.

As we move into the new financial year, we do not expect the operating landscape to improve. There will be many more challenges ahead. Nonetheless, we will remain vigilant and committed to searching for viable solutions for DGI.

In closing, I would like to thank all our shareholders, business associates and our team for their trust in DGI. I look forward to your support in the new financial year and will keep you informed of any new developments within the DGI Group.

OPERATIONS REVIEW

INCOME STATEMENT

Revenue of US$2.7 million in FY 2022 was higher than last year, mainly due to higher demand.

The gross profit margin dropped from 20.5% to 16.7% due to changes in the sales mix.

Selling & marketing ("S&M") costs remained constant.

General and administrative ("G&A") costs decreased mainly due to write-back of impairment loss on investment in an associate.

Finance costs increased in FY2022 due to increase in interest charges.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Assets
The increase in investment in associate was due to write-back of impairment loss on investment in an associate.

Inventories decreased due to change in purchasing strategy.

Trade receivables was higher in FY2022 due to longer receivables turnover.

Liabilities
Trade payables and accruals were lower mainly due to settlement of trade payables.

The increase in amount due to holding company was mainly due to foreign exchange volatility on the Singapore Dollar loan amount.

Equity
As at 31 December 2022, the Group had negative US$3.2 million in shareholders' equity.

CASHFLOW

The Group utilised US$0.2 million for its operating activities.

As at 31 December 2022, cash and cash equivalents amounted to US$1.0 million.

OUTLOOK

The global economic uncertainties have increased due to the ongoing Ukraine and Russian war and the recent Israeli Palestinian war in Gaza. At our doorstep is the slow down in China's economy which is affecting many businesses across Asia. Hence, while we will continue with our search for an exit solution, we foresee that these impediments will raise the barriers that will slow down our efforts. We will keep our shareholders duly informed as and when we find an acceptable solution.

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, 60
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, 76
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 Chong Man Sui, 66
Non-Executive Acting Chairman and Independent Director
Remuneration Committee Chairman

Bachelor of Science in Engineering, National Taiwan University

Mr 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

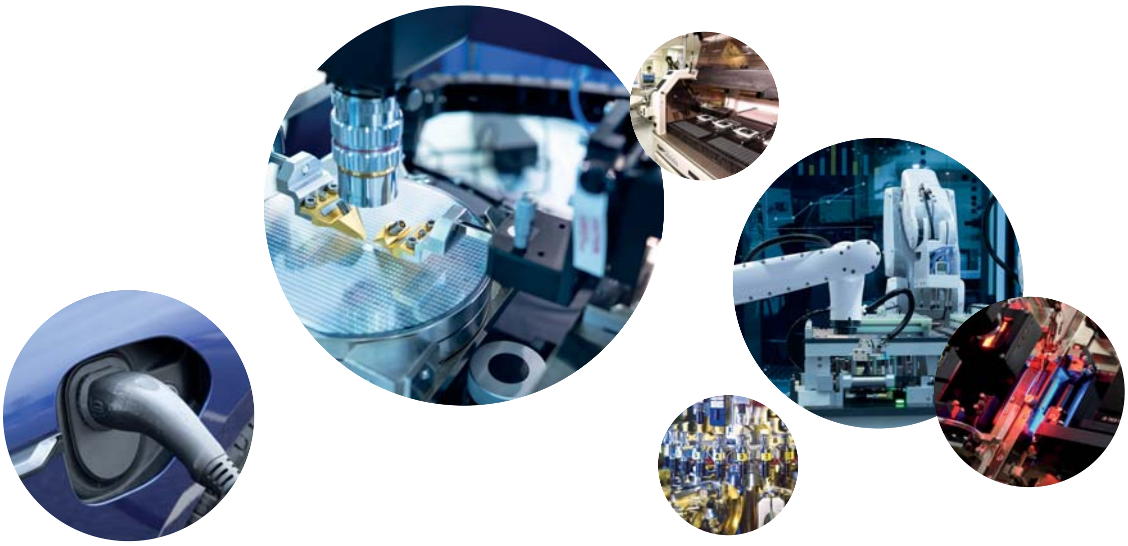
Mr Soh Pock Kheng, 53
Non-Executive and Non-Independent Director

Diploma in Electronics Engineering, Ngee Ann Polytechnic

Mr 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	2022	2021	2020
	US$'000	US$'000 (Restated)	US$'000
Group Income Statement			
Revenue	2,710	2,247	2,061
Profit/(Loss) before taxation	5,973	(14,585)	(5,147)
Profit/(Loss) attributable to Owners of the Company	5,954	(14,622)	(5,195)
Group Balance Sheets			
Non-Current Assets	11,179	4,177	15,528
Current Assets	1,750	2,059	4,336
Total Assets	12,929	6,236	19,864
Current Liabilities	4,985	5,122	15,004
Non-Current Liabilities	11,172	11,131	-
Total Liabilities	16,157	16,253	15,004
Equity Attributable to Owners of the Company	(1,017)	(7,663)	7,133
Non-Controlling Interests	(2,211)	(2,354)	(2,273)
Total (Deficit)/Equity	(3,228)	(10,017)	4,860
Profit/(Loss) per share (cents)	1.7	(4.2)	(1.5)
Net (Liabilities)/Assets Value per share (cents)	(0.3)	(2.2)	2.1
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
Financial Ratios			
Return on Average Shareholders' Fund (%)	(137)	5,518	(52)
Gearing Ratio (%)	107	205	66
Current Ratio (Times)	0.35	0.40	0.29

Corporate Information

BOARD OF DIRECTORS

Mr Chong Man Sui
Acting Chairman and Independent Director

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Lead Independent Director

Dr Kenneth Yu Keung Yum
Independent Director

Mr Soh Pock Kheng
Non-Independent Director

AUDIT COMMITTEE

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Chairman

Dr Kenneth Yu Keung Yum
Mr Chong Man Sui

NOMINATING COMMITTEE

Dr Kenneth Yu Keung Yum
Chairman

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

REMUNERATION COMMITTEE

Mr Chong Man Sui
Chairman

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

COMPANY SECRETARY

Ng Li Yong

REGISTERED & 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

RT LLP
Public Accountants and Chartered Accountants
70 Shenton Way
#07-15 Eon Shenton
Singapore 079118

AUDIT PARTNER-IN-CHARGE:

Kenneth Ng Boon Chong
(Since the financial year ended 31 December 2022)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

APPENDIX 1

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2022

Dragon Group International Limited (the "**Company**") and its subsidiaries (collectively, 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 financial year ended 31 December 2022 ("**FY2022**"), 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 FY2022 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;
- constructively challenge and review the Management's performance;
- ensure that the necessary resources are in place for the company to meet its strategic objectives;
- 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;
- instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture;
- 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 groups and ensuring transparency and accountability to them, 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.

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 term loans and lines of credit 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 disclose such conflicts and 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.

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 Chief Financial Officer and Financial Controller of ASTI Holdings Limited (the "Holding Company") 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. The Company is currently still in the midst of searching for a suitable candidate to be appointed 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 to 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.

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-making.

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 of the Holding Company, as the CEO position has not been filled following the retrenchment of the Acting CEO in FY2021.

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

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.

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 FY2022 are set out below:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of Meetings	**4**	**4**	**1**	**3**
Directors				
Dr Kenneth Yu Keung Yum	4	4	1	3
Dato' Sri Mohd Sopiyan B Mohd Rashdi	4	4	1	3
Mr Chong Man Sui	4	4	1	3
Mr Soh Pock Kheng**	2	2*	-	-

* *By Invitation*
** *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.

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	31 August 2023
Mr Chong Man Sui	Independent Director & Acting Non-Executive Chairman	3 September 2021	31 August 2023
Mr Soh Pock Kheng*	Non-Independent Director	29 June 2022	31 August 2023

* *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:

Dr Kenneth Yu Keung Yum	Independent Director
Mr Chong Man Sui	Independent Director
Mr Soh Pock Kheng	Non-Independent Director

In recommending the re-election of Dr Kenneth Yu Keung Yum, Mr Chong Man Sui and Mr Soh Pock Kheng, 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.

Dr Kenneth Yu Keung Yum will, upon re-election as a Director, remain as Independent Director of the Company, Chairman of NC and a member of AC 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 Director 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 FY2022, the NC and the Board, having considered the provisions set out in the Code, have confirmed the independence of the following Directors:

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 Listing Manual, where a director who has been a director for an aggregate period of more than 9 years may continue to be considered independent until the conclusion of the AGM for the financial year ending 31 December 2023. As AGM for FY2022 will take place between 11 January 2023 and the conclusion of the AGM for financial year ending 31 December 2023 (the "**Transitional Period**"), under Transition Practice Note 4, Rules 210(5)(d)(iii) and (iv) of the Listing Manual is only applicable at the end of the Transitional Period, making only Rules 210(5)(d)(i) and (ii) of the Listing Manual applicable during the Transitional Period for determining a director's independence.

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, the NC and Board will take the necessary steps to ensure compliance with the Listing Rules and Code.

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

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 FY2022, 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 Rashdi 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.

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 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 FY2022.

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.

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 2022

Directors	Remuneration (S$'000)	Fees (%)	Fixed Salary (%)	Variable Bonus (%)	Benefits & Allowance (%)	Total (%)
Dr Kenneth Yu Keung Yum	27	100%	0%	0%	0%	100%
Dato' Sri Mohd Sopiyan B Mohd Rashdi	28	100%	0%	0%	0%	100%
Mr Chong Man Sui#	37	100%	0%	0%	0%	100%
Mr Soh Pock Kheng##	10	100%	0%	0%	0%	100%

Mr Chong Man Sui has a service contract with ASTI Holdings Limited ("ASTI") for the services he provided to ASTI in FY2022. 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.

Remuneration of key management personnel for FY2022

Provision 8.1 sets out that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the CEO, and for at least the top five key management personnel (who are not directors or CEO), in bands no wider than S$250,000. As at the date of the Report, other than the Directors, the Company has no CEO or key management personnel.

There were no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors. The Company currently does not have any employee share option scheme in place.

There are no other employees who are immediate family members of a Director or a substantial shareholder, and whose remuneration exceeds S$100,000 in FY2022.

Directors' fees are also approved by shareholders at every AGM of the Company. The remuneration of the Executive Directors, if any, are reviewed by the RC and recommended to the Board for deliberation.

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.

The Board has received assurance from:

- the Chief Financial Officer and Financial Controller of the Holding Company that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2022 give a true and fair view of the Group's operations and finances; and
- 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.

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 has been carried out and are identified, and how the Company plans to manage or mitigate such risk is 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

<u>Audit Committee</u>

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 non-executive and 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.

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 and Financial Controller of the Holding Company, 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, RT LLP ("**RT**") two (2) times in 2023 as their appointment was only approved by Shareholders on 31 August 2023. 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.

The principal activities of the AC during FY2022 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 and Financial Controller of the Holding Company 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, RT, on behalf of the Board. There were no non-audit services provided by RT during FY2022. During FY2022, 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 RT be re-appointed as the External Auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of RT.

The fee related to the audit services provided by RT for FY2022 is US$90,000 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 RT for the Company took over the audit from Ernst & Young LLP for the financial year ended 31 December 2022. 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 RT or Baker Tilly is or has acted as a member of the company's AC.

Internal Audit

The internal audit function was outsourced to Baker Tilly in Singapore, 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, 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, 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.

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 in accordance with Section 189 of the Companies Act to be furnished copies of minutes of general meetings which will be on the corporate and the SGX website within one month from the AGM date.

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 FY2022 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 FY2022, 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.

There are no interested person transactions between an interested person and the Company, its subsidiaries or associated companies for FY2022.

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 transactions in accordance with Chapter 9 of the SGX-ST Listing Manual.

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

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DR KENNETH YU KEUNG YUM
Date of Initial Appointment	3 September 2021	29 June 2022	16 February 2011
Date of last reappointment (if applicable)	31 August 2023	31 August 2023	30 April 2021
Age	66	53	76
Country of principal residence	Hong Kong	Singapore	Hong Kong
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 Dr Kenneth Yu Keung Yum as a Non-Executive and Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dr Kenneth Yu'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

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DR KENNETH YU KEUNG YUM
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Acting Chairman • Remuneration Committee Chairman • Nominating Committee Member • Audit Committee Member	• Non-Executive and Non-Independent Director	• Non-Executive and Independent Director • Nominating Committee Chairman • Audit Committee Member • Remuneration Committee Member
Professional Qualifications	• Bachelor of Science in Engineering, National Taiwan University	• Diploma in Electronics Engineering, Ngee Ann Polytechnic	• PhD Electrical Engineering and Applied Physics, Stanford University
Working experience and occupation(s) during the past 10 years	2001-2016 Marketing Director - Dragon Technology Distribution HK Ltd	2007 - 2019 VP, Operations - Vansonic (Singapore) Pte Ltd 2019 - 2021 VP, Business Development - ASTI Group	2016 – 2018 Independent Director - ASTI Holdings Limited 2015 - 2018 Business Development Advisor - nwStor Limited 2015 – Current Executive Director - Sky1 Technology Limited
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)	• Acetech Solutions Limited • ASTI Holdings Limited • EoPlex Inc • Excelgood Holdings Inc. • FE Global Shanghai Limited • Flexcomm Ltd • Flex-In Electronics Macao Commercial Offshore Ltd • Smart Baylink Limited • Telford Shanghai	None	• EoCell Limited • Borischolle Ltd • Advanced Systems Automation Limited • Sky Master Corporation Ltd • Envoy1 Technology Corp
Present Directorships	• Advanced Systems Automation Limited • Asia Phoenix Angels Pte Ltd • ASTI HK Limited • Dragon D'illum Technologies Pte Ltd • Dragon Equipment and Materials Technology Ltd • Dragon Group International Limited • Dragon Venture Limited	• Vansonic (Singapore) Pte Ltd • VS Solutions (Singapore) Pte Ltd	• Dragon Group International Limited • Sky1 Technology Limited • World Bright Enterprise Limited

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DR KENNETH YU KEUNG YUM
Present Directorships – Cont'd	• DTB Limited • Eocell Limited • EoPlex Limited • Fenghuang Holdings Ltd • Jiansu Longjiang Ship Building Co., Ltd • KSMC Limited • Nanjing Dragon Tourism and Management Co., Ltd • Nanjing Dragon Treasure Boat Development Co., Ltd • Pixiu Holdings Ltd • Reel Service (UK) Limited • SCM Solutions Pte Ltd • Sooner Technology Pte Ltd • Spire Technologies Pte Ltd • Spire Technologies (Taiwan) Ltd • Telford Holding HK Limited • Telford Industries Pte Ltd • Telford Service Sdn Bhd		
(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

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DR KENNETH YU KEUNG YUM
(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
(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	No	No	No

NAME OF DIRECTORS	CHONG MAN SUI	SOH POCK KHENG	DR KENNETH YU KEUNG YUM
(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
(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 (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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	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
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. 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.	This is a re-election of director Not applicable	This is a re-election of director Not applicable	This is a re-election of director Not applicable
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 2022

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The Directors present their statement to the members of Dragon Group International Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (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 2022.

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 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) based on the information available as at the date of this statement and the assumption as disclosed in Note 2.1 "Basis of preparation", 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 twelve 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 twelve 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 the 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 their operations for the next twelve months from the date the financial statements are authorised for issuance.

The Board of Directors has, on the date of this statement, authorised these financial statements 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 (appointed on 29 June 2022)

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 Act 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 2023
The Company – Dragon Group International Limited ("DGI")		**Ordinary shares**	
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
The holding company – ASTI Holdings Limited ("ASTI")		**Ordinary shares**	
Soh Pock Kheng			
- held in name of Director	57,859,000	57,859,000	57,859,000
- held in name of Nominee	29,996,000	29,996,000	29,996,000

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 granted by the Company or its subsidiaries.

Audit Committee

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

1. Reviewed the audit plans of the external auditors of the Group and the Company;

2. Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management;

3. 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;

4. 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;

5. Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

6. Reviewed the nature and extent of non-audit services provided by the external auditor;

7. 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;

8. Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate;

9. 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

The auditors, RT LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Chong Man Sui	Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Director	Director
20 October 2023	

INDEPENDENT AUDITOR’S REPORT

For the year ended 31 December 2022

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

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 (the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement of the Group and the statement of changes in equity of the Company 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 the 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 Going Concern Assumption

The Group recorded a net operating cash outflow of US$204,000 for the financial year ended 31 December 2022 and as at that date, the Group’s and Company’s current liabilities exceeded its current assets by US$3,235,000 and US$1,100,000, respectively. The Group and the Company were in a net liabilities position of US$3,228,000 and US$1,093,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern.

As disclosed in note 2.1 to the financial statements, management has prepared the financial statements on a going concern basis based on an undertaking letter from ASTI Holdings Limited (the “Holding Company”) not to recall the amounts due to itself and provide continuing financial support to enable the Group and the Company to continue its operations for the next twelve months from the date of the financial statements.

On 24 August 2023, the Holding Company’s lawyers lodged legal proceedings against 8 defendants (including 4 requisitioning shareholders and 4 individuals) who held an extraordinary general meeting on 22 August 2023 and claim to have been appointed as incoming directors. On the same day, lawyers for the 4 requisitioning shareholders had also filed legal proceedings against the Holding Company’s incumbent directors and the Holding Company. Both legal proceedings have been fixed to be heard together before the Singapore High Court on 23 October 2023.

As of the date of our report, we are unable to ascertain whether the judgement for the legal proceedings, of which are still unknown, would have an impact on the ability of management to rely on the current undertaking by the Holding Company to not recall the amounts due to itself and provide continuing financial support to the Group and the Company for the next twelve months from the date of the financial statements. Accordingly, we were unable to ascertain the appropriateness of the going concern basis of preparation of the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 statements of financial position. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current.

Because of the significance of the uncertainties arising from the matters described above, we are unable to express an opinion on the accompanying financial statements.

Other matter

The financial statements for the financial year ended 31 December 2021 were audited by another firm of auditors who issued a disclaimer of opinion on those financial statements in their report dated 15 August 2023.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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

Report on the Audit of Financial Statements (Cont'd)

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 Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide 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 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 Mr. Kenneth Ng Boon Chong.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
20 October 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	Group 2022 US$'000	2021 US$'000 (Restated)
Revenue	6	**2,710**	2,247
Cost of sales		**(2,257)**	(1,787)
Gross profit		**453**	460
Other income	7	**58**	88
Selling and marketing costs		**(52)**	(57)
General and administrative costs		**6,589**	(12,815)
Finance (costs)/income, net	8	**(14)**	13
Share of results of an associate	5	**(1,061)**	(2,274)
Profit/(loss) before taxation	9	**5,973**	(14,585)
Taxation	10	**(19)**	(37)
Profit/(loss) after taxation		**5,954**	(14,622)
Profit/(loss) after taxation attributable to:			
Owners of the Company		**5,959**	(14,597)
Non-controlling interests		**(5)**	(25)
		5,954	(14,622)
Profit/(loss) per share attributable to owners of the Company			
Basic/diluted (cents)	11	**1.71**	(4.20)

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 2022

	Note	Group 2022 US$'000	Group 2021 US$'000 (Restated)
Profit/(loss) for the year		**5,954**	(14,622)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**835**	(255)
Total comprehensive income/(loss) for the year		**6,789**	(14,877)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**6,646**	(14,796)
Non-controlling interests		**143**	(81)
		6,789	(14,877)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group			Company		
		31 December 2022 US$'000	31 December 2021 US$'000 (Restated)	1 January 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000 (Restated)	1 January 2021 US$'000
ASSETS							
Non-current assets							
Intangible assets	12	**–**	–	34	**–**	–	34
Property, plant and equipment	13	**–**	1	3	**–**	–	–
Investments in subsidiaries	14	**–**	–	–	**–**	–	22
Investment in an associate	5	**11,179**	4,176	15,491	**11,179**	4,176	16,320
		11,179	4,177	15,528	**11,179**	4,176	16,376
Current assets							
Prepayments	15	**8**	8	8	**4**	5	4
Amounts due from subsidiaries	16	**–**	–	–	**17**	18	133
Amount due from an associate	17	**–**	–	2,258	**–**	–	2,258
Inventories	19	**97**	261	85	**–**	–	–
Trade receivables	20	**619**	525	656	**–**	–	–
Other receivables	21	**31**	66	125	**10**	30	15
Cash and cash equivalents	22	**995**	1,199	1,204	**107**	277	98
		1,750	2,059	4,336	**138**	330	2,508
TOTAL ASSETS		**12,929**	6,236	19,864	**11,317**	4,506	18,884
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables and accruals	23	**2,651**	2,795	2,834	**616**	635	703
Other payables	24	**2,218**	2,204	2,226	**289**	96	141
Amount due to the Holding Company	25	**–**	–	9,822	**–**	–	9,822
Amounts due to subsidiaries	26	**–**	–	–	**297**	197	103
Restructuring provision	27	**74**	74	76	**–**	–	–
Provision for taxation		**42**	49	46	**36**	35	27
		4,985	5,122	15,004	**1,238**	963	10,796
NET CURRENT LIABILITIES		**(3,235)**	(3,063)	(10,668)	**(1,100)**	(633)	(8,288)
Non-current liabilities							
Amount due to the Holding Company	25	**11,172**	11,131	–	**11,172**	11,131	–
		11,172	11,131	–	**11,172**	11,131	–
TOTAL LIABILITIES		**16,157**	16,253	15,004	**12,410**	12,094	10,796
NET (LIABILITIES)/ASSETS		**(3,228)**	(10,017)	4,860	**(1,093)**	(7,588)	8,088

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2022

		Group			Company		
	Note	**31 December 2022 US$'000**	31 December 2021 US$'000	1 January 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000	1 January 2021 US$'000
			(Restated)			(Restated)	
Equity attributable to owners of the Company							
Share capital	28	**59,970**	59,970	59,970	**59,970**	59,970	59,970
Capital reserve	29	**2,525**	2,525	2,525	**–**	–	–
Foreign currency translation reserve	30	**164**	(523)	(324)	**–**	–	–
Other reserve	29	**18**	18	18	**–**	–	–
Accumulated losses		**(63,694)**	(69,653)	(55,056)	**(61,063)**	(67,558)	(51,882)
		(1,017)	(7,663)	7,133	**(1,093)**	(7,588)	8,088
Non-controlling interests		**(2,211)**	(2,354)	(2,273)	**–**	–	–
TOTAL (DEFICIT)/EQUITY		**(3,228)**	(10,017)	4,860	**(1,093)**	(7,588)	8,088
TOTAL EQUITY AND LIABILITIES		**12,929**	6,236	19,864	**11,317**	4,506	18,884

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 2022

	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
2022								
Group								
At 1 January 2022 (Restated)	**59,970**	**2,525**	**(523)**	**18**	**(69,653)**	**(7,663)**	**(2,354)**	**(10,017)**
Profit for the year	–	–	–	–	5,959	5,959	(5)	5,954
Other comprehensive income								
Foreign currency translation	–	–	687	–	–	687	148	835
Other comprehensive income for the year, net of tax	–	–	687	–	–	687	148	835
Total comprehensive income for the year	–	–	687	–	5,959	6,646	143	6,789
At 31 December 2022	**59,970**	**2,525**	**164**	**18**	**(63,694)**	**(1,017)**	**(2,211)**	**(3,228)**

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 2022

	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
2021								
Group								
At 1 January 2021	59,970	2,525	(324)	18	(55,056)	7,133	(2,273)	4,860
Loss for the year (Restated)	–	–	–	–	(14,597)	(14,597)	(25)	(14,622)
Other comprehensive loss								
Foreign currency translation	–	–	(199)	–	–	(199)	(56)	(255)
Other comprehensive loss for the year, net of tax	–	–	(199)	–	–	(199)	(56)	(255)
Total comprehensive loss for the year (Restated)	–	–	(199)	–	(14,597)	(14,796)	(81)	(14,877)
At 31 December 2021 (Restated)	59,970	2,525	(523)	18	(69,653)	(7,663)	(2,354)	(10,017)

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 2022

	Share capital (Note 28) US$'000	Accumulated losses US$'000	Total (deficit)/equity US$'000
2022			
Company			
At 1 January 2022 (Restated)	**59,970**	**(67,558)**	**(7,588)**
Profit and total comprehensive income for the year	**–**	**6,495**	**6,495**
At 31 December 2022	**59,970**	**(61,063)**	**(1,093)**
2021			
Company			
At 1 January 2021	59,970	(51,882)	8,088
Loss and total comprehensive loss for the year (Restated)	–	(15,676)	(15,676)
At 31 December 2021 (Restated)	59,970	(67,558)	(7,588)

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

CONSOLIDATED CASH FLOW STATEMENT

31 December 2022

	Note	2022 US$'000	2021 US$'000
			(Restated)
Cash flow from operating activities			
Profit/(loss) before taxation		**5,973**	(14,585)
Adjustments for:			
Impairment loss on other receivables	21	**–**	86
(Write-back of)/provision for impairment loss on trade receivables	20	**(4)**	3
Impairment loss on the amount due from an associate	17	**–**	2,258
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	**(2)**	(3)
Interest expense/(income), net	8	**9**	(18)
(Write-back of)/provision for impairment loss on investment in an associate	5	**(8,064)**	9,041
Share of results of an associate	5	**1,061**	2,274
Effects of exchange rate changes		**683**	(428)
Operating cash flow before changes in working capital		**(343)**	(1,336)
Changes in working capital			
(Increase)/decrease in:			
Inventories		**166**	(173)
Trade and other receivables		**(55)**	321
Increase/(decrease) in:			
Trade and other payables		**37**	(89)
Restructuring provision		**–**	(2)
Amount due to the Holding Company		**13**	(167)
Cash used in operations		**(182)**	(1,446)
Interest received		**2**	–
Tax paid		**(24)**	(42)
Tax refunded		**–**	7
Net cash used in operating activities		**(204)**	(1,481)

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

CONSOLIDATED CASH FLOW STATEMENT

31 December 2022

	Note	2022 US$'000	2021 US$'000
			(Restated)
Cash flow from financing activities			
Loan from the Holding Company	25	**–**	1,476
Net cash generated from financing activities		**–**	1,476
Net decrease in cash and cash equivalents		**(204)**	(5)
Cash and cash equivalents at beginning of year		**1,199**	1,204
Cash and cash equivalents at end of year	22	**995**	1,199

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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" or the "Holding Company"), 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 3 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, ASTI received a delisting notification from SGX-ST and trading in ASTI'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 was previously located at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542. It has been changed to 33 Ubi Avenue 3, #08-69 Vertex, Singapore 408868 during the current year.

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 subsidiaries.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant accounting policies are described in Note 2.2.

These financial statements have been prepared on the historical cost basis, except as otherwise disclosed in the notes below.

The financial statements are presented in United States Dollars ("USD" or "US$"), which is the functional currency of the Company. All financial information presented in US$ have been rounded to the nearest thousand ("US$'000") except when otherwise indicated.

<u>Going concern uncertainty</u>

The Group recorded net profit of US$5,954,000 (2021: net loss of US$14,622,000) and a net operating cash outflow of US$204,000 (2021: US$1,481,000) for the financial year ended 31 December 2022 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US$3,235,000 (2021: US$3,063,000) and US$1,100,000 (2021: US$633,000), respectively. The Group and the Company were in a net liabilities position of US$3,228,000 (2021: US$10,017,000) and US$1,093,000 (2021: US$7,588,000), 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 2022

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

2.1 Basis of preparation (cont'd)

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

The Company has received an undertaking letter from the Holding Company not to recall the amounts due to itself and provide continuing financial support to enable the Group and the Company to continue its operations for the next twelve months from the date the financial statements.

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

The Company believes that the Holding Company would continue to provide financial support as there is still a possibility that the Group's associate, EoCell Limited, 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 twelve months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to continue as a going concern for the next twelve months. Notwithstanding the above, the Board of Directors has assessed and is of the view that it is appropriate that the financial statements of the Group and Company are to be prepared on a going concern basis.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current. No such adjustments have been made to these financial statements.

2.2 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 2022. 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 beyond 30 June 2021
- Amendments to SFRS(I) 3: Reference to Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

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:

Description	*Effective for annual periods beginning on or after*
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: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17: Insurance Contracts and Amendments to SFRS(I) 17: Insurance Contracts	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) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
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

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 2022

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 subsidiaries and the Group's interest in an associate. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period 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 (except for foreign currency transaction gains or losses) resulting from intra-group transactions are eliminated in full.

Subsidiaries 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 ("NCI") 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. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of activities and assets includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the consideration transferred (generally measured at fair value); plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally measured at fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree in the event of liquidation are measured at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets at the date of acquisition. The measurement basis taken is elected for each business combination. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Cost related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.5 Foreign currency

The Group's consolidated financial statements are presented in US$, 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 Group entities 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 to the functional currency at the exchange rates ruling at the reporting date. 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 reporting date 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 US$ at the rate of exchange ruling at the reporting date and their income and expenses 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 cumulative amount in the foreign currency translation reserve relating to that particular foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

2.6 Transactions with NCI

NCI represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling interests and NCI are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI 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 subsidiaries are accounted for at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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 membership with infinite useful lives are stated at cost less accumulated 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 property, 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 2022

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the lease of property, Group elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. 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 2022

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

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset (unless it is a trade receivable without a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables without a significant financing component is initially measured at the transaction price.

Subsequent measurement

Investments in debt instruments

Classification and 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 within a business model whose objective is to hold assets for the collection of contractual cash flows and the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at amortised cost. Financial assets at amortised cost are measured 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 within a business model whose objective is achieved by the collection of both contractual cash flows and selling the financial assets, and the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, 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 FVPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 FVOCI. 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 FVOCI, changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Investments in equity instruments (cont'd)

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 FVOCI. 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 FVOCI, changes in fair value are recognised in profit or loss.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset expires, or the Group transfers the rights to receive the contractual cash flows in a transaction which either substantially all of the risks and rewards of ownership of the financial asset are transferred, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 FVPL, 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.

(c) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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 FVPL 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.

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, 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 the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held), or contractual payments are 90 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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.

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 reporting date 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 of the transaction price 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date 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 subsidiaries, associates and 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 subsidiaries, 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 reporting date 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.17 Taxes (cont'd)

(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.

2.18 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. 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 rendered by employees.

(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.

(d) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

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 consolidated 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

Ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

2.22 Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates 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, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence 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 fair value of the investee's net 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, investments in associates are carried in the consolidated statement of financial position at cost, which includes transaction costs, 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 investments. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

2.23 Government grants

Government grants are recognised 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.

2.24 Finance costs and income

Interest income and expense is recognised using the effective interest method.

2.25 Adjustments to prior year figures

When preparing the financial statements for the financial year ended 31 December 2021, management has assessed that there were indicators of impairment in respect of the Group's and the Company's investment in an associate as at 31 December 2021. Management has determined the recoverable amount of the Group's and the Company's investment by estimating its fair value less costs of disposal using the market approach. Determining the fair value less costs of disposal requires the use of significant accounting estimates which involve heightened level of estimation uncertainty and complexity. 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 issuance of the financial statements for the year ended 31 December 2021.

Management has engaged another external valuer to assist in re-performing the evaluation of fair value less costs of disposal of the investment in the associate as of 31 December 2021. The fair value less costs of disposal of the investment, and thus its recoverable amount have been evaluated to be different from the amount as presented in the issued financial statements for the year ended 31 December 2021. As a result, certain amounts on the statements of financial position and the consolidated income statement and consolidated statement of comprehensive income have been restated as follow:

Statements of financial position

	Group			Company		
	As restated US$'000	Adjustments US$'000	As previously presented US$'000	**As restated US$'000**	Adjustments US$'000	As previously presented US$'000
31 December 2021						
Investment in an associate	**4,176**	(9,041)	13,217	**4,176**	(11,457)	15,633
Accumulated losses	**(69,653)**	(9,041)	(60,612)	**(67,558)**	(11,457)	(56,101)

Consolidated income statement

	Group		
	As restated US$'000	Adjustments US$'000	As previously presented US$'000
Year ended 31 December 2021			
General and administrative costs	**12,815**	(9,041)	3,774

Consolidated statement of comprehensive income

	Group		
	As restated US$'000	Adjustments US$'000	As previously presented US$'000
Year ended 31 December 2021			
Loss for the year	**(14,622)**	(9,041)	(5,581)
Total comprehensive loss for the year	**(14,877)**	(9,041)	(5,836)
Total comprehensive loss attributable to owners of the Company	**(14,796)**	(9,041)	(5,755)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant accounting judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect application of accounting policies and the reported amounts of income, expenses, assets and liabilities. Actual results may differ from these estimates.

In the process of applying the Group‘s accounting policies, management has made the following judgements, estimates and assumptions which has the most significant effect on the amounts recognised in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Impairment of investment in an associate

The Group assessed for impairment of its investment in an associate, EoCell Limited by comparing the recoverable value against its carrying amount. Recoverable value is the higher of the fair value less costs of disposal and the value-in-use of the investment. When the fair value of such investment cannot be determined from active markets, valuation techniques including prices and other relevant information generated by market transactions involving identical or comparable assets are used. The inputs to the valuation models are derived from market observable data where possible, but where this is not feasible, a degree of judgement is required to establish fair value. As at 31 December 2022, the Group and the Company performed an impairment assessment based on latest information and recognised a write-back of impairment loss of US$8,064,000 (2021: provision for impairment loss of US$9,041,000) and write-back of impairment loss of US$7,003,000 (2021: provision for impairment loss of US$12,144,000) on the Group’s and the Company’s investment in associate, respectively.

As at 31 December 2022, the Group’s and the Company’s carrying value of the investment in EoCell Limited was US$11,179,000 (2021: US$4,176,000) and US$11,179,000 (2021: US$4,176,000), respectively.

Expected credit losses (“ECL”) on trade receivables, amounts due from subsidiaries and amount due from an associate

The Group uses the general approach to calculate loss allowance provision on trade receivablesand amount due from an associate. The similar approach is uses by the Company to calculate loss allowance provision on amounts due from subsidiaries and amount due from an associate. The Group and the Company consider the probability of default upon initial recognition of the assets 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.

Details of ECL on trade receivables, amounts due from subsidiaries and amount due from an associate as at 31 December 2022 are disclosed in Note 20, Note 16 and Note 17, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Group companies

(a) The significant subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2022 %	2021 %
Held by the Company			
** 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
Held by subsidiaries:			
Held by DTB Limited			
** 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
Held by Dragon Ventures Limited			
# Dragon Tourism Management Company Limited (People's Republic of China)	Develop and manage a mixed-used property (People's Republic of China)	**100**	100
Held by Dragon Equipment & Materials Technology Ltd (Hong Kong)			
* Spire Technologies Pte Ltd (Singapore)	Importing, exporting, retailing and trading in electronic components and test consumables (Singapore)	**100**	100
** FE Global Shanghai Ltd (People's Republic of China)	Registered company in Shanghai free-trade-zone handling manpower services (People's Republic of China)	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Group companies (cont'd)

(a) The significant subsidiaries as at 31 December 2022 and 2021 are as follows (cont'd):

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2022 %	2021 %
Held by Spire Technologies Pte Ltd			
** Spire Technologies (Taiwan) Ltd (Taiwan)	Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan)	**60**	60

* Audited by RT LLP, Singapore
\# Not required to be audited in country of incorporation
** Audited by the following Certified Public Accounting firms:

Company	*Certified Public Accounting firm*
Spire Technologies (Taiwan) Ltd	YuanTeng CPAs & Consulting Inc
Dragon Equipment & Materials Technology Ltd	K.C. Fok & Company
DTB Limited	K.C. Fok & Company
Dragon Ventures Limited	K.C. Fok & Company
Nanjing DTB Development Co., Ltd	Jiangsu LiAnDaXingYe Certified Public Accountants Co., Ltd
FE Global Shanghai Ltd	Shanghai Gaoren Certified Public Accountants Partnership

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Group companies (cont'd)

(b) Interest in subsidiaries with material 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
31 December 2022:			
Nanjing DTB (People's Republic of China)	**40%**	**(29)**	**(2,607)**
Spire Taiwan (Taiwan)	**40%**	**23**	**396**
31 December 2021:			
Nanjing DTB (People's Republic of China)	40%	(66)	(2,767)
Spire Taiwan (Taiwan)	40%	41	413

There were no dividends paid to the above NCI during the years ended 31 December 2022 and 2021.

Significant restrictions:

There were no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material NCI 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 2022

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 NCI are as follows:

Summarised statements of financial position

	Nanjing DTB		Spire Taiwan	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Current				
Assets	**36**	38	**1,201**	1,207
Liabilities	**6,553**	6,955	**209**	175
Net current (liabilities)/assets	**(6,517)**	(6,917)	**992**	1,032
Net (liabilities)/assets	**(6,517)**	(6,917)	**992**	1,032

Summarised statements of comprehensive income

	Nanjing DTB		Spire Taiwan	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**–**	–	**2,103**	2,247
(Loss)/profit before income tax	**(70)**	(166)	**69**	130
Income tax expense	**–**	–	**(13)**	(27)
(Loss)/profit for the year	**(70)**	(166)	**56**	103
Other comprehensive income/(loss)	**475**	(155)	**(104)**	16
Total other comprehensive income/(loss) for the year	**405**	(321)	**(48)**	119

Other summarised information

	Nanjing DTB		Spire Taiwan	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Net cash flows (used in)/generated from operations	**(1)**	(6)	**18**	200

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Investment in an associate

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

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000 (Restated)	**US$'000**	US$'000 (Restated)
<u>EoCell Limited</u>				
Beginning balance	**4,176**	15,491	**4,176**	16,320
Share of results of the associate	**(1,061)**	(2,274)	**–**	–
Write-back of/(provision for) impairment loss	**8,064**	(9,041)	**7,003**	(12,144)
At 31 December	**11,179**	4,176	**11,179**	4,176

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2022 %	2021 %
Held by the Company			
** EoCell Limited (Hong Kong)	Investment holding (Hong Kong)	**40**	40
Held by the EoCell Limited			
** 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	K.C. Fok & Company
EoCell Inc	Armanino LLP

Summarised statement of financial position

	2022	2021
	US$'000	US$'000 (Restated)
Current assets	**2,572**	3,123
Non-current assets	**4,453**	3,957
Total assets	**7,025**	7,080
Current liabilities	**3,735**	917
Non-current liabilities	**4,145**	4,368
Total liabilities	**7,880**	5,285
Net assets	**(855)**	1,795
Proportion of the Group's ownership	**40%**	40%
Group's share of net assets	**(342)**	718
Goodwill	**11,521**	3,457
Others	**–**	1
Carrying amount of investment	**11,179**	4,176

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

5. Investment in an associate (cont'd)

Summarised statement of comprehensive income

The amounts below represent full year results of the associate:

	2022 US$'000	2021 US$'000
Revenue	**4,260**	–
Loss after tax for the year	**2,651**	5,686
Other comprehensive income	**–**	–
Total comprehensive loss for the year	**2,651**	5,686

Based on management's assessment, write-back of impairment loss amounting to US$8,064,000 (2021: provision for impairment loss of US$9,041,000) and US$7,003,000 (2021: provision for impairment loss of US$12,144,000) in relation to the Group and the Company's associate, respectively, were determined to be necessary as at the reporting date.

The Group had engaged an independent and professionally qualified valuation firm (the "Valuer") to perform the valuation of the associate for the purpose of impairment testing.

The Valuer had adopted the market approach as its primary approach to determine the fair value less cost of disposal of the investment.

The recoverable amount of the investment has been determined based on the fair value less cost of disposal.

In determining the fair value of the investee using the market approach, Enterprise Value to Sales ("EV/S") multiples with reference to multiples of comparable companies and backsolve method from recent transaction (2021: forward EV/S multiples) were adopted in the valuation. The comparable companies were selected based on similar industry or focusing on similar products as the investee. EV/S multiple was considered as the investee has been generating revenue from providing services to external parties in the current year (2021: forward EV/S multiple was considered as the investee was expected to generate revenue from providing services to external parties).

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).

The following table shows the valuation techniques, as well as the significant inputs used, in determining the fair value less cost of disposal of the investment:

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key inputs**
<u>2022</u>		The estimated fair value less cost of disposal would increase/(decrease) if:
Market comparables	EV/S multiples ranging from 7.0x to 8.0x	EV/S multiples were higher/(lower)
	Discount for lack of marketability ("DLOM") of 25%	DLOM was lower/(higher)
Backsolve method	Time to liquidity of 4.10 years	Time to liquidity was lower/(higher)
	DLOM ranging from 40% to 70%	DLOM was lower/(higher)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Investment in an associate (cont'd)

The following table shows the valuation techniques, as well as the significant inputs used, in determining the fair value less cost of disposal of the investment: (cont'd)

Valuation technique	Significant unobservable inputs	Inter-relationship between key inputs
2021		The estimated fair value less cost of disposal would increase/(decrease) if:
Market comparables	EV/S multiples ranging from 2.0x to 2.5x	EV/S multiples were higher/(lower)
	DLOM of 25%	DLOM was lower/(higher)

6. Revenue

Revenue is analysed as follows:

	Group	
	2022	2021
	US$'000	US$'000
Primary geographical markets		
Singapore	**205**	181
Greater China	**2,185**	1,873
Malaysia	**205**	141
Others	**115**	52
Sale of goods	**2,710**	2,247
Timing of transfer of goods or services		
At a point in time	**2,710**	2,247

Sales are made with variable considerations of commissions and sales returns. Commissions are intra-group in nature and are eliminated on the presentation of Group's consolidated financial statements. Sales returns for the year totaled to US$Nil (2021: US$81,000).

7. Other income

	Group	
	2022	2021
	US$'000	US$'000
Government incentives and grant incomes	**–**	6
Employment hosting	**23**	24
Expenses recharged to the Holding Company	**34**	35
Others	**1**	23
	58	88

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

8. Finance (costs)/income, net

	Group	
	2022	2021
	US$'000	US$'000
Bank charges	**(5)**	(5)
Interest income/(expense)		
- Cash and cash equivalents	**2**	–
- External parties	**(11)**	18
Total	**(14)**	13

9. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after (charging)/crediting:

		Group	
		2022	2021
	Note	**US$'000**	US$'000
			(Restated)
Depreciation of property, plant and equipment	13	**(1)**	(1)
Property, plant and equipment written off	13	**–**	(1)
Impairment loss on intangible assets	12	**–**	(34)
Write-back of/(provision for) impairment loss on trade receivables	20	**4**	(3)
Impairment loss on other receivables	21	**–**	(86)
Write-back of/(provision for) impairment loss on investment in an associate	5	**8,064**	(9,041)
Impairment loss on the amount due from an associate	17	**–**	(2,258)
Foreign exchange (loss)/gain		**(820)**	322
Write-back of stock obsolescence	19	**2**	3
Staff costs			
- Contributions to defined contribution plans		**(34)**	(83)
- Salaries, wages, bonuses and other costs		**(167)**	(864)
Legal, regulatory and professional fees		**(199)**	(84)
Audit fees			
- Auditor of the Company		**(90)**	(301)
- Other auditors		**(29)**	(40)
Management fees	31	**–**	(112)
Restructuring	27	**–**	(4)

10. Taxation

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022	2021
	US$'000	US$'000
Current taxation		
- Singapore	**(6)**	(10)
- Other countries	**(13)**	(27)
	(19)	(37)
Income tax expense recognised in profit or loss	**(19)**	(37)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

10. Taxation (cont'd)

A reconciliation of the domestic statutory tax rate to the effective tax rate applicable to profit/(loss) before taxation for the financial years ended 31 December 2022 and 2021 is as follows:

	Group	
	2022	2021
	%	%
		(Restated)
Domestic statutory tax rate	**17.00**	17.00
Tax effect of:		
Deemed income for tax purposes	**0.08**	(0.02)
Expenses not deductible for tax purposes	**8.05**	(17.51)
Income not subjected to tax	**(23.47)**	0.19
Effect of tax exemption	**(0.12)**	0.04
Different tax rates of other countries	**(0.68)**	0.15
Utilisation of losses brought forward	**(0.45)**	(0.07)
Others	**(0.08)**	(0.03)
Effective tax rate	**0.33**	(0.25)

As at 31 December 2022, deferred tax assets of US$1,286,000 (2021: US$1,283,000) in respect of unutilised tax losses amounting to approximately US$7,713,000 (2021: US$7,696,000) that are available for offset against future taxable profits of the companies in which the losses arose, have not 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.

There were no unrecognised tax liabilities as at 31 December 2022 and 2021.

11. Profit/(loss) per share

Basic profit/(loss) per share amounts are calculated by dividing the net profit/(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 profit/(loss) per share amounts are calculated by dividing the net profit/(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 profit/(loss) and share data used in the computation of basic and diluted profit/(loss) per share for the financial years ended 31 December:

	Group	
	2022	2021
	US$'000	US$'000
		(Restated)
Net profit/(loss) attributable to ordinary equity holders of the Company used in the computation of basic and diluted profit/(loss) per share	**5,959**	(14,597)
Weighted average number of ordinary shares in issue applicable to basic and diluted profit/(loss) per share	**347,945**	347,945
Basic and diluted profit/(loss) per share (cents)	**1.71**	(4.20)

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Intangible assets

Group/Company	Club memberships US$'000
Cost	
At 1 January 2021	99
Written off	(65)
At 31 December 2021, 1 January 2022 and 31 December 2022	**34**
Accumulated amortisation and impairment	
At 1 January 2021	65
Impairment loss	34
Written off	(65)
At 31 December 2021, 1 January 2022 and 31 December 2022	**34**
Net carrying amount	
At 31 December 2021	–
At 31 December 2022	**–**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

13. Property, plant and equipment

Group	Buildings US$'000	Plant and machinery US$'000	Office equipment US$'000	Construction-in-progress[(a)] US$'000	Total US$'000
Cost					
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 and 1 January 2022	2,437	269	193	9,277	12,176
Currency realignment	**(208)**	**(23)**	**(15)**	**(794)**	**(1,040)**
At 31 December 2022	**2,229**	**246**	**178**	**8,483**	**11,136**
Accumulated depreciation and impairment					
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 and 1 January 2022	2,437	269	192	9,277	12,175
Charge for the year	**–**	**–**	**1**	**–**	**1**
Currency realignment	**(208)**	**(23)**	**(15)**	**(794)**	**(1,040)**
At 31 December 2022	**2,229**	**246**	**178**	**8,483**	**11,136**
Net carrying amount					
At 31 December 2021	–	–	1	–	1
At 31 December 2022	**–**	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Company	Office equipment US$'000	Total US$'000
Cost		
At 1 January 2021	11	11
Written off	(3)	(3)
At 31 December 2021, 1 January 2022 and 31 December 2022	**8**	**8**
Accumulated depreciation and impairment		
At 1 January 2021	11	11
Written off	(3)	(3)
At 31 December 2021, 1 January 2022 and 31 December 2022	**8**	**8**
Net carrying amount		
At 31 December 2021	–	–
At 31 December 2022	**–**	**–**

(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 in 2017, the construction-in-progress was fully impaired.

14. Investments in subsidiaries

	Company	
	2022 US$'000	2021 US$'000
Unquoted shares, at cost	**2,282**	2,282
Allowance for impairment	**(2,282)**	(2,282)
Carrying amount of investments	**–**	–
Movement in allowance account:		
At 1 January	**2,282**	2,260
Charge for the year	**–**	22
At 31 December	**2,282**	2,282

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

15. Prepayments

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Current	**8**	8	**4**	5
Non-current (Note (i))	**–**	839	**–**	–
	8	847	**4**	5
Allowance for impairment	**–**	(839)	**–**	–
	8	8	**4**	5

Movement in allowance account:

	2022	2021
At 1 January	**839**	839
Write off	**(839)**	–
At 31 December	**–**	839

(i) In 2017, prepayments in non-current assets were fully impaired given that it is not likely to be recovered based on the fact that the development project along the Yangtze Riverbank is currently on hold. Management has decided to write off the amount as it is considered not recoverable.

16. Amounts due from subsidiaries

	Company	
	2022	2021
	US$'000	US$'000
Amounts due from subsidiaries	**19,588**	19,412
Allowance for impairment	**(19,571)**	(19,394)
	17	18

Movement in allowance account:

	2022	2021
At 1 January	**19,394**	18,883
Charge for the year	**177**	511
At 31 December	**19,571**	19,394

The amounts due from subsidiaries 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$177,000 (2021: US$511,000) on the amounts due from subsidiaries as a result of the deteriorating financial results and financial positions of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Amount due from an associate

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Amounts due from an associate	**2,373**	2,373	**2,373**	2,373
Allowance for impairment	**(2,373)**	(2,373)	**(2,373)**	(2,373)
	–	–	**–**	–

Expected credit losses

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

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Movement in allowance account:				
At 1 January	**2,373**	115	**2,373**	115
Charge for the year	**–**	2,258	**–**	2,258
At 31 December	**2,373**	2,373	**2,373**	2,373

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 2022. 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$Nil (2021: US$2,258,000) to write down the amount due from an associate as at 31 December 2022.

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	Group
	2022	2021
	US$'000	US$'000
Expense relating to leases of short-term lease (included in general and administrative costs)	**17**	18
Total amounts recognised in profit or loss	**17**	18

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

19. Inventories

	Group 2022 US$'000	Group 2021 US$'000
Consolidated statement of financial position		
Finished goods	**97**	261
Consolidated income statement		
Inventories recognised as an expense in cost of sales	**2,205**	1,726
Inclusive of the following:		
- Write-back of stock obsolescence	**(2)**	(3)

20. Trade receivables

	Group 2022 US$'000	Group 2021 US$'000
Trade receivables	**619**	529
Allowance for impairment	**–**	(4)
	619	525

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

(a) Trade receivables ageing

	Group 2022 Gross US$'000	2022 Allowance US$'000	2022 Net US$'000	2021 Gross US$'000	2021 Allowance US$'000	2021 Net US$'000
Not past due	**228**	**–**	**228**	349	–	349
Less than 30 days	**235**	**–**	**235**	99	–	99
30 to 60 days	**82**	**–**	**82**	39	–	39
61 to 90 days	**49**	**–**	**49**	11	–	11
More than 90 days	**25**	**–**	**25**	31	(4)	27
	619	**–**	**619**	529	(4)	525

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

20. Trade receivables (cont'd)

(b) Expected credit losses

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

	Group	
	2022	2021
	US$'000	US$'000
Movement in allowance account:		
At 1 January	**4**	1
(Write-back)/provision for the year	**(4)**	3
At 31 December	**–**	4

21. Other receivables

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Deposits	**14**	14	**1**	–
Sundry debtors	**2,458**	2,548	**758**	778
	2,472	2,562	**759**	778
Allowance for impairment	**(2,441)**	(2,496)	**(749)**	(748)
	31	66	**10**	30
Movement in allowance account:				
At 1 January	**2,496**	2,610	**748**	731
Charge for the year	**–**	86	**–**	20
Exchange differences	**(55)**	(200)	**1**	(3)
At 31 December	**2,441**	2,496	**749**	748

Sundry debtors included loans of US$2,441,000 (2021: US$2,496,000) to third parties. The loans bore interest at 6.5% (2021: 6.5%) and were repayable on demand in cash. The loans were secured by certain groups of land located in Thailand as of 31 December 2022 and 2021. During the financial year ended 31 December 2022, the Group has not recognised interest income arising from the loan as management is of the view that collection of the amount cannot be reasonable assured.

During the financial year ended 31 December 2021, 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 (net of allowance of impairment) denominated in foreign currencies at 31 December are as follows:

	Group and Company	
	2022	2021
	US$'000	US$'000
Singapore Dollar	**9**	8
Thailand Baht	**1**	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

22. Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**995**	1,199	**107**	277

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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Singapore Dollar	**72**	257	**72**	257

23. Trade payables and accruals

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**260**	405	**–**	–
Accrued operating expenses	**1,590**	1,542	**30**	10
Accrued staff costs	**444**	448	**335**	336
Accrued professional fees	**296**	339	**251**	289
Other accruals	**61**	61	**–**	–
	2,651	2,795	**616**	635

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		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Singapore Dollar	**623**	621	**616**	615
Thai Baht	**224**	197	**–**	–

24. Other payables

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Proposed directors' fees	**152**	75	**152**	75
Sundry creditors	**248**	141	**137**	21
Advances for capital injection from NCI	**1,818**	1,988	**–**	–
	2,218	2,204	**289**	96

Advances for capital injection from NCI represented amounts received from NCI shareholders of a subsidiary for increasing its capital for the purpose of a development project. The development project has been on hold as at 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Singapore Dollar	**290**	105	**289**	96
Thai Baht	**15**	15	**–**	–

25. Amount due to the Holding Company

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Loan (unsecured)	**10,201**	10,171	**10,201**	10,171
Interest payable	**423**	425	**423**	425
Others – payments made on behalf	**548**	535	**548**	535
Total	**11,172**	11,131	**11,172**	11,131

The loan from the Holding Company is non-trade in nature and bears interest ranging at 1.994% to 4.632% (2021: 3.000% to 3.031%) per annum. The amount is repayable on demand in cash. However, pursuant to the board meeting of the Holding Company held on 11 August 2023, the Holding Company has 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 the Holding Company for the financial year ended 31 December 2022 is waived (2021: waived).

The other payments made on behalf is non-trade in nature, interest-free and repayable on demand in cash.

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

	2021	**Cash flows**	**Foreign exchange movement**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Loan and interest payable	**10,596**	**–**	**28**	**10,624**
Total	**10,596**	**–**	**28**	**10,624**

	2020	Cash flows	Foreign exchange movement	2021
	US$'000	US$'000	US$'000	US$'000
Loan and interest payable	9,120	1,476	–	10,596
Total	9,120	1,476	–	10,596

As at 31 December 2022, amounts of US$6,482,000 and US$4,142,000 (2021: US$6,485,000 and US$4,111,000) of the loan and interest payable were denominated in US$ and Singapore Dollar, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

26. Amounts due to subsidiaries

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

27. Restructuring provision

	Group	
	2022	2021
	US$'000	US$'000
At 1 January	**74**	76
Arose during the financial year	**–**	1
Write-back	**–**	(5)
Exchange differences	**–**	2
At 31 December	**74**	74

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 (2021: US$74,000) is expected to be fully utilised over the next 12 months. For more details of the legal matters in relation to the restructuring, please refer to Note 37(i).

28. Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	**US$'000**	No. of shares '000	US$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	**347,945**	**59,970**	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 and other reserves

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

The other reserve relates to the difference between consideration and the carrying value of a subsidiary's NCI 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 2022

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	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
The Holding Company				
Management fee expense	**–**	(112)	**–**	(112)
Expenses recharged	**34**	35	**34**	35

(b) Compensation of key management personnel

	Group	
	2022	**2021**
	US$'000	**US$'000**
Directors:		
Directors' fees of the Company	**74**	76
Directors' remuneration	**–**	71
Defined contribution plans	**–**	6
Other key executive officers:		
Short-term employee benefits	**–**	286
Defined contribution plans	**–**	14
	74	453
Comprise amounts paid to:		
Directors of the Company	**74**	153
Other key management personnel	**–**	300
	74	453

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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 2022 and 2021. The Group and the Company did not hold financial instruments measured at fair value using Level 3 inputs as at 31 December 2022 and 2021.

(b) Assets and liabilities not measured at fair value

Cash and cash equivalents, amounts due to the Holding Company 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 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 the 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. As described in Note 2.1, The Company has received an undertaking letter from the current Board of Directors of the Holding Company not to recall the amounts due to itself and provide continuing financial support to enable the Group to continue its operations for the next twelve months from the date the financial statements.

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 based on contractual undiscounted repayment obligations approximates the carrying amounts at the reporting date as these financial assets and financial liabilities are expected to be settled within the next 12 months, except for the amounts due to the Holding Company, which the Holding Company has agreed not to recall for the next twelve months from the date the financial statements are authorised for issuance.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 subsidiaries. For other financial assets (including 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 90 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 categorises 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 2022

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 2022 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 2022	**Current**	**1 to 30 days past due**	**31 to 60 days past due**	**More than 61 days past due**	**Total**
Gross carrying amount	**186**	**206**	**82**	**73**	**547**

31 December 2021	Current	1 to 30 days past due	31 to 60 days past due	More than 61 days past due	Total
Gross carrying amount	326	36	39	26	427

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 reporting date is as follows:

	Group			
	2022		2021	
	US$'000	**% of total**	US$'000	% of total
By Region:				
Greater China	**547**	**88**	451	86
Singapore	**–**	**–**	51	10
Malaysia	**54**	**9**	23	4
Others	**18**	**3**	–	–
	619	**100**	525	100

At the reporting date, approximately 83% (2021: 53%) 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 2022

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

(b) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, 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.

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 reporting date, such foreign currency balances are mainly denominated in Singapore Dollar (SGD), Renminbi (RMB) and New Taiwan Dollar (TWD).

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 profit/(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.

		Group Net profit/(loss)	
		2022	2021
		US$'000	US$'000
USD	Strengthened by 5% (2021: 5%)	**(660)**	(694)
	Weakened by 5% (2021: 5%)	**660**	694
SGD	Strengthened by 5% (2021: 5%)	**(215)**	(194)
	Weakened by 5% (2021: 5%)	**215**	194
RMB	Strengthened by 5% (2021: 5%)	**(142)**	(149)
	Weakened by 5% (2021: 5%)	**142**	149
TWD	Strengthened by 5% (2021: 5%)	**41**	-
	Weakened by 5% (2021: 5%)	**(41)**	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

34. Financial instruments

	Note	Group		Company	
		2022	2021	**2022**	2021
		US$'000	US$'000	**US$'000**	US$'000
Financial assets measured at amortised cost					
Amounts due from subsidiaries	16	**–**	–	**17**	18
Trade receivables	20	**619**	525	**–**	–
Other receivables	21	**31**	66	**10**	30
Cash and cash equivalents	22	**995**	1,199	**107**	277
		1,645	1,790	**134**	325
Financial liabilities measured at amortised cost					
Trade payables and accruals	23	**2,651**	2,795	**616**	635
Other payables [(1)]	24	**400**	216	**289**	96
Amount due to the Holding Company	25	**11,172**	11,131	**11,172**	11,131
Amounts due to subsidiaries	26	**–**	–	**297**	197
		14,223	14,142	**12,374**	12,059

(1) excludes advances from capital injection from NCI

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 2022 and 31 December 2021.

	Group	
	2022	2021
	US$'000	US$'000 (Restated)
Trade payables and accruals (Note 23)	**2,651**	2,795
Other payables (Note 24)	**2,218**	2,204
Amount due to the Holding Company (Note 25)	**11,172**	11,131
Less: - Cash and cash equivalents (Note 22)	**(995)**	(1,199)
Net debt	**15,046**	14,931
Deficit attributable to owners of the Company	**(1,017)**	(7,663)
Total capital	**(1,017)**	(7,663)
Capital and net debt	**14,029**	7,268
Gearing ratio	**107%**	205%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

36. Segment information

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

(i) The Electronics Distribution segment is a distributor of electronic components and test consumables.

(ii) The Technology Investments and Others segment acts as the investment arm of the Group and is involved in various investment projects such as the development of batteries solutions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Revenue				(Restated)				(Restated)
Sale to external customers	**2,710**	2,247	**–**	–	**–**	–	**2,710**	2,247
Segment Results	**(507)**	(128)	**(519)**	(780)	**–**	–	**(1,026)**	(908)
Depreciation of property, plant and equipment	**(1)**	(1)	**–**	–	**–**	–	**(1)**	(1)
Property, plant and equipment written off	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Write-back of/(provision for) impairment loss on trade receivables	**4**	(3)	**–**	–	**–**	–	**4**	(3)
Impairment loss on other receivables	**–**	–	**–**	(86)	**–**	–	**–**	(86)
Impairment loss on intangible assets	**–**	–	**–**	(34)	**–**	–	**–**	(34)
Impairment loss on amounts due from an associate	**–**	–	**–**	(2,258)	**–**	–	**–**	(2,258)
Interest expense	**–**	–	**(11)**	(2)	**–**	–	**(11)**	(2)
Interest income	**2**	–	**–**	20	**–**	–	**2**	20
Write-back of/(provision for) impairment on investment in an associate	**–**	–	**8,064**	(9,041)	**–**	–	**8,064**	(9,041)
Share of results of an associate	**–**	–	**(1,061)**	(2,274)	**–**	–	**(1,061)**	(2,274)
Write-back of stock obsolescence	**2**	3	**–**	–	**–**	–	**2**	3
Profit/(loss) before taxation	**(500)**	(130)	**6,473**	(14,455)	**–**	–	**5,973**	(14,585)
Taxation							**(19)**	(37)
Profit/(loss) for the year							**5,954**	(14,622)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

36. Segment information (cont'd)

	Electronics Distribution		Technology Investments and Others		Adjustments and eliminations		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Assets and liabilities:				(Restated)				(Restated)
Segment assets	**1,593**	1,711	**11,336**	4,525	**–**	–	**12,929**	6,236
Total assets							**12,929**	6,236
Segment liabilities	**264**	425	**15,851**	15,779	**–**	–	**16,115**	16,204
Unallocated liabilities							**42**	49
Total liabilities							**16,157**	16,253

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 2022

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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
				(Restated)
Singapore	**205**	181	**–**	–
Malaysia	**205**	141	**–**	–
Greater China	**2,185**	1,873	**–**	1
United States of America	–	–	**11,179**	4,176
Others	**115**	52	**–**	–
	2,710	2,247	**11,179**	4,177

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 3 major customers amounted to US$520,000 (2021: US$394,000), arising from sale by the electronics distribution segment.

37. Legal contingencies

(i) 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 Nanjing. 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 RMB2,544,251 ("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 Nanjing Gulou District People's Court of Jiangsu Province had awarded RMB1,149,258 to the ex-employee ("First Judgement").

The Company had submitted an appeal in relation to the First Judgement.

On 15 August 2023, the Nanjing Intermediate People's Court of Jiangsu Province however rejected the appeal and upheld the decision in the First Judgement.

NOTES TO FINANCIAL STATEMENTS

31 December 2022

38. Subsequent event

(i) 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.

(ii) 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.

The Company has announced that the MOU have mutually agreed for the terms of the MOU to be extended to 10 June 2023, no further extensions have since been entered into and no definitive agreement has been entered into as of the date of these financial statements.

(iii) 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.

The FY2021 annual report has been issued on 15 August 2023 and FY2021 AGM has been held on 31 August 2023.

(iv) On 3 October 2023, EoCell Inc. ("EoCell"), an associate of the Company and Automotive OEM ("AOEM") (collectively, the "Parties") have executed a Term Sheet on 28 September 2023 into an investment arrangement where AOEM is to acquire 44.4% of EoCell's issued shares in exchange for an investment sum of US$200,000,000 (the "Investment"). As of the date of these financial statements, the Investment is still subject to the Parties' subsequent negotiation and entering into a set of definitive agreements containing the complete terms of their rights and obligations specific to the Investment (the "Definitive Agreements").

In securing EoCell's exclusivity to ensure that there is no third-party interference with the completion of the Investment and EoCell's ability to manufacture and supply the batteries to AOEM, by 31 October 2023, AOEM shall pay EoCell a non-refundable sum of US$2,000,000. Upon the conclusion of the Definitive Agreements, this non-refundable sum shall be credited to offset the Investment by the same amount.

39. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 20 October 2023.

APPENDIX 3

STATISTICS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDINGS

As at 11 October 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
Total	**3,469**	**100.00**	**347,944,511**	**100.00**

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.	LIM GUAN TECK VICTOR	2,500,000	0.72
18.	FIRST CITY LOGISTICS PTE LTD	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
	Total	**254,592,616**	**73.17**

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 4

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

DRAGON GROUP INTERNATIONAL LIMITED
(Company Registration No. 199306761C)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Dragon Group International Limited (the "**Company**") will be convened at **Lifelong Learning Institute, Training Room 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601,** on **Thursday, 9 November 2023 at 2.00 p.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 2022 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect Dr Kenneth Yu Keung Yum, Mr Chong Man Sui and Mr Soh Pock Kheng who are retiring pursuant to Regulation 89 of the Constitution of the Company.

   Dr Kenneth Yu Keung Yum
   [See Explanatory Note (i)] **(Resolution 2)**

   Mr Chong Man Sui
   [See Explanatory Note (ii)] **(Resolution 3)**

   Mr Soh Pock Kheng
   [See Explanatory Note (iii)] **(Resolution 4)**

3. To approve the payment of Directors' fees of S$102,192 for the year ended 31 December 2022 (2021: S$102,185).
(Resolution 5)

4. To re-appoint Messrs RT LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

5. 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:

6. **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 (iv)] **(Resolution 7)**

By Order of the Board

Ng Li Yong
Company Secretary
25 October 2023

Explanatory Notes:

(i) Dr Kenneth Yu Keung Yum will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees, and will be considered independent.

(ii) Mr Chong Man Sui will, upon re-election as a Director of the Company, remain as the Independent and Non-Executive Acting Chairman, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees, and will be considered independent.

(iii) Mr Soh Pock Kheng will, upon re-election as a Director of the Company, be considered non-independent.

(iv) Ordinary Resolution 7 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 **agm2022@dragongp.com**, not later than **2:00 p.m. on 6 November 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 2:00 p.m. on 31 October 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 2:00 p.m. on 1 November 2023 by email to **agm2022@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 3 November 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/AR2022_DGI.pdf**. **There will not be any printed copy of Annual Report for FY2022.**

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 5

DRAGON GROUP INTERNATIONAL LIMITED | ANNUAL REPORT 2022

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, Training Room 2-1, 11 Eunos Road 8 Singapore 408601, on Thursday, 09 November at 2:00 p.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, Training Room 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601, on **Thursday, 9 November 2023 at 2:00 p.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 2022 ("**FY2022**")			
2	Re-election of Dr Kenneth Yu Keung Yum 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	Approval of Directors' fees amounting to S$102,192 for FY2022 (FY2021: S$102,185)			
6	Re-appointment of Messrs RT LLP as Auditors and to authorize the Directors of the Company to fix their remuneration			
7	Authority to allot and issue shares in the share capital of the Company			

Note: Voting will be conducted by poll.

Dated this ______ day of _________________ 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 **agm2022@dragongp.com**, not later than **2:00 p.m. on 6 November 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 2:00 p.m. on 31 October 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 25 October 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

33 Ubi Avenue 3
#08-69 Vertex
Singapore 408868
Tel: (65) 6512 8310
Website : www.dragongp.com
(Co. Reg. No. 199306761C)