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DRAGONITE INTERNATIONAL LIMITED

參龍國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 329)

INVESTMENT IN JOINT GLOBAL LIMITED

On 15 September 2015 (after trading hours), Smart State, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Other Investee Shareholders and the AFS Company, pursuant to which Smart State and the Other Investee Shareholders agreed to transfer (or procure the transfer by their respective nominee(s)) collectively 281,200,000 HEC Shares to the AFS Company in exchange for a total of 281,200,000 of JG Shares to be allotted and issued by the AFS Company to Smart State and the Other Investee Shareholders in proportion to their respective equity interest in HEC. Immediately upon completion of the Agreement on 2 October 2015, 25,000,000 HEC Shares were transferred to the AFS Company by the Group and 25,000,000 JG Shares were issued as fully-paid shares to Smart State, representing approximately 8.89% direct equity interest in the AFS Company and the Group's underlying beneficial interest in HEC remained the same at approximately 2.4%.

THE AGREEMENT

References are made to the announcement of final results for the year ended 31 December 2015 of the Company dated 24 March 2016 and the Company's annual report 2015. The available-for-sale investments in the consolidated statement of financial position as disclosed in the aforesaid result announcement and the annual report 2015 included the Group's investment in the AFS Company. The Board hereby provides further information of the Agreement in relation to such investment in the AFS Company.

On 15 September 2015 (after trading hours), Smart State, a direct wholly-owned subsidiary of the Company and one of the then shareholders of HEC, entered into the Agreement with the Other Investee Shareholders and the AFS Company, pursuant to which Smart State and the Other Investee Shareholders agreed to transfer (or procure the transfer by their respective nominee(s)) collectively 281,200,000 HEC Shares to the AFS Company in exchange at a 1:1 ratio for a total of 281,200,000 JG Shares to be allotted and issued by the AFS Company to Smart State and the Other Investee Shareholders in proportion to their respective equity interest in HEC.

According to the terms of the Agreement, inter alia, (i) Smart State have to transfer its 25,000,000 HEC Shares, which were previously booked as available-for-sale investment with a carrying value of HK\$137.5 million, to the AFS Company; and (ii) 25,000,000 JG Shares shall be allotted and issued to Smart State, representing approximately 8.89% direct equity interest in the AFS Company immediately after completion. No cash contribution by the Investee Shareholders is required under the Agreement.

The AFS Company is a company incorporated in the Republic of Marshall Islands on 14 September 2015 with limited liability. The AFS Company is an investment vehicle set up by the Investee Shareholders for the purpose of holding those HEC Shares previously owned by them. As the AFS Company was newly incorporated, there were no financial statements of the AFS Company available at the date of the Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Other Investee Shareholders and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Completion of the Agreement took place on 2 October 2015 and 25,000,000 HEC Shares were transferred to the AFS Company by the Group while 25,000,000 JG Shares were allotted and issued as fully-paid shares to Smart State and have been classified under 'available-for-sale investments' in the books and account of the Group.

REASONS FOR AND BENEFITS OF THE AGREEMENT

Immediately before completion of the Agreement, the Group, through its wholly owned subsidiary, Smart State holds 25,000,000 HEC Shares, representing approximately 2.4% direct equity interest in HEC. Immediately upon completion of the Agreement, the AFS Company held 281,200,000 HEC Shares, representing

approximately 26.96% issued share capital of HEC and the Group held approximately 8.89% direct equity interest in the AFS Company and therefore the Group's underlying beneficial interest in HEC remained the same at approximately 2.4%.

It was expected that the integration and pooling of the minority interests of HEC previously held by the Investee Shareholders upon completion of the Agreement will enable the AFS Company to become an influential shareholder of HEC which might facilitate the Group to be in a better position to have an influence over the corporate actions of HEC through the AFS Company. The Board considered that the terms of the Agreement were negotiated at arm's length basis and on normal commercial terms, which were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

The Group is principally engaged in the production and sale of health care and pharmaceutical products, money lending, trading of wines and securities trading and investment.

Following completion of the Agreement, the Group's investment in the AFS Company shall also be classified as the Group's available-for-sale investment which is measured at cost less impairment at the end of the reporting period. The Company did not record any gain or loss upon completion of the Agreement. As at 31 December 2015, no impairment in the AFS Company was noted and therefore, the carrying amount of the Group's investment in the AFS Company amounted to HK\$137.5 million (as compared to the carrying amount of the Group's investment in HEC Shares at 31 December 2014 of HK\$137.5 million).

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“AFS Company”	Joint Global Limited, a company incorporated in the Republic of the Marshall Islands with limited liability
“Agreement”	an agreement dated 15 September 2015 entered into between the AFS Company, Smart State and the Other Investee Shareholders in relation to the exchange of HEC Shares and JG Shares

“Board”	the board of the Directors
“Company”	Dragonite International Limited (叁龍國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 329)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HEC”	HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability
“HEC Shares”	ordinary shares of HEC with par value of HK\$0.1 each in the share capital of HEC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investee Shareholders”	Smart State and the Other Investee Shareholders
“JG Shares”	new share(s) of the AFS Company allotted and issued to the Investee Shareholders pursuant to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Investee Shareholder(s)”	a total of ten other parties under the Agreement, each being a shareholder of HEC as at the date of the Agreement and each being an independent third party of the Company; and each an “Other Investee Shareholder”
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Smart State”	Smart State Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
Dragonite International Limited
Chan Mee Sze
Managing Director

Hong Kong, 11 May 2016

As at the date of this announcement, the Board comprises the following Directors:-

Executive Directors:

Lee Kien Leong (*Chairman*)

Chan Mee Sze (*Managing Director*)

Lam Suk Ping

Independent non-executive Directors:

Lam Man Sum, Albert

Chang Tat Joel

Wong Stacey Martin