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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES IN FREEMAN CORPORATION LIMITED

THE SUBSCRIPTION

On 26 September 2014 (after trading hours), Colour State, a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement with FCL, pursuant to which FCL has conditionally agreed to issue, and Colour State has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, 55,000,000 new FCL Shares for an aggregate consideration of HK\$156,750,000 calculated at the subscription price of HK\$2.85 per FCL Share.

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 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.

On 26 September 2014 (after trading hours), Colour State, a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement with FCL, pursuant to which FCL has conditionally agreed to issue, and Colour State has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, 55,000,000 new FCL Shares for an aggregate consideration of HK\$156,750,000 calculated at the subscription price of HK\$2.85 per FCL Share. Principal terms of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date: 26 September 2014

Parties: (i) FCL (as issuer); and
(ii) Colour State (as subscriber).

Subscription Shares

Subject to fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, FCL has conditionally agreed to allot and issue, and Colour State has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, 55,000,000 new FCL Shares for an aggregate consideration of HK\$156,750,000 calculated at the subscription price of HK\$2.85 per FCL Share. The 55,000,000 new FCL Shares represent approximately 4.95% of the issued share capital of FCL as at the date of the Subscription Agreement and approximately 4.71% of the issued share capital of FCL as enlarged by the allotment and issue of the 55,000,000 new FCL Shares.

The 55,000,000 new FCL Shares, when issued and fully paid up, shall rank *pari passu* in all respects with all other FCL Shares then in issue.

Subscription Price

The subscription price of HK\$2.85 per FCL Share and the aggregate consideration of HK\$156,750,000, which shall be payable by Colour State to FCL in cash by immediately available funds on the date of completion of the Subscription, was determined by FCL and Colour State after arm's length negotiations taking into account the audited consolidated net asset value of the FCL Group as at 31 March 2014, which is approximately HK\$2,203.3 million, translating into an audited net asset value per FCL Share of approximately HK\$2.90 (the "NAV"). The subscription price of HK\$2.85 per FCL Share represents a discount of approximately 1.72% of the NAV.

Conditions Precedent

Completion of the Subscription is conditional upon the following:

- (i) if required, the passing of the necessary resolution(s) by the shareholders of FCL at the general meeting to approve the entering into of the Subscription Agreement by FCL and the transactions contemplated thereunder;
- (ii) if required, the passing of the necessary resolution(s) by the shareholders of Freeman (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at general meeting to approve the entering into of the Subscription Agreement by FCL and performance of the transactions contemplated thereunder, including the allotment and issue of the 55,000,000 new FCL Shares;
- (iii) if required, the passing of the necessary resolution(s) by the shareholders of the Company (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at general meeting to approve the entering into of the Subscription Agreement by Colour State and the subscription of the 55,000,000 new FCL Shares;
- (iv) all necessary approvals from the relevant governmental or regulatory authorities in the British Virgin Islands, Hong Kong and the Cayman Islands required of either FCL or Colour State for the consummation of the transactions contemplated under the Subscription Agreement having been obtained and all filings have been made by each of FCL and Colour State; and
- (v) Colour State having conducted and completed due diligence on all business, assets and liabilities, legal and financial matters and all such other matters as deemed necessary.

If the above conditions are not fulfilled on or before 31 October 2014 (or such later date as may be agreed in writing between FCL and Colour State), the Subscription Agreement (save and except certain clauses as set out in the Subscription Agreement regarding, among others, costs and expenses and governing law and jurisdiction) shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion of the Subscription shall take place at or before 5:00 p.m. (Hong Kong time) on the date on which all of the conditions of the Subscription have been satisfied (or such other date as FCL and Colour State may agree in writing).

INFORMATION ON FCL

FCL is an indirect non-wholly owned subsidiary of Freeman, a company listed on the Main Board of the Stock Exchange. FCL is an investment holding company incorporated in the Cayman Islands with limited liability and its subsidiaries are principally engaged in the financial services sector, including provision of securities brokerage services, provision of insurance brokerage and financial planning services, provision of corporate finance advisory services, trading of securities, money lending and investment holding. Certain subsidiaries of FCL are licensed to carry out regulated activities in Hong Kong governed by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including type 1 (dealing in securities) and type 6 (advising on corporate finance).

The following is the financial information of the FCL 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:-

	For the year ended 31 March	
	2014	2013
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)
Net profit before tax	585,920	250,657
Net profit after tax	583,174	248,865
Net asset / (liabilities)	2,203,284	(1,245,982)

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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

Upon completion of the Subscription, the Group will hold 55,000,000 FCL Shares, representing approximately 4.71% of the enlarged issued share capital of FCL.

In view of the improving performance of the FCL Group recorded in the audited consolidated financial statements of the FCL Group and having considered the scope of businesses of the FCL Group, the Board holds a positive view towards the investment in FCL. As previously disclosed, the Board has attempted to explore and appraise other suitable investment opportunities to strengthen the business development of the Group and the Board believes that the Subscription would bring long-term returns and/or capital gains from the investment in FCL. Therefore, the Board considers that the Subscription is 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

As at the date of the Subscription Agreement, Freeman, through its indirect non-wholly owned subsidiary holds 52,760,000 Shares, representing approximately 4.98% of the issued share capital of the Company. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, FCL and its ultimate beneficial owners, are third parties independent of and not connected with the Company and its connected persons.

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
“Colour State”	Colour State 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
“Company”	Dragonite International Limited (參龍國際有限公司), 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
“FCL”	Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability and an indirect non wholly-owned subsidiary of Freeman as at the date of this announcement
“FCL Group”	FCL and its subsidiaries
“FCL Share(s)”	ordinary share(s) with par value of US\$0.00000005 each in the share capital of FCL
“Freeman”	Freeman Financial Corporation Limited, 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: 279)
“Group”	the Company and its subsidiaries
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Colour State of 55,000,000 new FCL Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 September 2014 entered into between Colour State and FCL, pursuant to which FCL has conditionally agreed to issue and Colour State has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, 55,000,000 new FCL Shares for an aggregate consideration of HK\$156,750,000 calculated at the subscription price of HK\$2.85 per FCL Share
“%”	per cent.

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

Hong Kong, 26 September 2014

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
Ho Tak Fun
Chang Tat Joel
Wong Stacey Martin