

## **Dragon – Ukrainian Properties and Development Plc (“DUPD” or the “Company”)**

20 September 2012

As set out below, the Company currently does not have a validly appointed board of directors and is therefore unable to call a meeting of shareholder under Isle of Man company law. In order to reappoint the directors to the board of the Company, an extraordinary general meeting of shareholders of the Company is required to be convened. In light of these circumstances, the Company has approached DRGN Limited, a holder of approximately 13% of the shares of the Company, to convene a shareholder meeting. DRGN Limited is also the owner of the Company’s investment manager.

It has come to the attention of the Company’s investment manager, that, due to an error, further details of which are set out below, the Company does not have a validly appointed board of directors. As a result the Company’s shares have been suspended from trading with immediate effect. In addition, a number of past shareholder meetings of the Company have been found to be defective, further details of which are set out below.

According to Isle of Man company law, an extraordinary general meeting of the Company can only be held on short notice if convened pursuant to an order of the Isle of Man High Court.

Due to the urgent requirement for the Company to appoint directors, DRGN Limited is making an application to the Isle of Man High Court for an order (the “**Order**”) convening an extraordinary general meeting of the Company to be held on 28 September 2012, for the purpose of appointing a Board of Directors to the Company (the “**Extraordinary General Meeting**”).

To provide shareholders with as much advance notice as possible for the Extraordinary General Meeting, DRGN Limited proposes to provide members with a copy of a draft of the notice convening the Extraordinary General Meeting and the form of proxy, which it will request the Isle of Man High Court to approve in the Order.

In the event that the Order is made, DRGN Limited will immediately notify shareholders with an official notice and proxy form for the Extraordinary General Meeting, and make a further announcement through a Regulatory News Service. If the Order is made, and a Board of Directors validly appointed by shareholders of the Company, the Company will be able to publish its half yearly report for the six months ended 30 June 2012 (the “**Half Yearly Report**”) on 28 September 2012 in accordance with the AIM Rules for Companies. The Company believes that its shares will be restored to trading at that time.

In the event the Isle of Man High Court does not grant the Order, an Extraordinary General Meeting will be convened on 21 clear days notice in accordance with the Company’s articles of association and the Company’s half yearly report will be published as soon as practicable after that meeting has been held.

The Half Yearly Report has been prepared by the Company and is in an advanced stage. However, the Company is not able to publish the Half Yearly Report until a Board of Directors has been validly appointed. The Company's investment manager, Dragon Capital Partners Limited, have indicated that the draft unaudited net asset value at 30 June 2012 is expected to be largely unchanged from the 31 December 2011 net asset value.

The Company's investment manager, Dragon Capital Partners Limited, continues to manage the Company's investment portfolio and assets in accordance with the terms of the investment management agreement

## **Background**

Standard Bank Trust Company (Isle of Man) Limited ("**Standard Bank**") was appointed by DUPD in August 2007 to provide registered office and company secretarial services to DUPD in the Isle of Man including organising and convening shareholder meetings of the Company in accordance with the Articles.

It has been discovered that none of the meetings of shareholders which have taken place under Standard Bank's stewardship were quorate in accordance with the Articles.

The Articles require that for a meeting of shareholders to be quorate at least two members of the Company be present in person, or by a proxy, or a duly authorised representative of a corporate member. The minutes of each of the shareholder meetings show that a single DUPD director has been present at the relevant meeting as the holder of multiple proxies, which have been lodged by shareholders.

Legal advice has been received that the presence of one person in a dual capacity will not satisfy the quorum requirements and that consequently, all resolutions passed at those meetings, including the appointment of directors, are void.

The shareholder meetings which have been found to be defective include the Company's Annual General Meetings in 2008, 2009, 2010, 2011 and 2012 and Extraordinary General Meetings held in March 2008, to adopt new articles of association, and in December 2008 and November and December 2011, to authorise the Company to buy back its own shares.

There are a number of consequences of these meetings being inquorate, the most important of which is that DUPD currently has no validly appointed Directors.

Following the valid appointment of a Board of Directors to the Company at the Extraordinary General Meeting, the Company will be in a position to explore all of its options to ratify previous decisions of the shareholders, where possible, and seek compensation for any losses it has suffered as a result of the errors which have created this situation.

A copy of the circular to shareholders is expected to be posted to shareholders on 20 September 2012, and will be available on the Company's website: [www.dragon-upd.com](http://www.dragon-upd.com) using the following link <http://dragon-upd.com/investor-information/important-information/admission-document-and-circulars>

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