



Company No. 199306761C

Dragon International Limited and its Subsidiaries

**Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021**

CONDENSED BALANCE SHEETS

AS AT 30 JUNE 2021

| | Note | Group | | Company | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | | 34 | 34 | 34 | 34 |
| Property, plant and equipment | | 2 | 3 | - | - |
| Investments in subsidiaries | 4 | - | - | 22 | 22 |
| Investment in associate | 5 | 14,411 | 15,491 | 16,320 | 16,320 |
| | | 14,447 | 15,528 | 16,376 | 16,376 |
| Current assets | | | | | |
| Prepayments | | 9 | 8 | 4 | 4 |
| Amounts due from subsidiaries | | - | - | 17 | 133 |
| Amounts due from associate | | 2,258 | 2,258 | 2,258 | 2,258 |
| Inventories | | 34 | 85 | - | - |
| Trade receivables | | 614 | 656 | - | - |
| Other receivables | | 115 | 125 | 6 | 15 |
| Cash and bank balances | | 987 | 1,204 | 102 | 98 |
| | | 4,017 | 4,336 | 2,387 | 2,508 |
| TOTAL ASSETS | | 18,464 | 19,864 | 18,763 | 18,884 |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade payables and accruals | | 2,561 | 2,834 | 658 | 703 |
| Other payables | 6 | 2,213 | 2,226 | 102 | 141 |
| Amount due to holding company | 7 | 10,421 | 9,822 | 10,421 | 9,822 |
| Amounts due to subsidiaries | | - | - | 138 | 103 |
| Restructuring provision | | 77 | 76 | - | - |
| Provision for taxation | | 37 | 46 | 23 | 27 |
| | | 15,309 | 15,004 | 11,342 | 10,796 |
| NET CURRENT LIABILITIES | | (11,292) | (10,668) | (8,955) | (8,288) |
| TOTAL LIABILITIES | | 15,309 | 15,004 | 11,342 | 10,796 |
| NET ASSETS | | 3,155 | 4,860 | 7,421 | 8,088 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 13 | 59,970 | 59,970 | 59,970 | 59,970 |
| Capital reserve | | 2,525 | 2,525 | - | - |
| Other reserve | | 18 | 18 | - | - |
| Foreign currency translation reserve | | (417) | (324) | - | - |
| Accumulated losses | | (56,643) | (55,056) | (52,549) | (51,882) |
| | | 5,453 | 7,133 | 7,421 | 8,088 |
| Non-controlling interests | | (2,298) | (2,273) | - | - |
| TOTAL EQUITY | | 3,155 | 4,860 | 7,421 | 8,088 |
| TOTAL EQUITY AND LIABILITIES | | 18,464 | 19,864 | 18,763 | 18,884 |

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Note | Group Second Quarter Ended | | | Group First Half Ended | | |
|---|------|-------------------------------|--------------|-------------|---------------------------|----------------|-------------|
| | | 30-Jun-21 | 30-Jun-20 | Change | 30-Jun-21 | 30-Jun-20 | Change |
| | | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| Revenue | 9 | 638 | 553 | 15% | 1,178 | 978 | 20% |
| Cost of sales | | (507) | (470) | 8% | (920) | (805) | 14% |
| Gross profit | | 131 | 83 | 58% | 258 | 173 | 49% |
| Other operating income | | 10 | 32 | -69% | 18 | 52 | -65% |
| Selling and marketing costs | | (13) | (9) | 44% | (27) | (17) | 59% |
| General and administrative costs | | (400) | (389) | 3% | (782) | (929) | -16% |
| Foreign currency exchange gain/(loss) | | 136 | (87) | nm | 170 | (10) | nm |
| Finance costs, net | | (64) | (69) | -7% | (126) | (135) | -7% |
| | | (341) | (554) | -38% | (765) | (1,091) | -30% |
| Share of result of associate | | (541) | (313) | 73% | (1,080) | (677) | 60% |
| Loss before tax | 10 | (741) | (752) | -1% | (1,569) | (1,543) | 2% |
| Income tax expense | 8 | (9) | (1) | 800% | (15) | (7) | 114% |
| Loss for the period | | (750) | (753) | 0% | (1,584) | (1,550) | 2% |
| Attributable to: | | | | | | | |
| Owners of the Company | | (754) | (751) | 0% | (1,587) | (1,545) | 3% |
| Non-controlling interests | | 4 | (2) | nm | 3 | (5) | nm |
| | | (750) | (753) | 0% | (1,584) | (1,550) | 2% |
| <u>Loss per share attributable to owners of the Company</u> | | | | | | | |
| Basic/diluted (cents) | | | | | (0.46) | (0.44) | |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Group | | | Group | | |
|--|----------------------|----------------|-------------|------------------|----------------|------------|
| | Second Quarter Ended | | | First Half Ended | | |
| | 30-Jun-21 | 30-Jun-20 | Change | 30-Jun-21 | 30-Jun-20 | Change |
| US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % | |
| Loss for the period | (750) | (6,925) | -89% | (1,584) | (1,550) | 2% |
| Other comprehensive income:- | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | | | |
| Foreign currency translation | (160) | (224) | -29% | (121) | 126 | nm |
| Total comprehensive income for the period | (910) | (7,149) | -87% | (1,705) | (1,424) | 20% |
| Total comprehensive income attributable to :- | | | | | | |
| Owners of the Company | (885) | (7,108) | -88% | (1,680) | (1,450) | 16% |
| Non-controlling interests | (25) | (41) | -39% | (25) | 26 | nm |
| | (910) | (7,149) | -87% | (1,705) | (1,424) | 20% |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Attributable to owners of the Company | | | | | | | Equity Total US\$'000 |
|---|---------------------------------------|-----------------------------|---------------------------|--|--------------------------------|--|---------------------------------------|--------------------------|
| | Share Capital US\$'000 | Capital Reserve US\$'000 | Other Reserve US\$'000 | Foreign Currency Translation Reserve US\$'000 | Accumulated Losses US\$'000 | Equity attributable to owners of parent, Total US\$'000 | Non-controlling Interests US\$'000 | |
| Group | | | | | | | | |
| At 1 January 2021 | 59,970 | 2,525 | 18 | (324) | (55,056) | 7,133 | (2,273) | 4,860 |
| Loss for the period | - | - | - | - | (1,587) | (1,587) | 3 | (1,584) |
| <u>Other comprehensive income</u> | | | | | | | | |
| Foreign currency translation | - | - | - | (93) | - | (93) | (28) | (121) |
| Other comprehensive income for the period, net of tax | - | - | - | (93) | - | (93) | (28) | (121) |
| Total comprehensive income for the period | - | - | - | (93) | (1,587) | (1,680) | (25) | (1,705) |
| At 30 June 2021 | 59,970 | 2,525 | 18 | (417) | (56,643) | 5,453 | (2,298) | 3,155 |
| At 1 January 2020 | 59,970 | 2,525 | 18 | 161 | (49,861) | 12,813 | (2,159) | 10,654 |
| Loss for the period | - | - | - | - | (1,545) | (1,545) | (5) | (1,550) |
| <u>Other comprehensive income</u> | | | | | | | | |
| Foreign currency translation | - | - | - | 95 | - | 95 | 31 | 126 |
| Other comprehensive income for the period, net of tax | - | - | - | 95 | - | 95 | 31 | 126 |
| Total comprehensive income for the period | - | - | - | 95 | (1,545) | (1,450) | 26 | (1,424) |
| At 30 June 2020 | 59,970 | 2,525 | 18 | 256 | (51,406) | 11,363 | (2,133) | 9,230 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Group | |
|--|-----------------------|-----------------------|
| | 6 months ended | |
| | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 |
| Cashflow from operating activities | | |
| Loss before taxation | (1,569) | (1,543) |
| Adjustment for:- | | |
| Impairment loss on other receivables | 10 | 10 |
| Impairment loss on trade receivables | 34 | 11 |
| Depreciation of property, plant and equipment | 1 | - |
| Write-back of stock obsolescence | - | (3) |
| Interest cost, net | 124 | 133 |
| Share of results of associate | 1,080 | 677 |
| Effects of exchange rate changes | (225) | 50 |
| Operating cash flow before changes in working capital | (545) | (665) |
| <u>Changes in working capital</u> | | |
| (Increase)/decrease in: | | |
| Stocks | 52 | 92 |
| Prepayments | (1) | (5) |
| Debtors | 136 | 134 |
| Amount due from associate | - | (43) |
| Increase/(decrease) in: | | |
| Creditors | (300) | (5) |
| Provisions | - | - |
| Amount due to holding company | (34) | (64) |
| Cash used in operations | (692) | (556) |
| Tax paid | (24) | (8) |
| Net cash used in operating activities | (716) | (564) |
| Cashflow from financing activities | | |
| Loan from holding company | 499 | 505 |
| Net cash generated from financing activities | 499 | 505 |
| Net increase in cash and cash equivalents | (217) | (59) |
| Cash and cash equivalents at beginning of period | 1,204 | 1,193 |
| Cash and cash equivalents at 30 June | 987 | 1,134 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. CORPORATION INFORMATION

Dragon Group International Limited (the “Company”) is a limited liability company which is domiciled and incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The immediate and ultimate holding company is ASTI Holdings Limited (“ASTI”), also incorporated in Singapore.

The Company was placed on the watch-list under financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the SGX-ST on 4 March 2015, and under minimum trading price criteria pursuant to Rule 1311(2) of the Listing Manual of SGX-ST on 3 March 2016. The deadline for the Company to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual (the “Financial Exit Criteria”) was 3rd March 2017 pursuant to Rule 1315 of the Listing Manual. On 14 August 2017, the Company announced that SGX-ST had granted the Company an extension of time until 3rd March 2018 to meet the Financial Exit Criteria (the “Extended Deadline”). As the Company was unable to satisfy the Financial Exit Criteria on or before the expiry of the Extended Deadline, a Delisting Notification was issued by SGX-ST to the Company on 11 April 2018. Trading in the Company’s securities was ceased on 5pm, 10 May 2018 and trading will remain suspended until the completion of the exit offer. Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. Work on the exit proposal is on-going.

The registered office of the Company is located at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542.

The principal place of business is located at Block 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416.

The principal activities of the Company are those of investment holding and acting as corporate manager and advisor in relation to the administration and organisation of the businesses of its subsidiary companies.

Details of the significant subsidiary companies and their principal activities are included in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States Dollars (“USD” or “US\$”), which is the functional currency of the Company. All values in the tables are rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

Going concern uncertainty

The Group recorded net loss of US\$1,584,000 (1H2020: net loss US\$1,550,000) and an operating cash outflow of US\$716,000 (1H2020: US\$564,000) for the financial period ended 30 June 2021 and as at that date, the Group’s and the Company’s current liabilities exceeded its current assets by US\$11,292,000 (2020: US\$10,668,000) and US\$8,955,000 (2020: US\$8,288,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. These financial statements have been prepared on a going concern basis as the holding company has given an undertaking letter not to recall the amounts due to itself and provide continuing financial support to enable the Group and the Company to continue operations for the next twelve months from the date the financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 *Basis of preparation (cont'd)*

Going concern uncertainty (cont'd)

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

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of investment in associate

During last financial year, the Group assessed for impairment in investment in associate, EoCell Ltd at by comparing the recoverable value against its carrying amount. Recoverable amount is the higher of the associate's fair value less costs of disposal and its value-in-use. When the fair value of such investment cannot be determined from active markets, valuation techniques including price of recent investment are used. The inputs to the valuation model are derived from market observable data where possible, but where this is not feasible, a degree of judgement is required to establish fair value. As at 31 December 2020, the Group and the Company performed an impairment assessment based on latest information and recognised an impairment loss of US\$ 3,680,000 on the Company's investment in associate.

As at 30 June 2021, the Group's and the Company's carrying value of the investment in EoCell Ltd was US\$14,411,000 (2020: US\$15,491,000) and US\$16,320,000 (2020: US\$16,320,000) respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. SUBSIDIARIES

| Company | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
|--------------------------------|-----------------------|-----------------------|
| Unquoted shares, at cost | 2,282 | 2,282 |
| Allowance for impairment | (2,260) | (2,260) |
| Carrying amount of investments | <u>22</u> | <u>22</u> |
| Movement in allowance account: | | |
| At 1 January | 2,260 | 2,256 |
| Impairment for the period | - | 4 |
| Balance at end of the period | <u>2,260</u> | <u>2,260</u> |

(a) The Group has the following significant investments in subsidiaries:

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|--|--|--|----------------|
| | | 30-Jun-21 % | 31-Dec-20 % |
| <i>Held by the Company</i> | | | |
| ** 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 |
| <i>Held by subsidiary companies:</i> | | | |
| <i>Held by DTB Limited</i> | | | |
| ** Nanjing DTB Development Co., Ltd (People's Republic of China) | Construction of antique wooden sea boat, communication of culture, exhibition and conference, etc. (People's Republic of China) | 60 | 60 |
| ** Dragon Ventures Limited (Hong Kong) | Investment holding (Hong Kong) | 100 | 100 |
| <i>Held by Dragon Ventures Limited</i> | | | |
| # Dragon Tourism Management Company Limited (People's Republic of China) | Develop and manage a mixed-used property (People's Republic of China) | 100 | 100 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity Held by the Group | |
|---|--|---|----------------|
| | | 30-Jun-21 % | 31-Dec-20 % |
| <i>Held by Dragon Equipment & Materials Technology Ltd (Hong Kong)</i> | | | |
| * Spire Technologies Pte Ltd (Singapore) | Importing, exporting, retailing and trading in electronic components and test consumables (Singapore) | 100 | 100 |
| ** FE Global Shanghai Ltd | Registered company in Shanghai free-trade-zone handling manpower services (People's Republic of China) | 100 | 100 |
| <i>Held by Spire Technologies Pte Ltd</i> | | | |
| ** Spire Technologies (Taiwan) Ltd (Taiwan) | Importing, exporting, retailing and trading in electronic components and test consumables (Taiwan) | 60 | 60 |

* Audited by Ernst & Young LLP, Singapore

Not required to be audited in country of incorporation

** Audited by the following Certified Public Accounting firms:

| <u>Company</u> | <u>Certified Public Accounting firm</u> |
|---|--|
| Spire Technologies (Taiwan) Ltd | YuanTeng CPAs & Consulting Inc |
| Dragon Equipment & Materials Technology Ltd | Y.K Leung & Co., Hong Kong |
| DTB Limited | Y.K Leung & Co., Hong Kong |
| Dragon Ventures Limited | Y.K Leung & Co., Hong Kong |
| Nanjing DTB Development Co., Ltd | Jiangsu LiAnDaXingYe Certified Public Accountants Co., Ltd |
| FE Global Shanghai Ltd Partnership | Shanghai Gaoren Certified Public Accountants |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. ASSOCIATES

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

| | Group | | Company | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
| EoCell Limited | | | | |
| Beginning balance | 15,491 | 19,223 | 20,000 | 20,000 |
| Share of results of associate | (1,080) | (3,733) | - | - |
| Impairment loss | - | - | (3,680) | (3,680) |
| Others | - | 1 | - | - |
| Carrying amount at end of the period | 14,411 | 15,491 | 16,320 | 16,320 |

| Name of company (Country of incorporation) | Principal activities (Place of business) | Effective equity interest held by the Group | |
|---|--|---|----------------|
| | | 30-Jun-21 % | 31-Dec-20 % |
| Held by the Company | | | |
| ** EoCell Limited (Hong Kong) | Development of battery and storage solutions (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) | 40 | 40 |

** Audited by the following Certified Public Accounting firms:

Company

EoCell Limited
EoCell Inc

Certified Public Accounting firm

Y.K Leung & Co., Hong Kong
Armanino LLP

6. OTHER PAYABLES

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
| Proposed Directors' fees | 76 | 112 | 76 | 112 |
| Sundry creditors | 170 | 175 | 26 | 29 |
| Advances for capital injection from non-controlling Interest | 1,967 | 1,939 | - | - |
| | 2,213 | 2,226 | 102 | 141 |

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. AMOUNT DUE TO HOLDING COMPANY

| | Group | | Company | |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
| Loan (unsecured) | 9,194 | 8,695 | 9,194 | 8,695 |
| Interest payable | 559 | 425 | 559 | 425 |
| Others - payments made on behalf | 668 | 702 | 668 | 702 |
| Total | 10,421 | 9,822 | 10,421 | 9,822 |

The loan from holding company is non-trade in nature and bears interest at 3.0% (2020: 2.3% to 3.7%) per annum. The amount is repayable on demand in cash.

The others balance is non-trade in nature, interest-free and repayable on demand in cash.

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

| | 31-Dec-20 | | 30-Jun-21 | |
|---------------------------|--------------|-----------------------|------------|-----------------------|
| | Cash flows | Accretion of interest | Cash flows | Accretion of interest |
| Loan and interest payable | 9,120 | 499 | 134 | 9,753 |
| Total | 9,120 | 499 | 134 | 9,753 |

8. INCOME TAX EXPENSE

| Group | Second Quarter Ended | | First Half Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 |
| Income tax payable in respect of results for the period: | | | | |
| Current income tax | | | | |
| (i) Singapore | - | - | (1) | (1) |
| (ii) Other countries | (9) | (1) | (14) | (6) |
| | (9) | (1) | (15) | (7) |
| Income tax expense recognised in profit or loss | (9) | (1) | (15) | (7) |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. REVENUE

Revenue is analysed as follows:

| Group | Second Quarter Ended | | First Half Ended | |
|--|----------------------|------------|------------------|------------|
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Primary geographical markets | | | | |
| Singapore | 30 | 27 | 54 | 43 |
| Greater China | 548 | 478 | 1,019 | 848 |
| Others | 60 | 48 | 105 | 87 |
| Sale of goods | 638 | 553 | 1,178 | 978 |
| Timing of transfer of goods or services | | | | |
| At a point in time | 638 | 553 | 1,178 | 978 |

10. LOSS BEFORE TAX

The following significant items have been included in arriving at loss before tax.

| Group | Second Quarter Ended | | First Half Ended | |
|---|----------------------|-----------|------------------|-----------|
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Interest income | 5 | 5 | 10 | 10 |
| Interest expense | (69) | (73) | (134) | (143) |
| Depreciation of property, plant and equipment | - | - | (1) | - |
| Write-back of stock obsolescence | - | 3 | - | 3 |
| Allowance for impairment of trade receivables | (8) | (11) | (34) | (11) |
| Allowance for impairment of other receivables | (5) | (5) | (10) | (10) |

11. NET ASSETS VALUE

| | Group | | Company | |
|------------------------------------|-------------|-----------|-------------|-----------|
| | 30-Jun-21 | 31-Dec-20 | 30-Jun-21 | 31-Dec-20 |
| | US\$ | US\$ | US\$ | US\$ |
| Net assets value per share (cents) | 1.57 | 2.05 | 2.13 | 2.32 |

Net assets value per share is calculated based on the equity attributable to the owners of the Company divided by the number of issued shares (excluding treasury shares).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. LOSS PER SHARE

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

Diluted loss per share amounts are calculated by dividing the net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the net loss and share data used in the computation of basic and diluted loss per share for the end of the period:

| Group | 30-Jun-21 S\$'000 | 30-Jun-20 S\$'000 |
|--|------------------------------------|------------------------------------|
| Net loss attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share | <u>(1,587)</u> | <u>(1,545)</u> |
| Weighted average number of ordinary shares in issue applicable to basic and diluted loss per share computation (no. of shares, in '000s) | <u>347,945</u> | <u>347,945</u> |

13. SHARE CAPITAL

| Group and Company | 30-Jun-21 No. of shares '000 | 31-Dec-20 No. of shares '000 | 30-Jun-21 US\$'000 | 31-Dec-20 US\$'000 |
|---------------------------------------|---|---|-------------------------------------|-------------------------------------|
| Issued and fully paid ordinary shares | | | | |
| Balance at beginning and at end | <u>347,945</u> | <u>347,945</u> | <u>59,970</u> | <u>59,970</u> |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

14. SEGMENT INFORMATION

The Group has two (2020: two) main business segments that are organised and managed separately according to their respective business activities. The business segments are Electronics Distribution and Technology Investments and Others. The activities of these business segments are described as follows:

- (i) The Electronics Distribution segment is a distributor of electronic components and test consumables.
- (ii) The Technology Investments and Others segment acts as the investment arm of the Group and is involved in various investment projects such as the development of batteries solutions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. SEGMENT INFORMATION (CONT'D)

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets, investments and intangible assets.

| Group | First Half Ended | | | | | | | |
|---|--------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | Electronics Distribution | | Technology Investments and Others | | Adjustments and Elimination | | Consolidated Total | |
| | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 |
| Revenue | | | | | | | | |
| Sales to external customers | 1,178 | 978 | - | - | - | - | 1,178 | 978 |
| Segment results | 21 | (119) | (341) | (596) | - | - | (320) | (715) |
| Depreciation of property, plant and equipment | (1) | - | - | - | - | - | (1) | - |
| Impairment loss on trade receivables | (34) | (11) | - | - | - | - | (34) | (11) |
| Impairment loss on other receivables | - | - | (10) | (10) | - | - | (10) | (10) |
| Interest expense | - | - | (134) | (143) | - | - | (134) | (143) |
| Interest income | - | - | 10 | 10 | - | - | 10 | 10 |
| Share of results of associate | - | - | (1,080) | (677) | - | - | (1,080) | (677) |
| Write-back of obsolete stocks | - | 3 | - | - | - | - | - | 3 |
| Loss before tax | (14) | (127) | (1,555) | (1,416) | - | - | (1,569) | (1,543) |
| Taxation | | | | | | | (15) | (7) |
| Loss after tax | | | | | | | (1,584) | (1,550) |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. SEGMENT INFORMATION (CONT'D)

| Group | Second Quarter Ended | | | | | | | |
|---|--------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | Electronics Distribution | | Technology Investments and Others | | Adjustments and Elimination | | Consolidated Total | |
| | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 | 30-Jun-21 US\$'000 | 30-Jun-20 US\$'000 |
| Revenue | | | | | | | | |
| Sales to external customers | 638 | 553 | - | - | - | - | 638 | 553 |
| Segment results | 70 | (33) | (193) | (325) | - | - | (123) | (358) |
| Depreciation of property, plant and equipment | - | - | - | - | - | - | - | - |
| Impairment loss on trade receivables | (8) | (11) | - | - | - | - | (8) | (11) |
| Impairment loss on other receivables | - | - | (5) | (5) | - | - | (5) | (5) |
| Impairment loss on amounts due from associate | - | - | - | - | - | - | - | - |
| Gain on deemed disposal of subsidiary | - | - | - | - | - | - | - | - |
| Interest expense | - | - | (69) | (73) | - | - | (69) | (73) |
| Interest income | - | - | 5 | 5 | - | - | 5 | 5 |
| Share of results of associate | - | - | (541) | (313) | - | - | (541) | (313) |
| Allowance for obsolete stocks | - | 3 | - | - | - | - | - | 3 |
| Loss before tax | 62 | (41) | (803) | (711) | - | - | (741) | (752) |
| Taxation | | | | | | | (9) | (1) |
| Loss after tax | | | | | | | (750) | (753) |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

| Group | Second Quarter Ended | | First Half Ended | |
|------------------------|----------------------|-----------|------------------|-----------|
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <u>Holding company</u> | | | | |
| Management fee expense | (28) | (27) | (56) | (54) |
| Interest expense | (69) | (73) | (134) | (143) |

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

| | Group | | Company | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 30-Jun-21 | 31-Dec-20 | 30-Jun-21 | 31-Dec-20 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Financial assets: | | | | |
| Amounts due from subsidiaries | - | - | 17 | 133 |
| Amounts due from associate | 2,258 | 2,258 | 2,258 | 2,258 |
| Trade receivables | 614 | 656 | - | - |
| Other receivables | 115 | 125 | 6 | 15 |
| Cash and bank balances | 987 | 1,204 | 102 | 98 |
| | 3,974 | 4,243 | 2,383 | 2,504 |
| Financial liabilities: | | | | |
| Trade payables and accruals | 2,561 | 2,834 | 658 | 703 |
| Other payables * | 246 | 287 | 102 | 141 |
| Amount due to holding company | 10,421 | 9,822 | 10,421 | 9,822 |
| Amounts due to subsidiaries | - | - | 138 | 103 |
| | 13,228 | 12,943 | 11,319 | 10,769 |

* excludes advances from capital injection from non-controlling interest

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2021

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Dragon Group International Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated income statement and statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and certain explanatory notes have not been audited or reviewed.

2. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY MODIFICATIONS OR EMPHASIS OF MATTER)

Not applicable.

2A. WHERE THE LATEST FINANCIAL STATEMENTS ARE SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OR OPINION: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

3. CHANGES IN TREASURY SHARES

Not applicable.

4. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable.

5. REVIEW OF PERFORMANCE OF THE GROUP

Consolidated Income Statement – first half ended 30 June 2021 ("1H2021") performance

2Q2021

The revenue for the quarter increased due to higher demand from customers. The gross profit margin increased from 15.0% to 20.5% due to changes in sales mix.

Other operating income decreased for the quarter due to absence of non-recurring item.

Selling & marketing ("S&M") costs increased for the quarter due to additional headcount compared to 2Q2020.

General and administrative ("G&A") costs increased marginally mainly due to higher secondment fees.

Finance costs decreased for the quarter compared to 2Q2020 due to lower interest charged by holding company.

1H2021

Revenue of US\$1.2 million in 1H2021 was higher than last year, mainly due to higher customers' demands. The gross profit margin increased from 17.7% to 21.9% due to changes in the sales mix.

Other operating income decreased for the period due to absence of non-recurring item.

Selling & marketing ("S&M") costs increased by US\$10,000 or 59% from US\$17,000 in 1H2020 to US\$27,000 in 1H2021 mainly due to additional headcount and activities.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

1H2021 (Cont'd)

General and administrative ("G&A") costs decreased by US\$147,000 or 16% from US\$929,000 in 1H2020 to US\$782,000 in 1H2021 mainly due to lower staff costs.

Finance costs decreased due to lower interest charged by holding company.

Consolidation Statement of Financial Position as at 30 June 2021

Assets

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

Stock balance decreased due to change in purchasing strategy.

Trade receivables balance in 1H2021 was lower due to improved receivables turnover.

Liabilities

Trade creditors and accruals were lower mainly due settlement of trade creditors and reduction of cost accruals.

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

Consolidated Statement of Cash Flows Position as at 30 June 2021

The Group utilised US\$0.7 million for its operating activities. The Group generated US\$0.5 million from financing activities.

As at 30 June 2021 cash and cash equivalents amounted to US\$1.0 million.

6. WHERE A FORECAST, OR PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS.

Not applicable.

7. A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS.

Work on the exit proposal is on-going and we will keep our shareholders updated at the appropriate time.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2021

8. DIVIDEND**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived

Not applicable

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for 1H2021 as the Group is in a loss-making position in this period.

9. IF THE GROUP HAS OBTAINED A GENERAL MANDATE FROM SHAREHOLDERS FOR IPTS, THE AGGREGATE VALUE OF SUCH TRANSACTIONS AS REQUIRED UNDER RULE 920(1)(A)(II). IF NO IPT MANDATE HAS BEEN OBTAINED, A STATEMENT TO THAT EFFECT.

No general mandate for IPTs has been obtained from shareholders.

| Name of Interested Person | Aggregate value of interested person transactions entered into during the financial year under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) | Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (1)(a) (excluding transactions below S\$100,000) |
|---------------------------|---|---|
| ASTI Holdings Limited | i) interest expenses amounting to US\$134,000 ii) management fees amounting to US\$56,000 | - |

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2021

10. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720(1) OF THE LISTING MANUAL.

The Company hereby confirms that it has procured undertaking from all directors and executive officers under Rule 720(1).

11. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5).

To the best of our knowledge, nothing has come to the attention of the Board of Directors of Dragon Group International Limited which may render the unaudited financial results for the financial period ended 30 June 2021 to be false or misleading in any material aspect.

12. DISCLOSURES ON ACQUISITION AND REALISATION OF SHARES PURSUANT TO RULE 706A.

There were no acquisitions or realisations of shares in neither any of the Group's subsidiary associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during the 1H2021.

By Order of the Board

Dr. Daniel Yeoh Ghee Chong
Acting Chairman
12 August 2021