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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF A SUBSIDIARY**

#### **THE DISPOSAL**

The Board announces that on 7 November 2016, after trading hours, the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company as vendor has conditionally agreed to sell and the Purchaser as purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the consideration of HK\$30,000,000. Upon completion of the Disposal, the Target Company shall no longer be a subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

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## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

7 November 2016 (after trading hours)

### **Parties**

Vendor: The Company

Purchaser: CW Financing Limited, a company incorporated in Hong Kong

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Company as vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the consideration of HK\$30,000,000. The Target Company is a corporation licensed under the Money Lenders Ordinance (Cap.163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. Further information of the Target Company is set out under the section headed "Information on the Target Company" in this announcement.

### **Consideration and Payment**

Total consideration of the Disposal, being HK\$30,000,000, was determined after arm's length negotiation between the Purchaser and the Company with reference to, amongst others, the unaudited net asset value of the Target Company as at 3 November 2016.

The aforesaid consideration shall be payable by the Purchaser in cash to the Company on the Completion Date.

### **Conditions Precedent**

The completion of the Disposal shall be conditional upon:

- (a) the Purchaser being satisfied with the results of the legal and financial due diligence conducted by the Purchaser over the Target Company, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Company; and

- (b) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder.

If the conditions mentioned above have not been fulfilled or waived on or before the Long Stop Date for whatever reason, the Sale and Purchase Agreement shall cease and determine, and in such event, neither the Company nor the Purchaser shall have any rights, obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

### **Completion of the Disposal**

Completion of the Disposal shall take place on the Completion Date.

### **INFORMATION ON THE GROUP**

The Company is an investment holding company and its subsidiaries are principally engaged in the production and sales of a series of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is incorporated in the British Virgin Islands on 23 June 2010 and is a direct wholly-owned subsidiary of the Company. It is a licenced money lender principally engaged in money lending business in Hong Kong.

The unaudited net asset value of the Target Company was approximately HK\$30,190,000 as at 3 November 2016.

The following is the financial information of the Target Company for the years ended 31 December 2014 and 31 December 2015 respectively, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2014</b>
	<i>HK\$ (audited)</i>	<i>HK\$ (audited)</i>
Net profit / (loss) before and after taxation	approximately 771,000	approximately (11,509,000)

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Board is of the view that the contributions of profits from the Target Company to the Group is limited and the Group does not possess sufficient expertise and human resources to further expand the money lending business of the Target Company. In addition, the Board considers that the cash required for the expansion of their money lending business to generate more interest income, in particular for enlarging the loan portfolio, is substantial.

The Board believes that the Disposal represents a good opportunity for the Group to reallocate its financial resources to other potential businesses and investments if and when opportunities arise and the terms of the Disposal are fair and reasonable. As such, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

It is expected that the Group will record an unaudited accounting loss of approximately HK\$439,000 from the Disposal, which is calculated with reference to the consideration of the Disposal and the unaudited net asset value of the Target Company as at 3 November 2016 and also taking into account the professional expenses incurred for the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

It is intended that the net proceeds from the Disposal will be used by the Group for general working capital purposes and to fund the Group's future investments once suitable opportunities are being identified.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Board”	the board of Directors
“business day”	a day (other than Saturday) on which the banks in Hong Kong are open for business
“Company”	<b>Dragonite International Limited</b> (Stock Code: 329), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion Date”	On or before the fifth business day following the satisfaction of the conditions precedent to the Disposal
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of 100% of the share capital of the Target Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party (Parties)”	third party (parties) independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Long Stop Date”	3 calendar months after the date of signing of the Sale and Purchase Agreement or such other date as may be agreed between the Purchaser and the Company in writing

“Purchaser”	<b>CW Financing Limited</b> , a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement made between the Company and the Purchaser on 7 November 2016 in relation to the Disposal
“Shareholders”	any shareholders of the Company as from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	<b>Dragonite Resources Limited</b> , a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 7 November 2016

At the date of this announcement, the Board comprises the following Directors:

*Executive Directors:*

Mr. Lee Kien Leong (*Chairman*)  
Ms. Chan Mee Sze (*Managing Director*)  
Mr. Lam Suk Ping

*Independent Non-executive Directors:*

Mr. Lam Man Sum, Albert  
Mr. Chang Tat Joel  
Mr. Wong Stacey Martin