



**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 the 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 also placed on the watch-list under the minimum trading price ("**MTP**") entry criterion 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 its efforts and the progress made in meeting the financial exit criteria (the "**Financial Exit Criteria**") and MTP exit criterion (the "**MTP Exit Criteria**") of the watch-list as set out in Rule 1314 of the Listing Manual for the first quarter ended 31 March 2016 ("**1Q2016**").

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

The Group recorded an increase in revenue of approximately 389% or US\$1.4 million compared to the previous quarter ("**1Q2015**"), mainly due to increase in sales for the distribution business. The gross profit margin has decreased from 16.3% to 3.7% due to changes in sales mix.

Loss for the period decreased by US\$0.3 million from US\$1.0 million in 1Q2015 to US\$0.7 million in 1Q2016 mainly due to lower payroll related costs and professional fees incurred during the quarter.

The Group's net assets has decreased US\$0.7 million from US\$12.9 million as at 31 December 2015 to US\$12.2 million as at 31 March 2016.

Cash and cash equivalents decreased US\$3.1 million from US\$10.4 million as at 31 December 2015 to US\$7.3 million as at 31 March 2016.

The Group utilised US\$2.6 million for its operating activities, US\$0.5 million to purchase property, plant and equipment, US\$0.3 million was invested on research and development expenditures.

Please refer to our result announcement for the financial period ended 31 March 2016 released on 13 May 2016 for full details.

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

The Company is continuing its development activities in relation to battery and storage solutions via EoCell Limited.

The Company is in the process of completing the acquisition for the 19% interest in Heat Tech Japan Co., Ltd.

We are still in discussions with the respective Chinese authorities regarding the Yangtze Riverbank project. We will update our shareholders at the appropriate time.

The Group will also continue to look for viable investment projects and will update the shareholders at the appropriate time.

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.

## **Update on Efforts for Satisfying MTP Exit Criterion**

The Board has been reviewing the available options to meet the MTP Exit Criteria. However, after considering factors such as the current volatile market conditions, global economic outlook, the Board is of the 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.

## **Conclusion**

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 the satisfaction of both the Financial Exit Criteria and the MTP Exit Criteria for its removal from the watch-list for and has been actively looking for potential opportunities for the Group to strengthen the financial position of the Group. The Board is also considering the options available to the Company to meet the MTP Exit Criteria. 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 Rule 1314(2) of the Listing Manual.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee  
Chairman & CEO  
13 May 2016