



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 March 2017 ("**1Q2017**").

Update on Unaudited Financial Performance and Financial Position

The Group decrease in revenue for the quarter was 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 1Q2017 was comparable with 1Q2016.

The Group's net assets has decreased US\$0.7 million from US\$6.5 million as at 31 December 2016 to US\$5.8 million as at 31 March 2017.

Cash and cash equivalents decreased US\$1.1 million from US\$2.4 million as at 31 December 2016 to US\$1.3 million as at 31 March 2017.

The Group utilised US\$0.4 million for its operating activities, US\$0.5 million to purchase property, plant and equipment, US\$0.4 million was invested on research and development expenditures. US\$0.1 million was received from disposal of club membership.

Please refer to our result announcement for the financial period ended 31 March 2017 released on 15 May 2017 for full details.

Update on Future Direction and Other Material Development

EoCell's business and the Yangtze Riverbank are progressing according to plan.

The Group continues its search for viable M&A projects.

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.

The Company has written to SGX-ST for a 12 months extension of time to meet the Financial Exit Criteria. The Company is presently considering several proposals which if materialised will enable it to meet the Financial Exit Criteria and exit the financial watch-list within the 12 months extension period.

The Company will provide further information and updates if definitive agreements are entered into in connection with the proposals or if there are material developments regarding the same. The Company will provide an update on the outcome of our request for extension of time with SGX-ST in due course.

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
15 May 2017