



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 (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (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 30 September 2016 ("3Q2016").

Update on Unaudited Financial Performance and Financial Position

The Group recorded a decrease in revenue of approximately 59% or US\$0.8 million compared to 3Q2015, mainly due to decreased sales in the Group's distribution business. The gross profit margin had increased due to change in sales mix.

Loss for the 3Q2016 increased US\$0.8m from US\$1.7 million in 3Q2015 to US\$2.5 million in 3Q2016 mainly due to allowance on doubtful trade debt and offset by stocks written back.

The Group's net assets has decreased US\$4.2 million from US\$12.9 million as at 31 December 2015 to US\$8.7 million as at 30 September 2016.

Cash and cash equivalents decreased US\$6.6 million from US\$10.4 million as at 31 December 2015 to US\$3.8 million as at 30 September 2016.

The Group utilised US\$4.3 million for its operating activities, US\$2.1 million to purchase property, plant and equipment and US\$1.1 million was invested on research and development expenditures. Advance of US\$0.9 million was received as capital injection from a co-investor of a subsidiary.

Please refer to our result announcement for the financial period ended 30 September 2016 released on 15 November 2016 for full details.

Update on Future Direction and Other Material Development

EoCell Limited continues its developmental efforts on its battery and storage solutions.

With respect to the acquisition for the 19% interest in Heat Tech Japan Co., Ltd., the Company announced that it had reached a mutual agreement with the Vendor to waive the issue and quotation of the Consideration Shares on 21 October 2016.

The Yangtze Riverbank project is progressing according to plan.

The Group continues its search for viable investment projects.

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 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 (1) and (2) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Chairman & CEO
14 November 2016