

DRAGON CAPITAL GROUP, CORP.

(Formerly Dragon Venture)

ANNUAL REPORT

For the fiscal year ended December 31, 2013

8 Zhengyi Road, Suite 307
Shanghai, China
(Address of principal executive offices)

Telephone: 86-21-55522888
Facsimile: 86-21-55660988

Item 1) Name of the issuer and its predecessors (if any)

The name of the issuer is: Dragon Capital Group, Corp. On March 21, 2005, the issuer amended its Articles of Incorporation to change its name from Dragon Venture to its current name.

Item 2) Address of the issuer's principal executive offices

Company Headquarters

Dragon Capital Group, Corp.
8 Zhengyi Road, Suite 307
Shanghai, China

Telephone: 86-21-55522888

Facsimile: 86-21-55660988

Web: <http://www.dragoncapital.us>

Investor Relations

Richard Galterio

China Direct Investments, Inc.

431 Fairway Drive, Suite 200

Deerfield Beach, FL 33441

Telephone: 954-363-7333

Facsimile: -954-363-7320

Email: rich.galterio@cdii.net

Item 3) Security Information

- Trading Symbol: DRGV
- The exact title and class of securities outstanding: Only common shares are authorized and outstanding
- CUSIP Number: 26144J100

- Par or Stated Value: Common Stock: \$.001 par value per share.

The issuer's authorized Common Stock presently consists of 1,000,000,000 shares, par value \$.001. The holders of the Common Stock have equal ratable rights to dividends from funds legally available therefore, when, as and if declared by the Board of Directors of the issuer and are entitled to share ratably in all of the assets of the issuer available for distribution to holders of Common Stock upon liquidation, dissolution, or winding up of the affairs of the issuer. Holders of the issuer's common stock are entitled to one (1) vote per share on all matters on which shareholders may vote at all meetings of shareholders. There are no conversion rights, subscription rights, preemptive rights, cumulative voting rights, or redemptive rights with respect to the Common Stock. All shares of Common Stock now outstanding are fully paid and non-assessable.

As of January 10, 2014, there were:

- Common Stock Authorized: 1,000,000,000
- Common Stock Outstanding: 586,348,331
- Freely Tradable Shares (public float): Approximately 332,003,016
- Total number of shareholders of record: 127

Name and address of the transfer agent.

Interwest Transfer Company, Inc.
1981 East Murray Holladay Road, Suite 100
P.O. Box 17136
Salt Lake City, UT 84117
Telephone: (801) 272-9294
Facsimile: (801) 277-3147

Interwest Transfer Company, Inc. is registered under the Securities Exchange Act of 1934 and is regulated by the Securities and Exchange Commission.

There are no restrictions on the transfer of the issuer's securities; and the issuer has not been subject to any trading suspension orders issued by the SEC in the past 12 months.

Item 4) Issuance History

List of securities offerings and shares issued for services in the past two years.

The following events resulted in changes in total shares outstanding by the issuer in the past two year period ending on the last day of the issuer's most recent fiscal year and since the last day of the issuer's most recent fiscal year:

During fiscal 2013, we issued 50,000,000 shares valued at \$0.0018 per share for a total amount of \$90,000 to China Direct Investments, Inc. for its services rendered in the consulting services that China Direct Investments, Inc. rendered between January, 2013 and December 31, 2013.

In December 21, 2012, we issued 130,000,000 shares to Hongzhu Xi, Feng Li, Fen Liu, Lei Chen and Zheng Cha in connection with the purchase by our subsidiary, Shanghai Yazheng, of 100% of the equity interest in Shanghai Zhiye, a Chinese limited liability company. The amount of shares each of

the above shareholders received is equal to 26,000,000. These shares were valued at \$0.003 per share for a total purchase price of \$390,000.

During fiscal 2011, we issued 20,000,000 shares valued at a total amount of \$20,000 to China Direct Investments for its services rendered in the consulting services that China Direct Investments, Inc. rendered between October 1, 2010 and March 31, 2011.

Each of the above securities offerings or transactions was made by officers and directors of the issuer and was not a registered offering. The offerings relied upon an exemption under Regulation S or Rule 4(2) of the Securities Act of 1933, as amended. The shares in these offerings or transactions were restricted (i.e., not freely tradable); and the certificates evidencing such shares contained a legend (1) stating that the shares have not been registered under the Securities Act of 1933, as amended, and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act of 1933, as amended.

Item 5) Financial information for the issuer's most recent fiscal period

The Company's unaudited financial statements for its fiscal year ended December 31, 2013 and 2012 are attached hereto as part of the Company's Annual Company Information and Disclosure Statement and filed herewith.

DRAGON CAPITAL GROUP, CORP. AND SUBSIDIARIES		
CONSOLIDATED BALANCE SHEET		
(Unaudited)		
ASSETS		
	December, 31	December, 31
	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	\$ 449,650	\$ 540,423
Accounts receivable, net of allowance for doubtful accounts of \$169,360 and \$165,452 respectively	438,313	792,711
Other receivables	1,705,060	1,758,741
Inventories	6,037,220	5,198,169
Goodwill	267,964	267,964
Prepaid expenses and other current assets	219,725	253,785
Assets held for sale	584,774	-
Total Current Assets	9,702,706	8,811,794
DERIVATIVE RECEIVABLE	66,978	66,979
DUE FROM RELATED PARTY	-	77,680
PROPERTY AND EQUIPMENT - Net	79,524	133,237
Total Assets	\$ 9,849,208	\$ 9,089,690
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Loans payable-related party	\$ -	\$ 62,000
Accounts payable and accrued expenses	275,334	252,079
Other payable	672,111	935,337
Taxes payable	16,390	43,537
Due to related party	220,994	48,183
Liabilities related to assets held for sale	462,022	-
Total Current Liabilities	1,646,851	1,341,136
EQUITY:		
Dragon Capital Group, Corp.		
Common Stock (\$0.001 Par Value; 500,000,000 Shares Authorized; 536,348,331 and 492,735,578 shares issued and outstanding at December 31, 2013 and 2012, respectively	536,349	492,736
Additional paid-in capital	5,908,865	5,810,493
Accumulated retained earnings	669,092	540,917
Accumulated comprehensive income	372,062	198,636
Total Dragon Capital Group, Corp.	7,486,369	7,042,782
Noncontrolling interest	715,988	705,773
Total Equity	8,202,357	7,748,555
Total Liabilities and Equity	\$ 9,849,208	\$ 9,089,690

DRAGON CAPITAL GROUP, CORP. AND SUBSIDIARIES		
CONSOLIDATED STATEMENT OF OPERATIONS		
(Unaudited)		
	For the Year Ended	
	December 31,	
	2013	2012
NET REVENUES	\$ 19,793,685	\$ 20,245,703
COST OF SALES	18,726,801	19,270,763
GROSS PROFIT	1,066,884	974,940
OPERATING EXPENSES:		
Selling expenses	262,136	220,766
General and administrative	501,747	264,191
Total Operating Expenses	763,883	484,957
(Loss) INCOME FROM OPERATIONS	303,001	489,983
OTHER INCOME		
Other income (expense)	(2,348)	3,926
Interest income (expense)	(6,053)	(3,895)
Realized loss on other than temporary impairment	-	-
Total Other Expense	(8,401)	31
(Loss) INCOME FROM CONTINUE OPERATIONS, INCOME TAXES AND NONCONTROLLING INTEREST	294,600	490,014
DISCONTINUED OPERATIONS:		
Gain (loss) from discountinue operations	(25,309)	(1,946)
Total gain (loss) from discontinued operations	(25,309)	(1,946)
(Loss) INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST	269,291	488,068
INCOME TAXES	(141,116)	(151,984)
NET (LOSS) INCOME	128,176	336,084
Less: Net (loss) income attributable to noncontrolling interest	(69,691)	(59,504)
NET INCOME (LOSS) ATTRIBUTABLE TO DRAGON CAPITAL GROUP, CORP.	58,485	276,581
NET INCOME (LOSS) PER COMMON SHARE:		
Net (loss) income from continuing operations	0.00	0.00
Net (loss) income from discontinued operations	(0.00)	(0.00)
Net (loss) income per Common Share	\$ 0.00	\$ 0.00
Weighted commom shares outstanding - basic and diluted	536,348,331	492,735,578

DRAGON CAPITAL GROUP, CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2013 and 2012

Dragon Capital Group, Corp.							
	Common Stock, \$.001 Par Value		Additional	Accumulated	Accumulated	Noncontrolling	Total
	Number of	Amount	Paid-in	Deficit	Comprehensive	Interest	
	Shares		Capital		Loss		
Balance, December 31, 2012	492,735,578	492,736	5,810,493	540,916	\$ 198,636	\$ 705,773	\$ 7,748,554
Common stocks issued for notes conversion	43,612,753	43,613					43,613
Adjustments for notes conversion			98,372	-			98,372
Restricted stock award-employees and consultants							-
Comprehensive income:							-
Net income for the year				128,176			128,176
Other comprehensive income, net of tax:							-
Unrealized gain for marketable securities							-
Foreign currency translation adjustment					\$ 173,426	\$ 10,215	183,641
Other comprehensive income							-
Compressive income							-
Balance, December 31, 2013	536,348,331	536,349	5,908,865	669,092	\$ 372,062	\$ 715,988	\$ 8,202,357
consolidated financial statements.							

DRAGON CAPITAL GROUP, CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

		For the Year Ended	
		December 31,	
		2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
	Net Income (loss)	\$ 128,176	\$ 336,084
	Loss from discontinued operations	(25,309)	(1,946)
	Adjustments to reconcile (loss) income from operations to net cash provided by (used in) continuing operations:		
	Depreciation and amortization	20,850	24,631
	Amortization of debt discount	141,985	-
	Stock based compensation	-	28,000
	Changes in assets and liabilities:		
	Accounts receivable	47,845	242,694
	Other receivable	94,241	(9,124)
	Inventories	(721,326)	(499,339)
	Prepaid and other current assets	40,219	(89,319)
	Accounts payable and accrued expenses	15,983	(272,396)
	Other payable	72,048	(392,334)
	Taxes payable	(25,738)	(16,138)
	Net cash used in continuing operations	(211,025)	(645,295)
	(Loss) income from discontinued operations		
	Adjustments to reconcile (loss) income from discontinued operations to net cash provided by (used in) discontinued operations:		
	Assets from discontinued operations	(84,098)	(109,622)
	Liabilities from discontinued operations	96,347	349,827
	Net cash provided by (used in) discontinued operations	12,248	240,205
	NET CASH USED IN OPERATING ACTIVITIES	(198,777)	(405,090)
CASH FLOWS FROM INVESTING ACTIVITIES:			
	Proceeds from disposition of property and equipment	(59,420)	186,741
	NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(59,420)	186,741
CASH FLOWS FROM FINANCING ACTIVITIES:			
	(Repayment of) proceed from loans	(62,000)	-
	Repayment of related party advance	172,811	4,262
	NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	110,811	4,262
	EFFECT OF EXCHANGE RATE ON CASH	56,613	47,625
	NET DECREASE IN CASH	(90,773)	(166,462)
	CASH - beginning of the year	540,423	706,885
	CASH - end of year	<u>\$ 449,650</u>	<u>\$ 540,423</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash paid for:		
	Interest	\$ 4,027	\$ 2,167
	Income taxes	\$ 140,462	\$ 100,557

Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Dragon Capital Group, Corp., a Nevada corporation, (formerly Dragon Venture) (“we”, the “Company” or “Dragon Capital”), is doing business in China through our subsidiaries. Dragon Capital serves as a holding company of emerging technology enterprises operating in China. We function as an incubator, offering support in the critical functions of general business consulting, formation of joint ventures, access to capital markets, consulting regarding potential merger & acquisition transactions, business valuation, and revenue growth strategies. Our primary focus is on innovative software solutions for businesses, as well as sale of computer and electronic component sales.

Our business is conducted entirely through our operating subsidiaries:

- i. Dragon Venture Corp., a Florida corporation, a wholly owned subsidiary, (“Dragon Florida”);
- ii. Shanghai Zhaoli Technology Development Co., Ltd. an 80% owned subsidiary of Dragon Nevada, (“Shanghai Zhaoli”);
- iii. Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd., a wholly owned subsidiary of Dragon Florida, (“Dragon Shanghai”);
- iv. Chengdu Imaging Soft Co., Ltd, a 51% owned subsidiary of Dragon Shanghai, (“Chengdu ISoft”);
- v. Shanghai Yazheng Information Technology Co., Ltd., a 90% owned subsidiary of Dragon Florida, (“Shanghai Yazheng”);
- vi. Shanghai Yazheng, holds a 51% interest in the below entity:
Shanghai Cnnest Technology Development Co., Ltd., (“Cnnest”)
- vii. Shanghai Yazheng, holds a 100% interest in the below entity:
Shanghai Zhiye Computer Science and Technology Development Co., Ltd. (“Shanghai Zhiye”)

Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd.

In September 2005, our wholly owned subsidiary, Dragon Florida, formed Dragon Shanghai, a Chinese limited liability company (“Dragon Shanghai”). Dragon Shanghai is a wholly owned subsidiary of Dragon Florida. In March 2010, Dragon Shanghai changed its name from Dragon Venture (Shanghai) Co., Ltd. to Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd. to reflect its current business focus on new energy technology.

Shanghai Yazheng Information Technology Co., Ltd.

In December 2004, our wholly owned subsidiary, Dragon Florida, acquired a 90% interest in Shanghai Yazheng Information Technology Co., Ltd. (“Shanghai Yazheng”), a Chinese limited liability company, in exchange for 8,000,000 shares of common stock of Dragon Capital.

Shanghai Cnnest Technology Development Co., Ltd.

In December 2004, Dragon Florida’s 90% owned subsidiary, Shanghai Yazheng, acquired a 51% interest in Shanghai Cnnest Technology Development Co., Ltd. (“Cnnest”), a Chinese limited liability company, in exchange for Shanghai Yazheng’s assumption of Cnnest’s liabilities totaling \$24,284 as of December 31, 2004.

Shanghai Zhaoli Technology Development Co., Ltd.

In December 2004, Dragon Capital acquired an 80% interest in Shanghai Zhaoli Technology Development Co., Ltd. (“Shanghai Zhaoli”), a Chinese limited liability company, from Genesis Technology Group, Inc., a Florida corporation, in exchange for 18,825,000 shares of our common stock.

Chengdu Imaging Soft Co., Ltd.

In January 2008, Dragon Capital formed a new entity, Chengdu Imaging Soft Co., Ltd, (“Chengdu ISoft”) as a Chinese limited liability company. Chengdu ISoft was formed with an initial registered capital of \$285,714 (RMB 2 million). Dragon Capital contributed approximately \$145,714 (RMB 1.02 million) to obtain a 51% interest in Chengdu ISoft.

As of June 30, 2013, Dragon Capital decided to put our 51% interest in Chengdu ISoft for sale because its business development in recent years has failed to meet management's expectation.. The assets and liabilities associated with the discontinued operations were reflected as current assets or liabilities held for sale on our balance sheets.

Shanghai Zhiye Computer Science and Technology Development Co., Ltd.

In December 21, 2012, our wholly owned subsidiary, Shanghai Yazheng, acquired a 100% interest in Shanghai Zhiye Technology Development Co., Ltd. (“ Shanghai Zhiye”), a Chinese limited liability company, in exchange for 130,000,000 shares of our common stock valued at \$390,000.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The accompanying consolidated financial statements for the interim periods are unaudited and reflect all adjustment (consisting only of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the periods presented.

The consolidated financial statements of the Company include the accounts of our wholly-owned and majority owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in 2013 and 2012 include the allowance for doubtful accounts which is based on an evaluation of our outstanding accounts receivable including the age of amounts due, the financial condition of our specific customers, knowledge of our industry segment in Asia, and historical bad debt experience, also the useful life of property and equipment.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

Accounts receivable

The Company has a policy of reserving for uncollectible accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for

recovery is considered remote. At December 31, 2013 and 2012, the Company has established, based on a review of its outstanding balances, an allowance for doubtful accounts in the amount of \$169,360 and \$165,452, respectively.

Investment in marketable securities

The investment in marketable securities represents 56 million shares held in a publicly traded company, which shares had a fair value of \$0.02 per share at December 31, 2007, the date of issuance. These shares were received as a placement fee for a transaction completed as of December 31, 2007. The shares are carried as available-for-sale for purposes of accounting recognition. On March 11, 2008, these shares affected a one for 40 reverse stock splits of its issued and outstanding common stock. On December 31, 2010, the investment in marketable securities represents 1.4 million shares valued at \$0.08 per share. Unrealized gains or losses on marketable securities available for sale are recognized on a quarterly basis as an element of comprehensive income based on changes in the fair value of the security. Once liquidated, realized gains or losses on the sale of marketable securities available for sale are reflected in our net income for the period in which the security was liquidated.

The realized loss on investments in marketable securities at the year ended December 31, 2013 and 2012 was \$81,200 and \$81,200, respectively. This loss related to our assessment of other than temporary impairment for marketable securities available for sale at December 31, 2012 under the guidance of ASC 325.

Inventories

Inventories, consisting of finished goods, related to the Company's products are stated at the lower of cost or market utilizing the weighted average method. At December 31, 2013 and 2012, inventory balances of \$6,037,220 and \$5,198,169, respectively, were comprised of finished goods consisting of electronic merchandise and salable components.

Property and equipment

Property and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. In accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," the Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Advances from customers

Advances from customers totaled \$0 and \$0 at December 31, 2013 and December 31, 2012, respectively. Advances from customers consist of prepayments from third party customers to the Company for merchandise that had not yet shipped or services not yet provided. We will recognize the deposits as revenue as customers take delivery of the goods or services are provided, in compliance with our revenue recognition policy.

Impairment of long-lived assets

In accordance with ASC 360, "Property, Plant, and Equipment", we periodically review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. We recognize an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the estimated fair value and the book value of the underlying asset. We did not record any impairment charges during the year ended December 31, 2013 and 2012.

Concentration of Credit Risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and trade accounts receivable. The Company places its cash with high credit quality financial institutions in the United States and China. As of December 31, 2013, bank deposits in the United States did not exceed federally insured limits. On December 31, 2013, the Company had approximately \$449,535 in China bank deposits, which cannot be insured. In China, there is no equivalent to Federal Deposit Insurance Corporation (“FDIC”) insurance as in the United States. Through December 31, 2013, we have not experienced any losses of funds maintained in our Chinese based accounts. To reduce our risk associated with the failure of financial institutions; both in China and the United States, we periodically evaluate the credit quality of the financial institutions in which we hold deposits.

At December 31, 2013 and December 31, 2012, our bank deposits, by geographic area, were as follows:

	December 31, 2013		December 31, 2012	
United States	\$ 115	0.0%	\$ 347	0.1%
China	449,535	100.0%	540,076	99.9%
Total cash and cash equivalent	\$ 449,650	100%	\$ 540,423	100%

Fair Value of financial Instruments

The carrying value of cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses and other payable approximate their fair value due to their short-term maturities.

Revenue recognition

The Company follows the guidance of the Securities and Exchange Commission’s Staff Accounting Bulletin 104 for revenue recognition. In general, we record revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured.

Foreign currency translation

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Transactions and balances in other currencies are converted into U.S. dollars in accordance with ASC Section 830-20-35 and are included in determining net income or loss.

Our reporting currency is the U.S. dollar. The functional currency of our Chinese subsidiaries is the local currency, the Chinese dollar or Renminbi (“RMB”). The financial statements of the subsidiaries are translated into United States dollars using year-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues, costs, and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of operations. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive income or loss. The translation adjustments were an unrealized gain of \$100,517 for fiscal year 2013.

Income (loss) per common share

Pursuant to ASC Section 260-10-45, basic income (loss) per common share is computed by dividing income (loss) available to common shareholders by the weighted average number of shares of common stock outstanding for the periods presented. Diluted income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that would then share in the income, subject to anti-dilution limitations.

Comprehensive income (loss)

Comprehensive income (loss) is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) refers to revenue, expenses, gains and losses that under accounting principles generally accepted in the United States and included on comprehensive income (loss) but are excluded from net income (loss) as their amounts are recorded directly as an adjustment to stockholders' equity.

Our other comprehensive income consists of currency translation adjustments and unrealized loss on marketable securities held for sale. The following table sets forth the computation of comprehensive income for the year ended December 31, 2013 and 2012, respectively.

	For the Year Ended	
	December 31,	
	2013	2012
	Unaudited	Unaudited
Net (loss) income	\$ 128,176	\$ 336,084
Other comprehensive (loss) income, net of tax		
Foreign currency translation gain	110,517	(47,116)
Reclassification of unrealized loss for marketable securities held for sale	(114,800)	(114,800)
Total other comprehensive income, net of tax	123,893	174,168
Comprehensive income (loss)		
Less: Comprehensive income attributable to the noncontrolling interests	(404,117)	(345,046)
Comprehensive (loss) income attributable to Dragon Capital Group, Corp.	\$ (280,224)	\$ (170,878)

NOTE 3- ACQUISITION

As further discussed in Note 1, on December 21, 2012, our wholly owned subsidiary, Shanghai Yazheng, acquired a 100% interest in Shanghai Zhiye Technology Development Co., Ltd. ("Shanghai Zhiye"), a Chinese limited liability company, in exchange for 130,000,000 shares of our common stock as per the Shanghai Zhiye Stock Sales and Purchase Agreement ("Purchase Agreement"). The fair value of our common stock at the date of transaction was \$0.003.

The transaction has been accounted for as a purchase acquisition, the purchase price of \$390,000 was allocated to the assets acquired and liabilities assumed at their fair values as of the acquisition date as follows:

Cash and cash equivalents	464.19
Other accounts receivable	121,571.43
Total Assets	122,035.62
Goodwill	\$ 267,964.38

The following unaudited pro forma consolidated results of operations have been prepared as if the acquisition of Shanghai Zhiye had occurred as of January 1, 2012, the beginning of the 2012 fiscal year:

NET REVENUES	\$	20,308,177
COST OF SALES		19,274,312
GROSS PROFIT		1,033,865
OPERATING EXPENSES:		
Selling expenses		220,766
Loss on disposition of property and equipment		-
General and administrative		320,997
Total Operating Expenses		541,763
(Loss) INCOME FROM OPERATIONS		492,102
OTHER INCOME		
Other income (expense)		(158)
Interest income (expense)		(3,992)
Realized loss on other than temporary impairment		-
Total Other Expense		(4,150)
(Loss) INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST		487,951
INCOME TAXES		151,984
NET (LOSS) INCOME		639,935
Less: Net (loss) income attributable to noncontrolling interest		(59,504)
NET INCOME (LOSS) ATTRIBUTABLE TO DRAGON CAPITAL GROUP, CORP.		580,431
NET INCOME (LOSS) PER COMMON SHARE:		
Net (loss) income from continuing operations and discontinued operations	\$	0.00
Weighted common shares outstanding - basic and diluted		492,735,578
AMOUNTS ATTRIBUTABLE TO DRAGON CAPITAL GROUP, CORP.		
COMMON SHAREHOLDERS:		
(Loss) Income from continuing operations, net of tax		580,431
Loss from discontinued operations, net of tax		-
Net income (loss)		580,431

The unaudited pro forma information does not purport to be indicative of the results that would have been obtained had these events actually occurred at the beginning of the period presented and is not intended to be indicative of future results.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives ranging from three to five years. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

Property and equipment consist of the following as of December 31, 2013 and December 31, 2012.

	December 31,	
	2013	2012
	Unaudited	Unaudited
Furniture and equipment -China	\$ 348,540	\$ 318,327
Work in progress	-	86,110
	348,541	404,437
Accumulated depreciation	(269,017)	(271,200)
	\$ 79,524	\$ 133,237

Depreciation expense totaled \$20,850 and \$24,631 for the years ended December 31, 2013 and 2012, respectively.

NOTE 5 – LOANS PAYABLE

Loans payable of \$0 and \$62,000 at December 31, 2013 and December 31, 2012, respectively, reflected loans made for general working capital purposes. The Chief Executive Officer of China Direct Investments, Inc., James Wang, is the brother of the Company's president, Lawrence Wang.

NOTE 6 – DUE TO RELATED PARTIES AND SIGNIFICANT HOLDERS

At December 31, 2013, we reflected \$220,994 due to China Direct Investments, Inc. ("CDII"), of which \$90,000 is stock-based compensation due to CDII valued at the fair market value on the grant date and \$130,994 is working capital advances due to CDII on December 31, 2013.

On March 30, 2013, the Company issued a 2% convertible note of the Company in the aggregate principal amount of \$33,500 to CDII in connection with the exchange for working capital advances due to CDII in 2013 and prior to this convertible note. Pursuant to this convertible note, CDII was entitled, at its option, at any time after the issuance of this note, to convert all or any lesser portion of the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price for each share of common stock equal to a price which is 80% of the lowest VWAP in the 10 consecutive trading days prior to the day that CDII requests conversion.

On June 05, 2013, the Company issued a 4% convertible note of the Company in the aggregate principal amount of \$40,141.38 to CDII in connection with the exchange for working capital advances due to CDII in 2012 and prior to this convertible note. On September 17, 2013, the entire outstanding principal amount and all accrued and unpaid interest of \$41,141.48 was converted into 20,570,690 shares of Company's common stock at the cost basis of \$0.002 per share.

On June 30, 2013, the Company issued a 2% convertible note of the Company in the aggregate principal amount of \$46,735 to CDII in connection with the exchange for working capital advances due to CDII on June 30, 2013 and prior to this convertible note. Pursuant to this convertible note, CDII was entitled, at its option, at any time after the issuance of this note, to convert all or any lesser portion of the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price for each share of common stock equal to a price which is 80% of the lowest VWAP in the 10 consecutive trading days prior to the day that CDII requests conversion.

On September 30, 2013, the Company issued a 2% convertible note of the Company in the aggregate principal amount of \$24,234.47 to CDII in connection with the exchange for working capital advances due to CDII on September 30, 2013 and prior to this convertible note. Pursuant to this convertible note, CDII was entitled, at its option, at any time after the issuance of this note, to convert all or any lesser portion of the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price for each share of common stock equal to a price which is 80% of the lowest VWAP in the 10 consecutive trading days prior to the day that CDII requests conversion.

On December 30, 2013, the Company issued a 2% convertible note of the Company in the aggregate principal amount of \$17,499.17 to CDII in connection with the exchange for working capital advances due to CDII on December 30, 2013 and prior to this convertible note. Pursuant to this convertible note, CDII was entitled, at its option, at any time after the issuance of this note, to convert all or any lesser portion of the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price for each share of common stock equal to a price which is 80% of the lowest VWAP in the 10 consecutive trading days prior to the day that CDII requests conversion.

NOTE 7 – STOCKHOLDERS' EQUITY

Common Stock Issued For Services

In July 2009 we entered into a consulting and management agreement with China Direct Investments Inc., a subsidiary of CD International Enterprises, Inc. (formerly known as China Direct Industries, Inc.). The agreement is for a term of 25 months from October 1, 2009 to December 31, 2011. We engaged the services of the consultant as our representative in the United States. The provided services include but are not limited to general business consulting, management of professional resources, coordination of preparation and filing of public disclosures, assistance in financial management and the implementation of internal controls, managing investor road show/investment conferences, assisting in the implementation of acquisition deals, etc. Under the term of the agreement, we agreed to issue China Direct Investments Inc. a total of 90,000,000 shares of our common stock. 10,000,000 shares are payable by the end of each quarter ending December 31, March 31, June 30, and September 30 starting October 1, 2009, and will be fair valued using the average stock price over the quarter the services were earned. This agreement also provides for the payment of discretionary award fees to be paid to the consultant and (or) its designees. Upon the mutual agreement of the parties, the fees can be paid either in cash or marketable securities.

During fiscal 2011, we issued 20,000,000 shares to China Direct Investment with a total amount of \$20,000. Starting April 1, 2011, China Direct Investments, Inc. has waived the compensation payable to it, including the stock payments referenced above, pursuant to its consulting and management agreement with the Company, for the period beginning on April 1, 2011 through December 31, 2011.

In June 2012, we entered into a consulting agreement with Mingyu Cheng. The agreement is for a term of 36 months from June 13, 2012 to June 13, 2015. We engaged the service of the consultant as our representative to market the software of the Company. The provided services include but are not limited to develop marketing strategies, conduct promotional communications with clients, governmental authorities, and public, and advise the marketing and sales team of the Company in pursuing purchase orders, and other functions related to the marketing of the Software as shall reasonably be requested by the Company. Under the term of the agreement, we agreed to issue Mingyu Cheng a total of 20,000,000 shares of our common stock. Shares are payable on the 5th business days after the signing date of this agreement, and will be fair valued using the trading price of June 19th, 2012.

On March 12, 2013, the Company filed a Certificate of Amendment with the Nevada Secretary of State whereby the Articles of Incorporation of Dragon Capital Group, Corp. were amended to increase its number of authorized common shares for issuance to 1,000,000,000 shares. The amendment was approved by unanimous consent of the board of directors and by majority consent of the shareholders.

In July 2013, in connection with the conversion of the China Direct Investments, Inc. note in the amount of \$41,141.48 (see Note 6), the entire outstanding principal amount and all accrued and unpaid interest of \$41,141.48 was converted into 20,570,690 shares of Company's common stock at the cost basis of \$0.002 per share.

On August 1, 2013, we entered into a consulting agreement with China Direct Investments, Inc., a Florida corporation located at 431 Fairway Drive, Suite 200, Deerfield Beach, FL 33441, and its affiliate, CDI Shanghai

Management Company, Limited. The agreement is for a term of 24 months from January 1, 2013 to December 31, 2014. We engaged the service of the consultant as our representative in the United States. The provided services include but are not limited to provide general business consulting advice, assist in the creation of marketing and sales plans, manage investor road shows/investment conferences, coordinate of public disclosures, identify and evaluate the potential mergers and acquisition and provide Chinese/ English translation service. Under the term of the agreement, we agreed to issue China Direct Investments, Inc. a total of 50,000,000 shares of our common stock and these shares are vested immediately upon issuance. In addition, the consultant agrees to accept a fee equivalent to 5% of the gross transaction value as compensation for the M&A work performed on transactions introduced by the Company. All fees under the M&A relationship will be paid in cash or shares of common stock at the option of the consultant. In the event the consultant agrees to accept stock options as a form of payment, all options shall have a cashless exercise provision.

Common Stock Issued For Acquisition

On December 21, 2012, we issued 130,000,000 shares to Hongzhu Xi, Feng Li, Fen Liu, Lei Chen and Zheng Cha in connection with the purchase by our subsidiary, Shanghai Yazheng, of 100% of the equity interest in Shanghai Zhiye, a Chinese limited liability company. The amount of shares each of the above shareholders received is equal to 26,000,000. These shares were valued at \$0.003 per share for a total purchase price of \$390,000.

NOTE 8 – OPERATING RISK

Country risk

Currently, the Company's revenues are primarily derived from the sales in the Peoples Republic of China ("PRC"). The Company hopes to expand its operations to countries outside the PRC; however, such expansion has not been commenced and there are no assurances that the Company will be able to achieve such an expansion successfully. Therefore, a downturn or stagnation in the economic environment of the PRC could have a material adverse effect on the Company's financial condition.

Product risk

In addition to competing with other manufacturers of product offerings, the Company competes with larger US companies who have greater funds available for expansion, marketing, research and development and the ability to attract more qualified personnel. The US companies may be able to offer products at a lower price or under better competitive terms, which would adversely affect our operations.

Exchange risk

The Company cannot guarantee that the current exchange rate will remain steady; therefore, there is a possibility that the Company could post the same amount of profit for two comparable periods and, because of a fluctuating exchange rate, actually post higher or lower profit depending on exchange rate of Renminbi converted to US dollars on that date. The exchange rate could fluctuate depending on changes in the political and economic environments without notice.

Political risk

Currently, the PRC is in a period of growth and is openly promoting business development in order to bring more business into the PRC. Additionally, the PRC allows a Chinese corporation to be owned by a United States corporation. If the laws or regulations are changed by the PRC government, our ability to effectively operate our PRC subsidiaries could be negatively affected.

NOTE 9 – FOREIGN OPERATIONS

For the year ended December 31, 2013 and year ended December 31, 2012, we derived all of our revenue from our subsidiaries located in the People’s Republic of China. Identifiable assets by geographic areas as of December 31, 2013 and December 31, 2012 are as follows:

	Identifiable Assets at	
	December 31, 2013	December 31, 2012
United States	\$ 55,093	\$ 56,399
China	9,794,115	9,033,291
Total	\$ 9,849,208	\$ 9,089,690

NOTE 10 – DISCONTINUED OPERATIONS

On June 30, 2013, through our wholly-owned subsidiary Dragon Shanghai, we held our 51% interest in Chengdu Isoft for sale because its business development in recent years has failed to meet the manager's expectation. The assets and liabilities associated with the discontinued operations were reflected as current assets or liabilities held for sale in our balance sheets.

In January 2008, Chengdu Isoft was formed with an initial registered capital of \$285,714 (RMB 2 million). Dragon Capital contributed approximately \$145,714 (RMB 1.02 million) to obtain a 51% interest in Chengdu Isoft.

On January 2, 2011, we entered into a disposition agreement with Wei Lu, the minority owner of both Shanghai Longri Information Technology Co., Ltd (“Shanghai Longri”) and Shanghai Huice Electronic System Integration Co., Ltd (“Shanghai Huice”). Pursuant to the agreement, we transferred all of our rights, title and 51% interest in Shanghai Longri and Shanghai Huice to Mr. Lu in exchange for an aggregate of 2,000,000 shares of our common stock held by Mr. Lu. As a result, a total of 2,000,000 shares of the Company’s common stock held by Mr. Lu were to be cancelled, and Shanghai Longri and Shanghai Huice were discontinued as of January 2, 2011 and were sold effective as of that date.

In April 2006, we acquired a 51% interest in Shanghai Longri, a Chinese limited liability company, in exchange for 10,000,000 shares of common stock of Dragon Capital. In April 2006, we acquired a 51% interest in Shanghai Huice, a Chinese limited liability company, in exchange for 8,000,000 shares of common stock of Dragon Capital.

NOTE 11- SUBSEQUENT EVENTS

On January 9, 2014, the Company issued 50,000,000 shares of its common stock to China Direct Investments, Inc. for its services rendered in fiscal 2013. The shares were valued at the fair market value of \$90,000 on the grant date, and the Company recorded stock-based compensation of \$90,000.

Item 6) Describe the Issuer’s Business, Products and Services

A. A description of the issuer and its business operations

Dragon Capital Group, Corp., a Nevada corporation (formerly Dragon Venture) (“we”, the “Company”, “Issuer”, or “Dragon Capital”) that was originally incorporated in 1997, is doing business in China through our subsidiaries. Dragon Capital serves as a holding company of emerging technology enterprises operating in China. Dragon Capital

and its subsidiaries invest in, develop and integrate various software applications. Dragon Capital offers its clients a wide variety of software applications, including: network software, gas pipeline risk assessment system, e-business software development, financial and enterprise information management systems, computerized automation control applications for commercial and residential buildings, commercial Third-Generation (“3G”) wireless applications and mobile business solutions, and multi imaging applications. Dragon Capital offers support in general business consulting, formation of joint ventures, access to capital markets, consulting regarding potential merger & acquisition transactions, business valuation, and revenue growth strategies. Our primary focus is on innovative software solutions for businesses, as well as sale of computer and electronic component sales.

Dragon Capital’s fiscal year end is December 31; its primary SIC Code is 3577—Computer peripheral equipment, misc.; it has not been in bankruptcy, receivership or any other similar proceeding; and currently is not a “shell company” pursuant to Securities Act Rule 405, nor has it ever been a “shell company.” The number of full time employees is 105 and we have 10 part-time employees. The issuer’s business is not highly regulated and the issuer doesn’t believe that existing or probable government regulations will have a material effect on its business operations; nor does it believe any costs and effects of compliance with any environmental laws will have a material effect on its business operations.

B. The nature and distribution of products and services offered.

Dragon Capital conducts its businesses through the following operating subsidiaries:

- i. Dragon Venture Corporation, a Florida corporation, a wholly owned subsidiary, (“Dragon Florida”);
- ii. Shanghai Zhaoli Technology Development Co., Ltd. an 80% owned subsidiary of Dragon Nevada, (“Shanghai Zhaoli”);
- iii. Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd., a wholly owned subsidiary of Dragon Florida, (“Dragon Shanghai”);
- iv. Chengdu Imaging Soft Co., Ltd, a 51% owned subsidiary of Dragon Shanghai, (“Chengdu ISoft”);
- v. Shanghai Yazheng Information Technology Co., Ltd., a 100% owned subsidiary of Dragon Florida, (“Shanghai Yazheng”);
- vi. Shanghai Yazheng, holds a 51% interest in the following entity;
 - a. Shanghai Cnnest Technology Development Co., Ltd., (“Cnnest”)
- vii. Shanghai Yazheng, holds a 100% interest in the following entity;
 - a. Shanghai Zhiye Computer Science and Technology Development Co., Ltd.(“Shanghai Zhiye”)

While we operate through various entities, we manage and identify our products under one product segment.

Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd.

Dragon Shanghai provides operational support for the operating entities that we, or our subsidiaries, have formed, or acquired. Typical services provided by Dragon Shanghai include, but are not limited to, general business consulting, translation services, financial management, accounting support, strategic relationships, investment capital and mergers and acquisitions. In

March 2010, Dragon Shanghai changed its name from Dragon Venture (Shanghai) Co., Ltd. To Dragon Venture (Shanghai) New Energy Technology Development Co., Ltd to reflect its current business focus on new energy technology.

Shanghai Yazheng Information Technology Co., Ltd.

Shanghai Yazheng provides services for software development projects in China. Shanghai Yazheng's capabilities include network software, e-business software development, financial and enterprise information management systems, and other related technologies.

Shanghai Yazheng utilizes skilled software development personnel, including 10 software programmers, developers and system analysts with rich experience in software programming and hardware integration. These developers and system analysts have extensive experience designing and producing various software applications compatible with either the Windows or Linux operating systems. Shanghai Yazheng analysts, developers and programmers are capable of designing and programming a wide variety of e-business and database projects utilizing programming languages such as C/C++, VB, Dephi, Java and Perl. Additionally, they are capable of developing Internet projects with ISP, ASP, PHP and related languages.

In August 2013, Shanghai Yazheng was selected by the Chinese Central Government as one of the participants in a national science and technology research project focusing on the application of safe and large-scale programmable logic controllers (PLC's). Projects like this are being sponsored by the government to foster domestic development of high-end control systems to enable China based companies to capture a much larger percentage of this fast growing market. The participants in this project will be able to utilize technologies developed through this government assistance to design practical applications for future commercialization. The project is expected to begin in the first quarter of 2014 and last through 2015. The total estimated R&D cost of the project for the government is approximately 20 million RMB (\$3 million U.S.).

In March 2013, Shanghai Yazheng received government sponsorship from 'Shanghai Innovation Fund for Technology-Based Firm' ("Shanghai Innovation Fund") to fund the development of Shanghai Yazheng's Metropolitan Gas Pipeline Risk Valuation System which is based off its Gas Information System project ("GIS"). Shanghai Innovation Fund was founded in 2013 by Shanghai Science and Technology Commission in an effort to encourage small and medium enterprises to contribute more in entrepreneurship and innovation. The Innovation Fund is managed under the supervision of the local government with the advice and guidance from outside experts. Shanghai Yazheng's GIS project is completely innovative and has acquired full intellectual property rights to achieve both national and international leading level.

In December 2010, Shanghai Yazheng received the software enterprise registration certificate from Shanghai Economic and Information Technology Commission for its newly developed risk assessment system software platform for China's gas pipeline system, one of the first of its kind in China. Shanghai Yazheng is currently in collaboration with North Shanghai Gas Sales Co., Ltd to monitor the gas pipelines in a northern region of Shanghai. In 2011, Shanghai Yazheng started to promote the gas risk assessment system software nationwide. By 2012, the software series has covered about 6,000 kilometers of pipelines that serve 5.76 million households and nearly 17 million users in Shanghai. In 2013, Shanghai Yazheng continued to make the improvements to the performance of the Gas Network software series and promote the product to municipal gas supply companies located in second and third tier cities in the northwestern and southeastern part of China. In December 21, 2012, Shanghai Yazheng completed the acquisition of a 100% equity interest of Shanghai Zhiye Software Development Company

through a stock exchange. Shanghai Zhiye was founded in 2008 by a group of software engineers engaged in application development of mobile solutions for Android, Windows Mobile and Apple's iOS. Shanghai Zhiye has developed a mobile solution platform that allows numerous applications such as game, utility, and payment for a wide variety of smart phones.

Shanghai Cnnest Technology Development Co., Ltd.

Cnnest is a wireless software development company established in 2002, dedicated to developing commercial Third-Generation ("3G") wireless applications and mobile business solutions based on 3G platforms.

Cnnest is currently developing applications for the human resources, mobile banking, food and beverage, and entertainment industries. Cnnest has worked to produce an application called "Mobile Real Estate", a consumer end program that is compatible with China Mobile and China Unicom, two wireless companies in China. This proprietary application combines internet, cell phone mobile internet, newspapers and call centers to form a multimedia platform of real estate services. With this application, the seller, landlord, buyer and tenant can access market information through a variety of devices including computers and smart phones as well as through telephone, newspaper and sub-stations. The product offers detailed information, including property description and data related to the surrounding environment. The system enables a user to send detailed requirements through mobile devices so that sellers and landlords can contact the user directly. The system permits property owners to publish listings and specific information through Mobile Real Estate Shanghai. Cnnest populated the application with data for 10 of the largest cities in China, including Shanghai, Beijing and Guangzhou, for the implementation of its real estate service solutions.

Shanghai Zhaoli Technology Development Co., Ltd.

Founded in 1999, Shanghai Zhaoli is an information technology enterprise providing electronic equipment and innovative technology solutions to enhance its customer's businesses. Shanghai Zhaoli customers include financial institutions, telecommunication companies, hospitals, supermarkets, airports, railway stations and various government agencies. Shanghai Zhaoli is an authorized general agent and distributor for a wide array of manufacturers, including Epson, Canon, Hewlett Packard, Ricoh, Brother, Star and Samsung. Shanghai Zhaoli has a widespread sales channel, with headquarters in Shanghai and nine additional branch locations. The locations range from an approximate 50 square foot mall location in the southwestern central business district to an approximately 330 square foot mall location near People's Square in Shanghai. Each of these branch locations is staffed with five to six employees. At each of the locations, Shanghai Zhaoli is also qualified as a technical service center for Epson, Canon, Hewlett-Packard and OKI products and provides equipment repair services for its customers. Shanghai Zhaoli has also developed an ERS software system for enterprises to manage accounting, distribution, inventory and sales.

Chengdu Imaging Soft Co., Ltd.

Chengdu ISoft develops multi imaging applications and on-line e-business solutions. Chengdu ISoft designs and programs imaging products, such as 3D imaging, full extended images, videos and virtual reality environments. Chengdu ISoft assists its clients in creating valuable efficiencies in marketing products and services by computerizing the physical features of their current or future products, the process of production, and by generating simulations of an environment. In addition, Chengdu ISoft is providing on-line e-business solutions and developing e-business platforms for its customers to enhance their businesses. These applications

combine Internet, realistic display and call centers to form a consolidated platform for our customers' business applications.

Shanghai Zhiye Computer Science and Technology Development Co., Ltd.

Shanghai Zhiye was founded in 2008 by a group of software engineers and is engaged in the application development of mobile solutions for devices running on Android, iOS, Windows Mobile and Apple operating systems. Shanghai Zhiye has been working to develop a mobile programming solutions platform to enable application developers in China to easily and efficiently develop and modify applications to work across the most popular mobile operating systems in China. This solution platform would cover numerous applications such as games, utility and payment for different types of smart phones.

The Company's business plan entails acquiring a majority interest in companies operating within the technology industry in the People's Republic of China. The Company has adopted a strategy of seeking opportunities to realize gains through the selective acquisition of subsidiaries. The Company believes this strategy provides the ability to create shareholder value. Our plan is to provide capital to support the growth in the Company's subsidiaries.

Competitive business conditions, the issuer's competitive position in the industry and methods of competition.

Industry

China is the world's most populous country with 1.3 billion citizens and in the midst of a steady transition to a free market economy that is transforming global trade. According to the Chinese Academy of Social Science the middle class is estimated at between 200-300 million people or 70-100 million households. Household purchasing power is between \$9,000 and \$12,000 and household wealth is approximately \$36,000. The combination of massive capital investment, low cost labor, re-admission to the World Trade Organization in 2001 and a blossoming domestic consumer economy presents a rare opportunity to invest in a nation becoming a major economic superpower.

Given the country's size and its demographics, telecommunications currently clearly plays one of the major roles in the Chinese industry landscape. Over the last decade, the Chinese telecommunications service sector has gone through key reforms that substantially deregulated the market previously dominated by the monopolistic China Telecom. China surpassed the U.S. as the number one mobile market in the world in 2002. According to data released by China's Ministry of Industry and Information Technology in December 2012, the number of mobile phone users in the country is 1.10 billion at the end of November 2012, of which 220 million are 3G users..

As the market grows, mobile subscribers in China are increasingly using their wireless handsets to access a wider range of value-added services, including instant message, information services and games applications..

In the mobile equipment market, the multinational firms that had an early presence in China, such as Motorola, Nokia Corp., Ericsson, Siemens AG, Sony Corp., Toshiba Corp. and Matsushita Electric Corp. have made China an important base for manufacturing, purchasing and research and development.

China Mobile Communications Corp., parent of the world's most valuable phone carrier, built a trial 4G mobile network for the 2010 Shanghai Expo, and won the government approval in December 2010 to expand the test to six cities including Shenzhen and Nanjing in 2011. The expansion of 4G telecommunication technology in China presents substantial opportunity for newly developed application software and value-added services that the Company now offers.

With year over year growth of 85% in 2012, China is the fastest-growing smartphone market by far according to recent research from Informa Telecoms & Media. Additionally, this growth is being driven by the explosive demand for Android phones. Sales in China of devices powered by this OS exceeded 50% penetration in the first half of 2012 and Informa estimates that two in every three handsets sold in China in 2012 are powered by Android. China also represented one third of all Android devices sold throughout the world in 2012. Industry experts estimate that more than 200 million additional devices operating on Android will be sold in China in 2013. The mobile application development market for the Android devices in particular is in its early stages of growth in China and represents a vast opportunity for Chinese applications developers.

Sources and availability of raw materials and the names of principal suppliers.

Our electronic equipments and devices are supplied by the primary distributors of the brands including but not limited to Hewlett-Packard, Canon, EPSON, Brother, Fujixerox, Samsung, OKI, Ricoh, Minolta, Siemens, Schneider, Rockwell, Omron, and ABB. We do not directly order from the factories of the brands.

Patents, trademarks, license, franchises, concessions, royalty agreements or labor contracts.

We are a secondary distributor of electronic equipments and devices of a number of major brands including but not limited to Hewlett-Packard, Canon, EPSON, Brother, Fujixerox, Samsung, OKI, Ricoh, Minolta, Siemens, Schneider, Rockwell, Omron, and ABB. We are recognized by these brands as one of their distributors in China market. Though we do not have formal distribution contract with brands, we place purchase orders with brands' primary distributors for the products. When our sales hit certain benchmarks, the brands generally compensate us with an additional bonus for performance.

In December 2010, Shanghai Yazheng received the software enterprise registration certificate from Shanghai Economic and Information Technology Commission for its newly developed risk assessment system software platform for gas pipeline systems in China.

In fiscal year 2010, Shanghai Zhaoli received an Outstanding Achievement in Sales award from Hewlett-Packard. In fiscal year 2012, Shanghai Zhaoli was awarded by Hewlett-Packard as its Elite Foreign Distributor.

C. Management's Discussion and Analysis or Plan of Operation.

1. Plan of Operation.

Our business plan entails acquiring a majority interest in companies operating within the technology industry in the People's Republic of China. The Company has adopted a strategy of seeking opportunities to realize gains through the selective acquisition of subsidiaries. The Company believes this strategy provides the ability to create shareholder value. Our plan is to provide capital to support the growth in the Company's subsidiaries.

In December 2010, Shanghai Yazheng received the software enterprise registration certificate from Shanghai Economic and Information Technology Commission for its newly developed risk assessment system software platform for China's gas pipeline system, one of the first of its kind in China. During 2011, Shanghai Yazheng continued to launch three more software for Gas Network System including Emergency Recovery System, Geographic Information System (GIS), and Patrol Inspection System. Since 2010, the software series have continuously been applied in the Gas Network of North Shanghai Gas Business Co., Ltd, a state-owned company focus on Shanghai municipal gas supply, distribution, and transmission. By 2011, the software series have covered about 6,000 kilometers of pipelines that serves 5.76 million households and nearly 17 million users in Shanghai. In 2012, Shanghai Yazheng began enhancing the improvement of the performance of Gas Network software series and started promoting the product to the municipal gas supply companies located in the second and third tier cities in northwestern and southeastern part of China. In 2013, Shanghai Yazheng began adding new functions into GIS system and initiating new projects covering gas pipeline of more than 1000 kilometers long. In addition, Shanghai Yazheng has received contracts for the installation of automated control systems at three water treatment plants in China, and has been selected by the Chinese Central Government as one of the participants in a national science and technology research project focusing on the application of safe and large-scale programmable logic controllers which is expected to begin in the first quarter of 2014 and last through 2015.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Revenues for the year ended December 31, 2013 totaled \$19,793,685, reflecting a decrease of 2.2% over the prior year. The decrease of \$0.45 million was mainly attributable to the decrease in revenues of Shanghai Zhaoli.

A summary comparison between the years ended December 31, 2013 and 2012 is as follows:

	2013	2012	\$ Change	% Change
Net Revenues	\$ 19,793,685	\$ 20,245,703	\$ (452,018)	-2.2%
Cost of sales	18,726,801	19,270,763	(543,962)	-2.8%
Gross profit	1,066,884	974,940	91,944	9.4%
Total operating expenses	733,883	484,957	248,926	51.3%
Net income (loss)	\$ 128,176	\$ 336,084	\$ (207,908)	-61.9%

Other key indicators between the years:

	Years Ended December 31,		
	2013	2012	% Change
Cost of revenues as a percentage of revenues	94.6%	95.2%	-0.6%
Gross profit margin	5.4%	4.8%	0.6%
Selling expense as a percentage of revenues	1.3%	1.1%	0.2%
General and administrative expenses as a percentage of revenues	2.5%	1.3%	1.2%
Total operating costs as a percentage of revenues	3.8%	2.4%	1.4%

Cost of sales, as a percentage of revenues totaled 94.6% in 2013, slightly changed compared to 95.2% in 2012.

Our selling expense as a percentage of revenues for the year ended December 31, 2013 increased by 0.2% compared to fiscal 2012. This change was primarily due to increase in marketing expense and commission expense.

General and administrative expenses as a percentage of revenues increased by 1.2% compared to the same period of 2012. General and administrative expenses amounted to \$501, 747 in the year ended December 31, 2013 compared to \$264,191 in 2012. This increase of \$237,556 was mainly attributable to the increases in operating expense of Shanghai Yazheng.

For the year ended December 31, 2013, we recorded net income from continuing operations of \$0.13 million, compared to a net income of \$0.34 million recorded in fiscal 2012. The decrease in net income was mainly attributable to the decrease in revenues of Shanghai Zhaoli due to the lower market demand for office electronic equipments

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations and otherwise operate on an ongoing basis. The following table provides selected financial information from our balance sheets at December 31, 2013 and 2012.

	December 31, 2013	December 31, 2012	Increase (Decrease)	%
Working Capital	\$ 8,055,855	7,470,658	585,197	7.8%
Cash	449,650	540,423	(90,773)	-16.8%
Total current assets	9,702,706	8,811,794	890,913	10.1%
Total assets	9,849,208	9,089,690	759,518	8.4%
Total current liabilities	\$ 1,646,851	1,341,136	305,716	22.8%

At December 31, 2013 and 2012, our cash is located in the following geographic areas:

	2013		2012	
United States	\$ 115	0.0%	\$ 347	0.1%
China	449,535	100.0%	540,076	99.9%
Total cash and cash equivalent	\$ 449,650		\$ 540,423	

Cash on deposit in China is subject to the regulations of the PRC which restricts the transfer of cash from that country, except under certain specific circumstances. Accordingly, such funds may not be readily available to us to satisfy obligations which have been incurred outside the PRC.

At December 31, 2013, our working capital totaled \$8.1 million, a 7.8% increase compared to working capital of \$7.5 million at December 31, 2012.

Cash and cash equivalents totaled \$0.45 million at December 31, 2013, a decrease of \$0.09 million compared to December 31, 2012. Cash used in operating activities totaled \$198,777 for 2013, primarily as a result of an increase in accounts payable and other payable. Cash used in operating activities in fiscal 2012 of \$405,090 was primarily the result of decrease in accounts payable and accrued expenses, decrease in other payable and increase in inventory.

Cash used in investing activities totaled \$59,420 during 2013 and resulted from new investments in property and equipment by Shanghai Yazheng. Cash provided by investing activities totaled \$186,741 during 2012 and resulted from disposal of property and equipment.

Cash provided by financing activities of \$110,811 was comprised of \$172,811 proceeds from a related party advance in 2013. During 2012, we had cash provided by financing activities of \$4,262.

3. Off-Balance Sheet Arrangements.

As of the date of this report, we do not have any off-balance sheet arrangements that are likely to have a current or future effect on our financial condition material to our shareholders. In the ordinary course of business, we enter into operating lease commitments, purchase commitments and other contractual obligations. These transactions are recognized in our financial statements in accordance with generally accepted accounting principles in the United States.

Cautionary Note Regarding Forward-Looking Information and Factors That May Affect Future Results:

This unaudited report contains forward-looking statements. The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "will" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses, the outcome of contingencies, such as legal proceedings and financial results. A list of factors that could cause our actual results of operations and financial condition to differ materially is set forth below.

The loss of the services of any of our executive officers or the loss of services of any of our key persons responsible for the management, sales, marketing and operations efforts of our subsidiaries; our ability to successfully transition the internal operations of companies which we acquired in the PRC from their prior status as privately held Chinese companies to their current status as subsidiaries of a publicly-held U.S. company; our acquisition efforts in the future may result in significant dilution to existing holders of our securities; our ability to effectively integrate our acquisitions and manage our growth; the lack of various legal protections customary in certain agreements to which we are party and which are material to our operations which are customarily contained in similar contracts prepared in the United States; our dependence upon advisory services provided by a U.S. company due to our management's location in the People's Republic of China ("PRC"); intense competition in the computer software and electronic merchandise industries in the PRC; the impact of an economic downturn in the PRC on our revenues from our operations in the PRC; the impact of changes in the political and economic policies and reforms of the Chinese government; fluctuations in the exchange rate between the U.S. dollars and Chinese Renminbi; the limitation on our ability to receive and use our revenue effectively as a result of restrictions on currency exchange in China; the impact of changes to the tax structure in the PRC; our inability to enforce our legal rights in China due to policies regarding the regulation of foreign investments; the existence of extended payment terms which are customary in China; and uncertainties related to PRC regulations relating to acquisitions of PRC companies by foreign entities that could restrict or limit our ability to operate and could negatively affect our acquisition strategy.

We caution that the factors described herein and other factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge

from time to time and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Item 7) Describe the issuer's facilities

Dragon Capital's main offices are located at 8 Zhengyi Road, Suite 307, Shanghai, China. The offices occupy a space of 1722.2 square feet. Dragon Capital shares the offices with Shanghai Yazheng with no cost. Shanghai Yazheng leases the office space for an annual cost of \$31,746 under a lease agreement that expires on December 31, 2015.

Dragon Venture Shanghai leases an office located at 2188 Pudong Avenue, Suite 315, Pudong New District, Shanghai, China. Dragon Shanghai occupies a 582 square foot office space for an annual cost of \$5,515 under a lease agreement that expires September 24, 2014.

Cnnest leases an office located at Tomson Centre Building B, Suite 905, 188 Zhangyang Road, Shanghai, China. Cnnest leases the space for an annual cost of \$35,493 under a lease agreement that expires on May 10, 2014.

Chengdu ISoft leases an office located at 21 Section 4 South Renmin Road, Suite 2-803, Chengdu, Sichuan Province, China. The lease is for a term of one year that expires on February 15, 2014. The lease waives rents but charges a property maintenance fee that adds up to \$928 annually.

Shanghai Zhaoli leases an office space located at 839 Anyuan Road, Suites 216-218, Shanghai, China. Shanghai Zhaoli occupies a 5,769 square foot office space for an annual cost of \$54,407 under a lease agreement that expires on February 28, 2014.

Shanghai Zhiye leases an office space located at 8 Zhengyi Road, Suite 307, Shanghai, China. Shanghai Zhiye occupies a 150 square foot office space for an annual cost of \$1,985 under a lease agreement that expires on December 31, 2014.

Item 8) Officers, Directors, and Control Persons

A. Names of Officers, Directors and Control Persons

Lawrence Wang
Chairman of the Board, CEO, Treasurer, Dragon Capital Group, Corp.
General Manager, Shanghai Yazheng Information Technology Co., Ltd.

Mr. Wang has been Chairman of the Board of Directors and CEO of Dragon Capital Group, Corp. since April 2005. Mr. Wang is one of the founders of Yazheng and has been its General Manager since inception in 2000. From 1996 to 2000, he was an associate professor of the Department of Computer Science at Tongjin University, Shanghai, China. From 1991 to 1996, he was an assistant professor of the Department of Computer Science at Tongjin University, Shanghai, China. Mr. Wang has extensive experience in computer systems. Mr. Wang earned his Bachelor of Science in Computer Sciences at Jiaotong University, Shanghai, China, in 1983.

The business address of Mr. Wang is 8 Zhengyi Road, Suite 307, Shanghai, China, 200437. Mr. Wang has an annual cash compensation of \$87,163 and holds an equity ownership of 2,200,000 shares of the Company's common stock as of January 10, 2014.

Wuzhang Wang

Director, Dragon Capital Group, Corp.

General Manager, Shanghai Zhaoli Technology Development Co., Ltd.

Mr. Wang has been a director of Dragon Capital since December 2005. Mr. Wang started Shanghai Zhaoli Technology Development Co., Ltd. in 1999. Over the past several years, he has created an extensive sales network for IT products. In addition, Mr. Wang developed the advanced ERP sales management software system. Mr. Wang holds a bachelor's degree in Computer & Application Science from Shanghai University of Engineering Science. The business address of Mr. Wang is Anyuan Road Lane 1-839, Building 4 Suit 216-218, Shanghai, China, 200042. Mr. Wang does not own any company common stock as of January 10, 2014.

Hidy Cheng

Vice President, Dragon Capital Group, Corp.

General Manager, Shanghai Cnnest Technology Co., Ltd.

Mr. Cheng has been the Vice President of Dragon Capital since May 2005 and CEO of Shanghai Cnnest Technology Development Co., Ltd. since 2004. Mr. Cheng founded the Shanghai JiuNeng Computer Information Technology Co., Ltd. in 2003. From July 2002 to March 2003, he was vice president of Shanghai Zhongyu Telecommunication Technology Co., Ltd. From August 2000 to May 2002, he worked as manager of market and sales department in Shanghai TianNou Technology Development Co., Ltd. From January 1999 to June 2000, he established Shanghai AoBei Technology Co., Ltd. with HuaWei Development. From January 1995 to June 1998, he was a salesman for legend Computer System, Ltd., Nanning Branch. Mr. Cheng graduated from GuangXi University in 1995. The business address of Hidy Cheng is Universal Mansion Building A Suite 804, 172 Yuyuan Road, Jing'an District, Shanghai, China, 200040. Mr. Cheng owns 190,000 shares of the company's common stock as of January 10, 2014.

None of the issuer's directors receive compensation from the issuer for serving on its board of directors.

The Company has one owner of greater than 5% but less than 10% of any class of the issuer's equity:

- China Direct Investments, Inc. 8.53%

B. Legal/Disciplinary History.

None of the issuer's officers, directors or control persons has, within the last five years, been subject to any conviction, order, judgment, decree, or finding required to be disclosed by the Pink Sheets Guidelines for Providing Adequate Current Information.

C. Beneficial Shareholders.

The Company does not have any 10% or more beneficial shareholders.

Item 9) Third Party Providers

1. Investment Banker:

Currently the Company has no investment banking agreements in place.

2. Promoters:

None

3. Legal Counsel:

Law Offices of Gary L. Blum
3278 Wilshire Boulevard
Suite 603
Los Angeles, CA 90010
Phone: 213.381.7450
Fax: 213.384.1035
Email: gblum@gblumlaw.com

4. Accountant or Auditor:

The Company's internal accountant/controller is:

Xi, Hongzhu
8 Zhengyi Road, Suite 307, Yangpu District, Shanghai, China Phone: 86-21-55522888
Email: xhz@yastand.com

The Company's financial statements are not audited, prepared, or reviewed by an outside accounting firm.

5. Public Relations Consultant(s):

None

6. Investor Relations Consultant:

Richard Galterio
431 Fairway Drive, Suite 200
Deerfield Beach, FL 33441
Phone 954-363-7333
Fax: 954-363-7320
Email: rich.galterio@cdii.net

Item 10) Issuer's Certification

I, Lawrence Wang, certify that:

1. I have reviewed this annual disclosure statement of Dragon Capital Group, Corp.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: February 20, 2014

A handwritten signature in black ink that reads "Lawrence Wang". The signature is written in a cursive, flowing style.

/s/ Lawrence Wang

Lawrence Wang
President and Chief financial Officer