

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 00329)**

**DISCLOSEABLE TRANSACTION**  
**SUBSCRIPTION OF SHARES IN HEC CAPITAL LIMITED**

**THE SUBSCRIPTION**

On 16 September 2014 (after trading hours), Smart State, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with HEC, pursuant to which HEC has conditionally agreed to issue, and Smart State has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 25,000,000 new HEC Shares at the subscription price of HK\$5.50 per HEC Share for an aggregate consideration of HK\$137,500,000.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

**Shareholders and potential investors should be aware that completion of the Subscription is subject to certain conditions, as set out in the subsection headed “Conditions Precedent” in this announcement, being satisfied, and consequently the Subscription may or may not proceed. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

On 16 September 2014 (after trading hours), Smart State, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with HEC, pursuant to which HEC has conditionally agreed to issue, and Smart State has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 25,000,000 new HEC Shares at the subscription price of HK\$5.50 per HEC Share for an aggregate consideration of HK\$137,500,000. Principal terms of the Subscription Agreement are set out below:

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 16 September 2014

**Parties:** (i) HEC (as issuer); and  
(ii) Smart State (as subscriber).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, HEC and its ultimate beneficial owners, are third parties independent of and not connected with the Company and its connected persons.

### **Subscription Shares**

Subject to fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, HEC has conditionally agreed to issue, and Smart State has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 25,000,000 new HEC Shares at the subscription price of HK\$5.50 per HEC Share. The 25,000,000 HEC Shares represent approximately 2.59% of the issued share capital of HEC as at the date of the Subscription Agreement and approximately 2.52% of the issued share capital of HEC as enlarged by the allotment and issue of the 25,000,000 HEC Shares.

The 25,000,000 HEC Shares, when issued and fully paid up, shall rank *pari passu* in all respects with all other HEC Shares then in issue and in particular, will rank in full for all dividends and other distributions declared, made or paid at any time on or after the date of issue of the 25,000,000 HEC Shares.

## **Subscription Price**

The subscription price of HK\$5.50 per HEC Share and the aggregate consideration of HK\$137,500,000, which shall be payable by Smart State to HEC at the date of completion of the Subscription, was determined by HEC and Smart State after arm's length negotiations taking into account the unaudited consolidated net asset value per HEC Share of the HEC Group as at the 31 March 2014 (the "NAV"), which is approximately HK\$7.04 according to the unaudited consolidated statement of financial position of the HEC Group as at 31 March 2014 and the unaudited consolidated statement of comprehensive income of the HEC Group for the accounting period ended 31 March 2014. The subscription price of HK\$5.50 represents a discount of approximately 21.88% of the NAV.

## **Conditions Precedent**

Completion of the Subscription is conditional upon the following:

- (i) all consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which if required for the entry into and the implementation of the Subscription Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Subscription Agreement having been made; and
- (ii) the due diligence investigation on the HEC Group to be carried out having been completed to the satisfaction of Smart State in its sole discretion.

If the above conditions have not been fulfilled (or waived by Smart State except for the condition (i) above which cannot be waived) on or before 5:00 p.m. (Hong Kong time) on 30 September 2014 (or such other date as HEC and Smart State may agree in writing), the Subscription Agreement shall thereupon terminate and neither party shall have any further claims against each other under the Subscription Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

## **Completion**

Completion of the Subscription shall take place at 5:00 pm (Hong Kong time) on the date on which all of the conditions of the Subscription have been satisfied or waived by Smart State (or such other time and date as Smart State and HEC may agree).

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Upon completion of the Subscription, the Group will hold 25,000,000 HEC Shares, representing approximately 2.52% of the enlarged issued share capital of HEC.

Following the disposal of electronic cigarette business in 2013 and the disposal of an investment property this year, the Board has attempted to explore and appraise other suitable investment opportunities to strengthen the business development of the Group. The Directors hold a positive view towards the investment in HEC and the Directors believe that the Subscription would bring long time returns and/ or capital gains from the Subscription. Therefore, the Board considers that the terms of the Subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## GENERAL

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

HEC is a limited liability company incorporated in the Cayman Islands and an investment holding company. Its subsidiaries are principally engaged in the business of property investment, investment advisory and financial services, investment in securities trading and money lending.

The following is the financial information of the HEC Group for the accounting period ended 31 March 2013 and 31 March 2014 respectively, which was prepared in accordance with the Hong Kong Financial Reporting Standards:-

|                       | <b>For the year ended 31 March</b> |                        |
|-----------------------|------------------------------------|------------------------|
|                       | <b>2014</b>                        | <b>2013</b>            |
|                       | <i>(HK\$' 000,000)</i>             | <i>(HK\$' 000,000)</i> |
|                       | unaudited                          | audited                |
| Net profit before tax | 394                                | 287                    |
| Net profit after tax  | 394                                | 288                    |
| Net asset value       | 6,285                              | 5,803                  |

**Shareholders of the Company and potential investors should be aware that completion of the Subscription is subject to certain conditions, as set out in the subsection headed “Conditions Precedent” in this announcement, being satisfied, and consequently the Subscription may or may not proceed. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

|                       |   |
|-----------------------|---|
| “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) the Company   |
| “Group”               | the Company and its subsidiaries  |
| “HEC”                 | HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability  |
| “HEC Group”           | HEC and its subsidiaries  |
| “HEC Share(s)”        | ordinary share(s) 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 PRC  |
| “Listing Rules”       | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                 | the People’s Republic of China  |
| “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 wholly-owned subsidiary of the Company   |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscription”           | the subscription by Smart State of 25,000,000 new HEC Shares pursuant to the terms and conditions of the Subscription Agreement  |
| “Subscription Agreement” | the subscription agreement dated 16 September 2014 entered into between Smart State and HEC, pursuant to which HEC has conditionally agreed to issue and Smart State has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 25,000,000 new HEC Shares at the subscription price of HK\$5.50 per HEC Share for an aggregate consideration of HK\$137,500,000 |
| “%”                      | per cent.  |

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

Hong Kong, 16 September 2014

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

*Executive Directors:*

Wong Yin Sen (Chairman)  
Chan Mee Sze (Managing Director)  
Lam Suk Ping  
Lee Kien Leong

*Independent Non-Executive Directors:*

Liu Kwong Sang  
Lam Man Sum, Albert  
Ho Tak Fun  
Chang Tat Joel  
Wong Stacey Martin