



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

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

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### **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.

The Company was placed on the watch-list under the 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 for the first half ended 30 June 2016 ("**1H2016**").

### **Update on Unaudited Financial Performance and Financial Position**

The Group recorded an increase in revenue of approximately 284% or US\$2.0 million compared to the previous quarter ("**1H2015**"), mainly due to increase in sales for the distribution business. The gross profit margin has decreased from 17.5% to 5.9% due to changes in the sales mix.

Loss in 1H2016 remains comparable to 1H2015.

The Group's net assets has decreased US\$1.7 million from US\$12.9 million as at 31 December 2015 to US\$11.2 million as at 30 June 2016.

Cash and cash equivalents decreased US\$5.1 million from US\$10.4 million as at 31 December 2015 to US\$5.3 million as at 30 June 2016.

The Group utilised US\$3.6 million for its operating activities, US\$1.4 million to purchase property, plant and equipment and US\$0.7 million was invested on research and development expenditures.

Please refer to our result announcement for the financial period ended 30 June 2016 released on 12 August 2016 for full details.

## **Update on Future Direction and Other Material Development**

The Group has exercised initiatives to reduce the costs of its operations which had shown significant positive results from the reduction of the general and administrative costs in 1H2016.

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

The acquisition for the 19% interest in Heat Tech Japan Co., Ltd. is pending regulatory approval.

We are now working with the relevant Chinese authorities regarding the Yangtze Riverbank project to commence planning preparation. Due to the nature and extent of this project, the planning stage may require a substantial amount of time. We will continue to keep our shareholders updated of our progress.

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 has also reviewed the available options to meet the minimum trading price exit criteria. After considering factors such as the current volatile market conditions and global economic outlook, the Board maintains its opinion that it is not the opportune time to make a decision as to which option will best serve the interests of the Company's shareholders.

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 Listing Manual.

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.

**BY ORDER OF THE BOARD**

Dato' Michael Loh Soon Gnee  
Chairman & CEO  
12 August 2016