



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 first half ended 30 June 2019.

Update on Unaudited Financial Performance and Financial Position

The Group's revenue increased for the period ended 30 June 2019 was due to higher demand from customers. The gross profit margin remained comparable.

The Group's profitability for this period was mainly due to one-off gain arising from the deemed disposal of the EoCell Group. Research and development expense were significantly reduced compared to 1H2018 mainly due to the implementation of cost-cutting measures in 3Q2018.

As at 30 June 2019, the Group's shareholders' equity was a negative amount of US\$0.1 million.

Cash and cash equivalents increased US\$0.6 million from US\$1.1 million (as at 31 December 2018) to US\$1.7 million (as at 30 June 2019).

The Group utilised US\$1.2 million for its operating activities. US\$0.5 million was invested in research and development activities. An amount of \$0.2 million was divested upon the deconsolidation of EoCell Group.

Please refer to our result announcement for the financial period ended 30 June 2019 released on 14 August 2019 for full details.

Update on Future Direction and Other Material Development

The Company was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual on 4th March 2015. 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.

Further to the Company's previous announcement on 12 April 2018, the Company has been informed by the SGX-ST that the Company's subsequent application for an extension of time to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual has been rejected. The Company will hence be required to delist from the Main Board of the SGX-ST.

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 and we will keep our shareholders updated at the appropriate time.

On 20 May 2019, the proposed subscription was completed and as a result, the Company owns 40% of EoCell's Enlarged Share Capital. Following the completion, EoCell, which belongs to the Technology Investments and Others segment, has ceased to be a subsidiary of the Company.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Chairman & CEO
14 August 2019