



## DRAGON GROUP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199306761C)

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### NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF COEUR GOLD ARMENIA LTD

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#### 1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Dragon Group International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 19 October 2017 entered into a non-binding term sheet (the “**Term Sheet**”) with George Howard Richmond (“**Vendor**” and together with the Company, the “**Parties**” and each a “**Party**”), in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of Coeur Gold Armenia Ltd (the “**Target**”) held by the Vendor (the “**Proposed Acquisition**”), free from all encumbrances and with all rights attaching thereto as at the date of the completion of the Proposed Acquisition (“**Completion Date**”). The Term Sheet is subject to the entry into definitive agreements (the “**Definitive Agreements**”) between the Company and the Vendor in relation to the Proposed Acquisition.

The Term Sheet is not intended to be legally binding between the Parties, except for certain provisions relating to, *inter alia*, exclusivity and governing law.

#### 2. INFORMATION ON THE TARGET AS AT THE DATE OF THIS ANNOUNCEMENT

The Target was incorporated in the Republic of Seychelles as an International Business Company on 5 September 2011.

The Target holds controlling interests in Vayk Gold LLC, a company incorporated in the Republic of Armenia (“**VGL**”) and Vardani Zartong Ltd, a company registered by “Meghri” Territorial Subdivision of the State Register Book of Legal Entities of the Republic of Armenia (“**VZL**”). VGL and VZL in turn hold mining exploration rights in the Azatek and Sofi Bina Mineral Deposits, Armenia in respect of gold, silver, antimony and copper.

#### 3. SALIENT TERMS OF THE TERM SHEET

The Term Sheet is intended to set out the basis for further discussion in respect of the Proposed Acquisition and the main principles that will underlie the Definitive Agreements that the Parties will enter into concerning the Proposed Acquisition. Some of the salient terms are set out below:

##### 3.1 Consideration

The consideration for the Proposed Acquisition shall be approximately S\$500,000,000 (the “**Consideration**”) which shall be payable as follows:

- (a) a refundable deposit of S\$200,000 (the “**Deposit**”), which is to be paid in cash to the Vendor within 1 week from execution of the Term Sheet; and

- (b) the balance amount of S\$499,800,000 shall be satisfied by the Company on the Completion Date by the allotment and issuance of 2,499,000,000 new ordinary shares in the capital of the Company (the “Consideration Shares”) at an issue price of S\$0.20 per Consideration Share to the Vendor.

The Deposit shall be refundable to the Company if the Term Sheet is terminated by the Vendor anytime within 12 months of the date of entry into the Term Sheet. For the avoidance of doubt, the Deposit shall not be refundable to the Company in event the Term Sheet is terminated by the Company.

The Consideration was agreed at S\$500,000,000 after arm's length negotiation and based on a willing-buyer willing-seller basis, having regard to the prospects of the industry in which the Target operates in and provided that the valuation of the assets of the Target, as shown in the report prepared by a qualified valuer which complies with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “**Listing Manual**”), shall not be less than S\$500,000,000.

Based on the Company’s existing issued and paid-up share capital of 347,944,511 shares, the Vendor would own an aggregate interest of approximately 88% of the enlarged issued and paid-up share capital of the Company upon the completion of the Proposed Acquisition and the allotment and issue of the Consideration Shares. Accordingly, the Proposed Acquisition, if undertaken and completed, is expected to result in a “very substantial acquisition” or a “reverse takeover” of the Company as referred to in Chapter 10 of the Listing Manual and is subject to, *inter alia*, the approval of the shareholders of the Company (“**Shareholders**” and each a “**Shareholder**”) and the approval of the SGX-ST.

### 3.2 Conditions Precedent

The Proposed Acquisition is subject to, but not limited to, the following conditions precedent:-

- (a) completion by the Company to its absolute satisfaction of financial and legal due diligence exercises on the Target;
- (b) satisfactory execution and completion of Definitive Agreements;
- (c) the obtaining of all necessary approvals and consents from the board of directors of the Company for the Proposed Acquisition;
- (d) the Completion Date of the Proposed Acquisition shall not be later than 24 months from the date of the execution of the Definitive Agreements (“**Long-Stop Date**”), subject to such extension as the Parties may agree to and subject to any directives or the requirements of the Listing Manual and/or the SGX-ST with regard to the completion of a reverse takeover;

- (e) all applicable governmental and regulatory approval/clearance for the Proposed Acquisition and the circular to be addressed to the Shareholders relating to the Proposed Acquisition, from the SGX-ST (including approval for the listing and quotation of the Consideration Shares on the SGX-ST) having been received and not withdrawn or revoked as at the Completion of the Proposed Acquisition, and if approval is subject to any condition(s) or restriction(s) imposed by the SGX-ST, such condition(s) being reasonably acceptable to the Company and the Vendor;
- (f) the obtaining of all necessary approvals and consents, including but not limited to approval of the Shareholders in relation to the Proposed Acquisition and the issue and allotment of the Consideration Shares;
- (g) valuation of the assets of the Target, as completed by a qualified valuer which complies with the Listing Manual, being not less than S\$500,000,000;
- (h) the entry by the Company into a service agreement with Dato' Michael Loh Soon Gnee ("**Dato' Michael Loh**") as the Executive Chairman and Chief Executive Officer of the Company for a minimum term of 5 years from the Completion Date, which shall provide that Dato' Michael Loh shall be entitled to the full 5 years' salary and bonus in the event he is terminated prior to the expiry of the 5 year term (the "**Service Agreement**"); and
- (i) all other applicable governmental and regulatory approval/clearance for the Proposed Acquisition having been received and not withdrawn or revoked as at the Completion Date, and if approval is subject to any condition(s) or restriction(s) imposed by any relevant governmental or regulatory authorities, such condition(s) being reasonably acceptable to the Parties.

### 3.3 Exclusivity

The Vendor hereby grants the Company a 1-year exclusivity period commencing upon the execution of the Term Sheet (the "**Exclusivity Period**"). During the Exclusivity Period, the Vendor shall not (i) solicit the submission of any Proposal, or (ii) enter into any discussions with regards to any Proposal, where "**Proposal**" means any proposal or offer for a transaction substantially similar to the transaction(s) described in the Term Sheet. The Vendor shall immediately inform the Company in writing of the receipt of any Proposal.

## 4. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for the proposed entry by Dato' Michael Loh, who is currently the Executive Chairman & Chief Executive Officer of the Company, into the Service Agreement as set out above in paragraph 3.2(h), as at the date hereof, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorships and shareholdings in the Company, if any.

To avoid any potential conflicts of interest, Dato' Michael Loh will abstain from, and procure that his associates abstain from, voting on the resolutions pertaining to the Proposed Acquisition and the allotment and issuance of Consideration Shares as a Shareholder at an extraordinary general meeting to be convened ("EGM"). Each of Dato' Michael Loh and his associates will also not accept nomination as proxies or otherwise for voting at the EGM in respect of such resolutions.

## **5. DIRECTORS' RESPONSIBILITY STATEMENT**

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 Term Sheet, the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. 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 the announcement in its proper form and context.

## **6. FURTHER ANNOUNCEMENTS**

The Company will make further announcements as and when appropriate, including when Definitive Agreements have been entered into in relation to the Proposed Acquisition. The Board wishes to emphasise that there is no certainty or assurance that Definitive Agreements in respect of the Proposed Acquisition will be entered into, or that the Proposed Acquisition will materialise. Shareholders and potential investors of the Company should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Dato' Michael Loh Soon Gnee  
Executive Chairman & Chief Executive Officer  
Dragon Group International Limited  
19 October 2017