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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**

#### **THE SUBSCRIPTION**

The Board wishes to announce that on 23 April 2012 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe 78,692,300 Subscription Shares at the Subscription Price of HK\$0.138 per Subscription Share. The Subscription Shares represent approximately 14.48% of the existing issued share capital of the Company and approximately 12.65% of the Company's issued share capital as enlarged by the Subscription.

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

**Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.**

## **THE SUBSCRIPTION**

### **The Subscription Agreement**

Date: 23 April 2012

#### **Parties**

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

The Subscriber is an individual investor and is an experienced investor in real estate properties and liquidity investment over decade. 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**

78,692,300 new Shares, representing approximately 14.48% of the existing issued share capital of the Company, and approximately 12.65% of the issued share capital of the Company as enlarged by the Subscription.

#### **Subscription Price**

The Subscription Price of HK\$0.138 represents:

- (i) a discount of approximately 9.8% to the closing price of HK\$0.153 per Share as quoted on the Stock Exchange on 23 April 2012, the date of the Subscription Agreement; and
- (ii) a discount of approximately 0.72% to the average closing price of approximately HK\$0.139 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement, up to and including 20 April 2012.

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 nominal value of HK\$786,923, based on the nominal value of HK\$0.01 per Share. After deducting expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$0.1375.

### **General Mandate**

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 26 May 2011. As at the date of this announcement, the Company can issue up to 78,692,300 Shares under the general mandate. After completion of the Subscription, the general mandate will be fully utilised. 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 31 May 2012 (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 declared, made or paid on or 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:

<b>Shareholders</b>	<b>Immediately before completion of the Subscription</b>		<b>Immediately after completion of the Subscription</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Chuang Eugene Yue-chien	110,272,000	20.29	110,272,000	17.72
Absolute Target Limited (Note 1)	33,453,000	6.16	33,453,000	5.38
The Subscriber	—	—	78,692,300	12.65
Other public Shareholders	<u>399,736,500</u>	<u>73.55</u>	<u>399,736,500</u>	<u>64.25</u>
Total	<u>543,461,500</u>	<u>100.00</u>	<u>622,153,800</u>	<u>100.00</u>

*Note:*

1. According to the filing made under the SFO, Absolute Target Limited is controlled as to 46.25% by Mr. Wong Yin Sen, 42.50% by Mr. Hon Lik and 11.25% by Mr. Wong Hei Lin. Both of Mr. Wong Yin Sen and Mr. Hon Lik 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.

<b>Date of Announcement</b>	<b>Capital Raising Activity</b>	<b>Net Proceeds Raised/To Be Raised</b> <i>(Approximately)</i>	<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
3 November 2011	Rights issue of 1,086,923,000 new Shares at HK\$0.1 each on the basis of 2 rights shares for every Share held on the record date	HK\$102.9 million	It was intended to use as to (i) HK\$25 million to HK\$50 million for electronic cigarette business; (ii) HK\$25 million to HK\$65 million for health care products business; and (iii) HK\$25 million to HK\$50 million for additional working capital and/ or for retirement of debts. If and when there is surplus cash available, up to HK\$50 million will be used for securities trading	The rights issue not yet completed as at the date of this announcement
4 May 2011 (and terms amended on 28 June 2011)	Placing of 750,000,000 placing shares, on a fully underwritten basis, at a price of HK\$0.1 per placing share, which was completed on 4 August 2011.	HK\$73 million	It was intended to use for working capital of the Group and/or allocated for the Group's future investments, including the proposed acquisition of Central Town Limited	The entire amount was utilised for the acquisition of Central Town Limited.
Total		<u>HK\$175.9 million</u>		

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Company was approached by the Subscriber that she disposed of her entire interests in the Company on 20 March 2012 due to the misleading information disseminated by Apple Daily on the same date. The Subscriber further indicated that she holds a positive view towards the prospects of the Group, in particular the prospects of the electronic cigarettes business and she intends to become a substantial Shareholder. Given the Subscriber is a well known veteran of investments and the net proceeds of approximately \$10.8 million will be raised thereby, the Board believes that the Subscription is in the interest of the Company and the Shareholders as a whole.

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\$10.8 million. It is expected that the net proceeds from the Subscription will be used by the Company for general 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, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“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 Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Miss. Yu Man Fung, Alice, an individual investor
“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 23 April 2012 entered into between the Company and the Subscriber in relation to the subscription of 78,692,300 Subscription Shares
“Subscription Price”	HK\$0.138 per Subscription Share
“Subscription Shares”	78,692,300 new Shares to be allotted and issued under the Subscription
“Substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

By order of the Board  
**Dragonite International Limited**  
**Gary Drew Douglas**  
*Managing Director*

Hong Kong, 23 April 2012

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

*Executive Directors*

Mr. Wong Yin Sen (*Chairman*)  
Mr. Gary Drew Douglas (*Managing Director*)  
Mr. Hon Lik  
Ms. Chan Mee Sze  
Mr. Lam Suk Ping

*Independent Non-executive Directors*

Mr. Chung Yuk Lun  
Mr. Liu Kwong Sang  
Mr. Lam Man Sum, Albert  
Mr. Ho Tak Fun