


General Announcement::QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL**Issuer & Securities**

Issuer/ Manager	DRAGON GROUP INTL LIMITED
Securities	DRAGON GROUP INTL LIMITED - SG2C50963991 - MT1
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Announcement Details

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Submitted By (Co./ Ind. Name)	DATO MICHAEL LOH SOON GNEE
Designation	EXECUTIVE CHAIRMAN & CEO
Description (Please provide a detailed description of the event in the box below)	PLEASE SEE ATTACHED FILE.
Attachments	 DGI quarterly update rule 1313 2 - 1H2017.pdf Total size =102K



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 first half ended 30 June 2017 ("**1H2017**").

Update on Unaudited Financial Performance and Financial Position

The Group decrease in revenue for the period ended 30 June 2017 was mainly due to decrease in sales in distribution business. The gross profit margin has increased from 5.9% to 17.8% due to changes in sales mix.

Loss for the 1H2017 was comparable with 1H2016.

The Group's net assets has decreased US\$1.7 million from US\$6.5 million as at 31 December 2016 to US\$4.8 million as at 30 June 2017.

Cash and cash equivalents decreased US\$1.2 million from US\$2.4 million as at 31 December 2016 to US\$1.2 million as at 30 June 2017.

The Group utilised US\$1.2 million for its operating activities, US\$0.6 million to purchase property, plant and equipment, US\$0.7 million was invested on research and development expenditures. US\$0.1 million was received from disposal of club membership. The Group generated US\$1.4 million from financing activities.

Please refer to our result announcement for the financial period ended 30 June 2017 released on 14 August 2017 for full details.

Update on Future Direction and Other Material Development

On 23 June 2017, the Company announced that it had signed a Memorandum of Understanding (“MOU”) with Nanjing Argos Asset Management (Group) Limited (“Argos NJ”). Pursuant to the MOU, Argos NJ will explore the possibility of investing in the projects that the Company is currently undertaking in Nanjing China. Please refer to the Company’s announcement for detail.

The engagement of Argos NJ will provide the Group the opportunities to bring in strategic investors to expand its existing businesses.

On 10 August 2017, the Company announced that EoCell Limited (“EoCell”), its subsidiary had on 10 August 2017 entered into share subscription agreements with Zhuhai Yinlong Energy Co., Ltd (“YLE”) and Sputnik Energy Limited. Pursuant to the subscription agreements, YLE has agreed to subscribe for a 40% equity interest in the enlarged share capital of EoCell at an aggregate consideration of US\$20 million. Subsequent to the subscription agreements, DGI’s interest in EoCell will be diluted to 40%, while Sputnik’s interest will increase from 7% to 20% of the enlarged share capital of EoCell. Please refer to the Company’s announcement for detail.

The strategic partnership with YLE will provide EoCell with expanded financial resources and widened market access to further develop its business. This partnership provides EoCell ample opportunity for actual adoption of its battery technology by YLE and increases the possibility of EoCell to license its battery technology for use in YLE electric buses and energy storage business. With the investment, EoCell is also better positioned to collaborate or explore other licensing arrangement with other interested parties who may wish to enter the green energy & electric vehicle segment. Further, the YLE partnership will pave the way for both EoCell, the Company and YLE to jointly form strategic alliances or collaborate with other companies in complementary businesses for mutual benefit.

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.

On 14 August 2017, the Company announced that SGX-ST had granted the Company an extension of time until 3rd March 2018 to meet the Financial Exit Criteria.

The Company continues to work on meeting the Financial Exit Criteria and seek to exit the financial watch-list within the extended time period.

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
14 August 2017