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**Dragonite International Limited**  
**叁龍國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 329)**

**SUBSCRIPTION OF NEW SHARES  
UNDER GENERAL MANDATE**

**SUBSCRIPTION**

After trading hours, on 30 March 2011, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe 18,470,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share. The Subscription Shares represent approximately 0.95% of the existing issued share capital of the Company and approximately 0.94% of the Company's issued share capital as enlarged by the Subscription.

The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

## **SUBSCRIPTION OF NEW SHARES**

### **The Subscription Agreement**

Date: 30 March 2011

### **Parties**

- (a) the Company
- (b) the Subscriber

The Subscriber is an individual. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiry, the Subscriber is a third party independent of the Company and its connected persons.

### **Subscription Shares**

18,470,000 new Shares, representing approximately 0.95% of the existing issued share capital of the Company, and approximately 0.94% of the issued share capital of the Company as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price of HK\$0.16 represents:

- (i) a discount of approximately 12.09% to the closing price of HK\$0.182 per Share as quoted on the Stock Exchange on 30 March 2011, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 11.6% to the average closing price of HK\$0.181 per Share as quoted on the Stock Exchange for the last five trading days up to and including 30 March 2011.

The Subscription Price was determined after arm's length negotiation between the Subscriber and the Company on the date of the Subscription Agreement with reference to the prevailing market price and daily turnover of the Shares. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a market value of HK\$3,361,540, based on the closing price of HK\$0.182 per Share on 30 March 2011, being the date of the Subscription Agreement.

### **General Mandate**

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the special general meeting held on 23 July 2010. As at the date of this announcement, the Company has not utilized any of the aforementioned general mandate and the general mandate can issue up to 18,472,452 Shares. After completion of the Subscription, the general mandate will be almost fully utilized. The issue of Subscription Shares is not subject to the approval of the Shareholders.

### **Condition of the Subscription Agreement**

Completion of the Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition to the Subscription is not fulfilled on or before 15 April 2011 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

## Completion of the Subscription

Completion of the Subscription will take place within two Business Days (or such later date as the Company and the Subscriber may agree in writing) after the fulfillment of the condition of the Subscription set out above.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after completion of the Subscription:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Substantial Shareholder:</b>				
Ms. Yu Man Fung Alice	370,653,759	19.11	370,653,759	18.93
Absolute Target Limited ( <i>Note 1</i> )	167,265,000	8.62	167,265,000	8.54
<b>Public Shareholders:</b>				
Subscriber	–	–	18,470,000	0.94
Other public shareholders	<u>1,401,688,743</u>	<u>72.27</u>	<u>1,401,688,743</u>	<u>71.59</u>
Total	<u><u>1,939,607,502</u></u>	<u><u>100</u></u>	<u><u>1,958,077,502</u></u>	<u><u>100</u></u>

*Note 1:* Absolute Target Limited is controlled as to 46.25% by Mr. Wong Yin Sen, 42.50% by Mr. Hon Lik and 11.25% by Wong Hei Lin, all are executive directors.

## CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement.

Date of Announcements	Capital Raising Activity	Net Proceeds Raised (HK\$) (Approximately)	Intended Use of Proceeds	Actual Use of Proceeds
21 July 2010	Rights issue of not less than 1,847,245,240 rights shares and not more than 2,478,902,780 rights shares at a price of HK\$0.22 per rights share on the basis of twenty rights share for every Share held on the record date, which became unconditional on 26 January 2011.	390.65 million	It was intended to use (i) for general working capital and strengthening the financial position of the Company; and (ii) to pursue any opportunities which may arise as a result of the patent application for electronic atomisation cigarette approved in the United States.	Used as intended and securities investment
11 June 2010	Placing of 332,721,166 Shares at a price of HK\$0.10 per then share, which was completed on 25 June 2010.	33.27 million	It was intended to apply to settlement of short-term loan and as general working capital.	Used as intended
20 April 2010 & 29 April 2010	Rights issue of not less than 831,802,916 rights shares and not more than 941,128,769 rights shares at a price of HK\$0.10 per rights share on the basis of one rights share for every two shares held on the record date, which became unconditional on 3 June 2010.	76.72 million	It was intended to use (i) HK\$10 million for general working capital of the Group; and (ii) the remaining balance of approximately HK\$66.72 million for settling the outstanding amount of the Convertible Bonds.	Used as intended
7 April 2010 & 7 June 2010	Placing of convertible bonds of an aggregate principal amount of HK\$75 million on a fully underwritten basis	69.5 million	It was intended to use as settlement of short-term loan and as general working capital.	Used as intended
Total		<u>570.14 million</u>		

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care products, pharmaceutical products and Ruyan atomizing cigarettes.

Given that the Subscription be completed within a relatively short period of time when compared with other methods to raise fund, e.g. rights issue, the Directors consider that the Subscription is an appropriate means of raising additional capital for the Company without incurring interest costs whilst broadening the capital base of the Company, notwithstanding the dilution effect to the shareholding of the existing Shareholders as a result of the Subscription.

The net proceeds from the Subscription is expected to be approximately HK\$2,855,200. It is expected that the net proceeds from the Subscription will be used by the Company for working capital purpose.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Dragonite International Limited, ( 叁龍國際有限公司 ), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Choi Ka Nam
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 30 March 2011 entered into between the Company and the Subscriber in relation to the subscription of 18,470,000 Subscription Shares
“Subscription Price”	HK\$0.16 per Subscription Share
“Subscription Shares”	18,470,000 new Shares to be allotted and issued under the Subscription

“Substantial Shareholder” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

On behalf of the Board  
**Dragonite International Limited**  
**Ms. Ching Yuen Man, Angela**  
*Executive Director*

Hong Kong, 30 March 2011

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

*Executive Directors*

Mr. Wong Yin Sen

Mr. Hon Lik

Mr. Wong Hei Lin

Ms. Ching Yuen Man, Angela

Mr. Au Yeung Kai Chor

*Independent non-executive Directors*

Mr. Pang Hong

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

*Non-executive Directors*

Mr. Frank H. Miu

Mr. Manfred A. Häussler