Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Dragon Group International Limited

Stock code: MT1

Meeting details:
Date: 31 Aug 2023
Time: 9.00 a.m.
Venue: Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601

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Q1. 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. The deadline for the company to meet the financial exit criteria as set out in Rule 1314(1) of the Listing Manual was 3 March 2017, pursuant to Rule 1315 of the Listing Manual.

Even after receiving an extension of time, the company was unable to satisfy the financial exit criteria before the expiry of the extended deadline. SGX-ST issued the company a delisting notification on 11 April 2018 and trading in the company's securities ceased 10 May 2018.

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.

The board has stated that work on the exit proposal is ongoing.

(i) **Can the board, especially the independent directors, help shareholders better understand the company's own efforts at providing a reasonable exit offer to shareholders?**

(ii) **Given that the equity attributable to owners of the companies was US$1.378 million as at 31 December 2021, has the board prioritised the safeguarding of the company's resources (including cash) to strengthen its ability to provide an exit offer to shareholders?**

(iii) **What discussions has the board held with the controlling shareholder regarding making a delisting offer to shareholders? Is the board able to act independently and proactively to protect the interests of the company and its shareholders?**

It has been more than 5 years since SGX-ST issued the delisting notice and the suspension of trading of the company's shares.

(iv) **Does the board have an indicative timeline for any milestones or potential corporate actions?**

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Q2. The independent auditor of the company has issued a disclaimer of opinion on the audited financial statements of the company and the group for the financial year ended 31 December 2021.

The basis for the disclaimer of opinion can be found in the independent auditor's report on pages 4 and 5 of the annual report. The bases are the use of the going concern assumption and the impairment assessments of the group's and the company's interest in EoCell Limited ("EoCell").

Specifically, as at 31 December 2021, the carrying value of the group's and the company's investment in an associate, EoCell, is US$13,217,000 and US$15,633,000, respectively. Although management had sought assistance from external valuers to assist in the impairment assessment, the external valuers have not finalised their valuation reports as at the date of this report.

The auditor has stated the following:

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

(i) **Can the board/audit committee (AC) help shareholders better understand the challenges faced by the external valuers in finalising the valuation of EoCell?**

(ii) **Given the difficulties in arriving at a valuation for EoCell, might it be reasonable for shareholders to infer that the technology and/or business model of EoCell could be overly ambitious and/or technically intricate?**

(iii) **What measures have the board and management undertaken to address the uncertainties surrounding EoCell? Are additional investments needed to support the growth of EoCell?**

(iv) **What are the key operational challenges faced by EoCell?**

(v) **How significant is the risk that the carrying value of EoCell is overstated in the financial statements as at 31 December 2021?**

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Q3. As noted in the corporate governance report, Mr Timothy Lim Boon Liat ceased as acting chief executive officer and president with effect from 5 December 2021 and resigned as executive director of the company on 31 December 2021.

In addition, the company has stated that, as at the date of the annual report, other than the directors and acting CEO, the company has no key management personnel as the company's only two key management personnel (who are not directors or acting CEO) had been retrenched on 5 December 2021.

(i) **Can the board provide shareholders with an update on the group's operations, including the management team?**

(ii) **What is the scale of operations of Spire Technologies Pte Ltd?**

(iii) **What is the level of control over Nanjing Dragon Treasure Boat Development Co., Ltd.? Is the subsidiary solvent?**

(iv) **How is the board ensuring proper accountability within the company, with respect to the business affairs of the company?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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