



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 pursuant to Rule 1311 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 4 March 2015.

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 for the first quarter ended 31 March 2015 ("1Q2015").

Update on Unaudited Financial Performance and Financial Position

For 1Q2015, the Group's revenue recorded a decrease of approximately 35% or US\$0.2 million compared to the same quarter last year ("1Q2014"), mainly due to lower customers' demands. The gross profit margin has decreased from 39% to 16% due to changes in sales mix.

Loss for the period increased by US\$0.4 million from US\$0.54 million in 1Q2014 to US\$0.98 million in 1Q2015 in view of lower sales during the quarter.

The Group's net assets have increased by US\$0.8 million to US\$26.3 million as at 31 March 2015. The increase is mainly due to the share placement of approximately US\$1.8million, partially offset by loss incurred for the period.

Cash and cash equivalents decreased by US\$1.4 million to US\$12.5 million as at 31 March 2015.

Net cash used in operating activities in 1Q2015 amounted to US\$1.4 million.

Please refer to our result announcement for the financial period ended 31 March 2015 released on 15 May 2015 for full details.

Update on Future Direction and Other Material Development

As announced on 22 March 2015, the Group had on 20 March 2015 entered into a co-operation agreement with Nanjing Treasure Dockyard Relics Management Co., Ltd ("**NJTDR**"), a state owned company incorporated in the People's Republic of China, whereby the Group shall be permitted to develop and manage a mixed-used property along the Yangtze Riverbank (the "**Project**"). Upon completion of the development, the Group shall be given the right to use and operate the Project for a period of 20 years by NJTDR, with an option to renew for a further 20 years thereafter.

On 30 March 2015, the Company completed the allotment and issuance of 27,777,778 new ordinary shares to Asia Green Technology Inc,. The aggregate consideration for this transaction was S\$2,500,000 (equivalent to approximately US\$1,818,000) which was received on 1 April 2015.

On 30 April 2015, the Company announced the setting up of a 93%-owned subsidiary EoCell Limited. EoCell Limited will be used as an investment vehicle to explore opportunities in the batteries and storage market.

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 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 is aware of the deadline given by SGX-ST for its removal from the watch-list and has been actively looking for potential opportunities for the Group to strengthen the financial position of the Group. 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 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Chairman & CEO
14 May 2015