



12 May 2016

Dear Shareholder,

### **Sugar Dragon Limited – ASX Listing Update**

We write to you to provide an update regarding the proposed ASX listing by Sugar Dragon Limited (**Company**).

As you know, the Company lodged a Prospectus with ASIC on 27 January 2016 seeking to raise \$3.2 million associated with an ASX listing. In conjunction with the Lead Manager to the offer, Sanlam Private Wealth Pty Ltd, the Company undertook a roadshow and various investor presentations resulting in Sanlam receiving bids of approximately \$5.0 million under the offer and the offer closed oversubscribed. The maximum \$3.2 million was held on trust by the Company pending admission to the ASX.

Since the lodgement of the ASX Listing Application on 2 February 2016:

- On 30 March 2016, the Company was verbally informed by ASX of a new second-tier approval process for certain selected listing applications. ASX later verbally confirmed that this new second-tier approval process would apply to the Listing Application.
- On 11 April 2016, ASX informed the Company in writing that it would refuse to admit the Company to the official list. ASX cited reasons including (i) the Company's limited trading history and a qualification in its 2015 financial accounts (copies of which were supplied to ASX with the Listing Application); (ii) the short-term and non-exclusive nature of the Company's licences from King.com; and (iii) the split ownership with Ms Zhang of the Company's subsidiary Okmno Asia Ltd.
- On 13 April 2016, the Company was invited by ASX to submit an application for in-principle advice including proposals to remedy ASX's concerns. Due to the delay, the Company issued the Supplementary Prospectus dated 21 April 2016 to extend the requirement for the Company's shares to become listed on ASX within 3 months of the Prospectus.
- On 19 April 2016, the Company submitted its application for in-principle advice. The Company recorded in this application that (inter alia) (i) there was in fact no qualification in the 2015 financial accounts, and the Company had already raised \$3.2 million; (ii) the greater China licence from King.com had been extended to 31 December 2019, and the South Korea licence from King.com could be extended and a new Australia and New Zealand licence could be entered into upon the Company accessing funds raised by the offer; and (iii) Mr Rob Clifford had been appointed to the Board of Okmno, and the Company had amended the Okmno shareholders agreement to remove the veto rights on decisions previously held by Ms Zhang (Okmno's Managing Director and 27.5% shareholder).
- On 29 April 2016, ASX wrote to the Company confirming its decision not to admit it to the official list. The only explanation provided was that ASX does not consider the Company to be suitable for admission "having regard to its structure, operations and limited history".

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Since 11 April 2016, the Company has repeatedly requested the opportunity to work with ASX in relation to its concerns. The Company has been denied this opportunity. The Company is not aware as to the substance of ASX's ongoing concerns.

As a result the Company has been forced to withdraw the offer contained in its Prospectus and Supplementary Prospectus and to refund all monies received.

This is an incredibly disappointing development given the very favourable reception the Company received from various investors who wished to participate in the offer and the fact the Company held the maximum subscription funds on trust. In spite of its apparent reluctance to provide further details, the Company continues to seek clarification from the ASX regarding its concerns and intends to again seek a listing as soon as is practicable in the future.

The Company will keep you updated in this regard and thanks you for your continued support.

Yours faithfully

James Robinson  
Non-executive Director

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