



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

ANNOUNCEMENT

PROPOSED PLACEMENT OF 27,777,778 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF DRAGON GROUP INTERNATIONAL LIMITED (THE "COMPANY") AT THE ISSUE PRICE OF S\$0.09 FOR EACH NEW SHARE (THE "PLACEMENT")

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or the "**Directors**") of the Company (and together with its subsidiaries, known as the "**Group**") is pleased to announce that the Company has, on 26 January 2015, entered into a placement agreement (the "**Placement Agreement**") with Asia Green Technology Inc, a company incorporated in the British Virgin Islands with its registered address at AXA Tower, 8 Shenton Way, #34-01 Suite 18, Singapore 068811 (the "**Placee**"). Pursuant to the Placement Agreement, the Company has agreed to allot and issue to the Placee, and the Placee has agreed to subscribe for, an aggregate of 27,777,778 new ordinary shares in the share capital of the Company (the "**Placement Shares**") at S\$0.09 (the "**Issue Price**") for each new share. This represents a premium of 19.2% over the weighted average price of S\$0.0755 of the Company's ordinary shares for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full market day on 26 January 2015, being the full market day on which the Placement Agreement was signed. The aggregate consideration payable by the Placee for the subscription of the Placement Shares is S\$2,500,000 (equivalent to approximately US\$1,859,000).
- 1.2 The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the SGX-ST and will make the necessary announcements once the approval-in-principal of the listing and quotation of the Placement Shares has been obtained from the SGX-ST. The Placement Shares will not be issued to transfer a controlling interest of the Company and none of the Placement Shares will be placed to any person or groups of person prohibited by SGX-ST as set out under Rule 812 of the SGX-ST Listing Manual.
- 1.3 The Placement Shares will be payable in full upon acceptance and/or application and, when issued and fully paid-up, will rank *pari passu* in all respects with and carry all rights similar to the then existing ordinary shares in the share capital of the Company (the "**Shares**"), except that they shall not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Placement Shares.

2. SHAREHOLDERS' MANDATE

- 2.1 The Placement Shares will be allotted and issued pursuant to the authority granted by shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 29 April 2014 (the "**2014 AGM**") for the issue of Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the date of the grant, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all existing shareholders of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the date of the grant (the "**Share Issue Mandate**") after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the 2014 AGM; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- 2.2 The issued and paid-up share capital of the Company as at the time the approval was obtained for the Share Issue Mandate was 320,166,733. As the Company did not issue or allot any Shares between the 2014 AGM and the date of this announcement, the Placement Shares to be allotted and issued is within the limit of the Share Issue Mandate obtained at the 2014 AGM.
- 2.3 Assuming all the Placement Shares are allotted, the Company's issued and paid-up share capital will increase from 320,166,733 Shares as at the date of this Announcement to 347,944,511 Shares. The Placement Shares represent approximately 8.7% of the existing issued and paid-up share capital of the Company as at the date of this announcement and approximately 8.0% of the enlarged issued and paid-up share capital of the Company after the issuance of the Placement Shares.

3. ABOUT THE PLACEE

The Placee is an investor who has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Listing Manual. The Placee approached the Company and indicated their interest in subscribing for shares in the Company. The Placee's interest arose from the Company's recent announcement on 5 January 2015 in relation to the Company's proposed investment in Heat Tech Japan Co., Ltd and 3DOM Inc. After negotiations with the Placee, the Company agreed to place the Placement Shares to them. As at the date of this announcement, the Placee does not hold any Shares in the Company.

To the best of the Company's knowledge, there is no agreement, arrangement or understanding between the Placee and other parties or between the Placee and any other shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company, and the Placee is not a party acting in concert with any other shareholder of the Company, as defined in The Singapore Code on Take-Over and Mergers.

4. PRINCIPAL TERMS OF THE PLACEMENT

4.1 Conditions Precedent

The obligation of the Placee to invest in the Company and to undertake its obligations set out in the Placement Agreement, and the obligation of the Company to allot and issue the Placement Shares, are subject to the following conditions precedent being fulfilled (unless waived by the mutual agreement between the Placee and the Company) on or before 31 May 2015 or such other date as may be agreed in writing between the Placee and the Company:-

- 4.1.1 the approval-in-principle of the SGX-ST being obtained (and not revoked or amended as at the Completion Date (as defined in paragraph 4.2 below)) for the Placement, including the listing of and quotation of the Placement Shares to be allotted and issued pursuant thereto, and where such approval is subject to any conditions, such conditions being acceptable to the Placee, and where such conditions are required to be fulfilled on or before the Completion Date, such conditions having been so fulfilled;
- 4.1.2 the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and
- 4.1.3 the representations and warranties contained in Clause 5 of the Placement Agreement being true, complete and accurate in all respects as at the Completion Date.

The Company undertakes to use its best endeavours to ensure the satisfaction of the conditions set out above. If any of the conditions are not fulfilled (or not waived by the mutual agreement between the relevant Placee and the Company) by 31 May 2015 or such other date as may be agreed in writing between the Placee and the Company, the Placement Agreement shall cease and determine.

4.2 Completion

Completion of the Placement shall take place on or before 31 March 2015 (or such later date as the Company and the Placee may agree), after the last condition precedent has been fulfilled or waived (or such other date as may be agreed in writing between the Company and the Placee) (the "**Completion Date**") at the registered office of the Company.

5. USE OF PROCEEDS

- 5.1 The Placement will allow the Company to raise gross proceeds of approximately S\$2,500,000, which will be used as working capital and/or to fund the acquisition of businesses by the Company.
- 5.2 Pending deployment of the net proceeds of the Placement Shares for the use identified above, the net proceeds may be deposited with banks or financial institutions and/or used for investment in short-term money market and/or debt instruments or for any other purposes on a short-term basis, as the Directors may deem fit.
- 5.3 The Company will make periodic announcements on the utilisation of proceeds from the Placement as and when the funds from the Placement are materially disbursed and provide a status report of the use of proceeds from the Placement in the Company's annual report.

6. CONFIRMATION

The Directors are of the opinion after taking into consideration the cash and cash equivalents, and cash used in operations, that the working capital available to the Group is sufficient to meet its present requirements at the date of this announcement.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Placement Shares will be placed by the Company to any person who is a Director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Listing Manual.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

9. RESPONSIBILITY STATEMENT

9.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

9.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be made available for inspection during normal business hours at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months commencing from the date of this announcement.

Shareholders and potential investors should note that the Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman & CEO
26 January 2015