



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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Introduction

Dragon Group International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") was placed on the watch-list under financial entry criteria pursuant to Rule 1311(1) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 4 March 2015.

Dragon Group International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") was placed on the watch-list under minimum trading price entry criteria pursuant to Rule 1311(2) of the Listing Manual of the SGX-ST on 3 March 2016.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the "**Board**") wishes to provide an update on the financial situation of the Company and the Group in respect of the quarter ended 31 December 2017 ("**4Q2017**").

Update on Unaudited Financial Performance and Financial Position

The Group's revenue decreased for the year ended 31 December 2017 was mainly due to decreased sales in Group's distribution business. The gross profit margin had increased from 9.2% to 17.1% due to changes in sales mix.

Loss for the 4Q2017 increased US\$3.5 million from US\$2.4 million in 4Q2016 to US\$5.9 million in 4Q2017 after necessary impairments were made.

As at 31 December 2017, the Group had negative US\$2.1 million in shareholders' equity.

Cash and cash equivalents decreased US\$1.2 million from US\$2.4 million as at 31 December 2016 to US\$1.2 million as at 31 December 2017.

The Group utilised US\$2.6 million for its operating activities. US\$1.0 million was used to purchase property, plant and equipment; US\$0.2 million was invested in a development project; US\$1.5 million was invested in research and development activities; and US\$0.1 million was received from disposal of a club membership. The Group generated US\$3.9 million from financing activities.

Please refer to our result announcement for the financial period ended 31 December 2017 released on 1 March 2018 for full details.

Update on Future Direction and Other Material Development

On 8 February 2018, the deal with Zhuhai Yinlong Energy Co., Ltd was duly approved by the shareholders at the Extraordinary General Meeting.

The proposed acquisition by the Company of the entire issued and paid-up share capital of Coeur Gold Armenia Ltd, previously announced on 19 October 2017 is still under negotiation.

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**”) is 3rd March 2017 pursuant to Rule 1315 of the Listing Manual.

On 14 November 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 Company continues to work on meeting the Financial Exit Criteria and seek to exit the financial watch-list within the extended time period.

Save for the above, and as previously announced, there are no other material developments that may have a significant impact on the financial position of the Group or on its future direction at the moment.

The Board reviewed the available options to meet the minimum trading price entry criterion and after considering factors such as current volatile market conditions and global economic outlook, the Board maintains its opinion that it is not the opportune time to make a decision of which option will best serve the interest of the Shareholders.

The Board will update shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments.

The Company would like to reassure shareholders of the Company that it has and will endeavour to seek an exit from the SGX-ST's watch-list according to Rule 1314(2) of the Listing Manual.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Chairman & CEO
1 March 2018