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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 THE DISPOSAL OF THE ENTIRE SHARE CAPITAL OF CENTRAL TOWN LIMITED**

#### **THE DISPOSAL AND THE CONDITIONAL AGREEMENT**

On 21 January 2014 (after trading hours), Nation Wealth as Vendor and Future Master as Purchaser entered into the Conditional Agreement pursuant to which Nation Wealth has agreed to sell and Future Master has agreed to purchase the Sale Share together with assignment of the Loan for a Consideration of HK\$140 million. Central Town, through its wholly-owned subsidiaries, owns the Property. Details of the Conditional Agreement are set out under the paragraph headed “The Conditional Agreement” below.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

## **INTRODUCTION**

On 21 January 2014 (after trading hours), Nation Wealth as Vendor and Future Master as Purchaser entered into the Conditional Agreement pursuant to which Nation Wealth has agreed to sell and Future Master has agreed to purchase the Sale Share together with assignment of the Loan for a Consideration of HK\$140 million.

## **THE CONDITIONAL AGREEMENT**

Set out below are the principal terms of the Conditional Agreement:

Date: 21 January 2014 (after trading hours)

Parties:

- (1) Vendor: Nation Wealth, a wholly owned subsidiary of the Company
- (2) Purchaser: Future Master

The principal activity of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Sale and purchase of the Sale Share and assignment of the Loan**

The Sale Share represents the entire issued share capital of Central Town. Central Town is the sole shareholder of E-Garden which is in turn the sole beneficial owner of East Champion.

East Champion is the registered and beneficial owner of the Property. The Property is known as Basement, Stamps Gallery, No.28 Marble Road, North Point, Hong Kong. The gross floor area of the Property is approximately 15,748 square feet. According to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 31 December 2013 was HK\$140 million.

The Loan amounted to approximately HK\$145,709,000 as at 31 December 2013.

## **Consideration**

The aggregate Consideration payable for the sale of the Sale Share together with the assignment of the benefit of and interest in the Loan shall be HK\$140 million which shall be apportioned as to HK\$8 for the Sale Share and HK\$139,999,992 for the Loan.

HK\$14 million has been paid as initial deposit by the Purchaser upon the execution of the Conditional Agreement and the balance in the sum of HK\$126 million shall be payable in full on the Completion Date.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the market value of the Property of HK\$140 million as at 31 December 2013 as per a recent valuation conducted by an independent professional valuer; (ii) the amount of net liabilities of Central Town Group of approximately HK\$6,384,000 as per its unaudited consolidated statement of financial position as at 31 December 2013 (after taking into account of the Loan); and (iii) the Loan amounted to approximately HK\$145,709,000 as at 31 December 2013.

## **Condition precedent**

Completion shall be subject to and conditional upon the approval of the Conditional Agreement and transactions contemplated thereunder by the Shareholders of the Company in accordance with the Listing Rules, if required.

## **Termination**

If the above-mentioned condition precedent is not fulfilled on or before 5:00 p.m. on 21 July 2014 (or such later date as may be agreed between the Vendor and the Purchaser in writing), (i) the Conditional Agreement shall terminate and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Conditional Agreement for costs, damages compensation or otherwise; and (ii) the Vendor shall within three Business Days refund the Deposit so paid by the Purchaser to the Vendor pursuant to the Conditional Agreement to the Purchaser in full without any interest.

## **Completion**

Completion shall take place on the later of (i) the third Business Day after the date on which the above mentioned condition precedent shall has been satisfied or (ii) 24 July 2014. If for any cause (other than the default of the Vendor) the Purchaser fails to complete the purchase of the Sale Share and assignment of the Loan in accordance with the terms of the Conditional Agreement after the condition precedent has been

satisfied, the Deposit so paid by the Purchaser to the Vendor shall be absolutely forfeited to the Vendor as damages without further notice and the Vendor may rescind the sale and resell the Sale Share and the Loan at such terms which it may think fit. If for any cause (other than the default of the Purchaser) the Vendor fails to complete the sale of the Sale Share and assignment of the Loan in accordance with the terms of the Conditional Agreement after the condition precedent has been satisfied, the Deposit so paid by the Purchaser to the Vendor shall be returned to the Purchaser without any interest, costs or compensation and the Purchaser shall have no further claims including specific performance against the Vendor.

## **INFORMATION ON CENTRAL TOWN GROUP AND THE PROPERTY**

Central Town and E-Garden are companies incorporated in the British Virgin Islands with limited liability and the investment vehicles of the Group for the holding of East Champion. East Champion, which is incorporated in Hong Kong, is principally engaged in the holding of the Property.

The Property is known as Basement, Stamps Gallery, No.28 Marble Road, North Point, Hong Kong. The gross floor area of the Property is approximately 15,748 square feet. Part of the Property with a total area of 9,749 square feet is subject to a tenancy agreement for a term of 5 years commencing from 8 August 2011 at a monthly rental of \$350,000, whereas another part of the Property with a total area of 1,505 square feet is subject to another tenancy agreement for a term of 2 years commencing from 1 May 2012 at a monthly rental of \$60,000.

Based on the unaudited consolidated accounts of Central Town Group, as at 31 December 2013, the amount of net liabilities of Central Town Group was approximately HK\$6,384,000 (after taking into account of the Loan of approximately HK\$145,709,000) and the carrying value of the Property was HK\$140 million. According to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 31 December 2013 was HK\$140 million.

According to the unaudited consolidated accounts of Central Town Group for the year ended 31 December 2013, the net loss before and after taxation and extraordinary items was approximately HK\$34.2 million. The net profit before and after taxation and extraordinary item based on the unaudited consolidated accounts of Central Town Group was approximately HK\$33.3 million for the year ended 31 December 2012.

The Central Town Group will cease to be subsidiaries of the Company after Completion.

## **FINANCIAL EFFECT OF COMPLETION OF THE CONDITIONAL AGREEMENT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL**

Based on the preliminary assessment of the unaudited consolidated accounts of Central Town Group as at 31 December 2013, the Group is expected to recognise a net profit of approximately HK\$455,000 (subject to audit) upon the completion of the disposal of the Sale Share and assignment of the Loan, which represents the Consideration of HK\$140 million less the total amount of the Loan of approximately HK\$145,709,000 as advanced by Nation Wealth to Central Town Group as at 31 December 2013 plus the amount of net liabilities of Central Town Group of approximately HK\$6,384,000 as at 31 December 2013 and taking into consideration of the estimated transaction cost of approximately HK\$220,000 for the Disposal.

The net proceeds from the disposal of the Sale Share and assignment of the Loan of approximately HK\$139,780,000 will be used by the Group for general working capital purposes and, where appropriate, for financing the existing businesses, future development and/or acquisition of new businesses and assets where suitable opportunities arise.

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

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

Facing with the subdued market sentiment of the real estate market in Hong Kong, it is anticipated that the capital value of the Property will likely be not more than the current valuation of HK\$140 million in the near future. Moreover, the rental yield remains flattish and is considered to be not that attractive for the Group. Therefore, the Board considered that the Disposal provides an opportunity for the Group to sell the Property while the sales volume of the real estate property has become slowdown. In addition, the Disposal will equip the Group with additional cash and also strengthen the financial position of the Group for possible future expansion and/ or investments in any sectors, if and when suitable opportunities arise. The Group will remain conscious of property investment opportunities in the future. As at the date of this announcement, the Board has not identified any specific new investment opportunities on which the net proceeds of the Disposal may be utilized.

Having considered the financial position of Central Town Group, the current real estate market conditions and the valuation of the Property, the Board considered that the terms of the Agreement are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders' approval requirement, under Rule 14.33 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Business Day”	means a day (other than a Saturday, Sunday and Public Holiday) on which banks are open for business in Hong Kong;
“Central Town”	means Central Town Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company;
“Central Town Group”	means the group of companies consisting of Central Town, E-Garden and East Champion;
“Company”	Dragonite International Limited (Stock Code: 329), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange;
“Completion”	means the completion of the sale and purchase of the Sale Share together with the assignment of the Loan and the transactions contemplated under the Conditional Agreement;
“Completion Date”	means the later of (i) the third Business Day after the date on which the condition precedent under the Conditional Agreement shall has been satisfied or (ii) 24 July 2014;

“Conditional Agreement”	means an agreement dated 21 January 2014 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Share together with the assignment of the Loan;
“Consideration”	means HK\$140 million, being the aggregate of the considerations in respect of the sale and purchase of the Sale Share and assignment of the Loan as stipulated in the Conditional Agreement;
“Deed of Assignment”	means the deed of assignment of the Loan between the Vendor, the Purchaser and Central Town;
“Deposit”	means the sum of HK\$14 million paid under the Conditional Agreement for the sale and purchase of the Sale Share and assignment of the Loan;
“Disposal”	means the disposal of the Sale Share subject to the terms and conditions of the Conditional Agreement;
“Directors”	means the directors of the Company;
“East Champion”	means East Champion Limited (億綽有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of E-Garden;
“E-Garden”	means E-Garden Properties Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Central Town;
“Future Master” or the “Purchaser”	means Future Master Investments Limited, a company incorporated in the British Virgin Islands with limited liability;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Loan”	means the outstanding shareholders loan advanced by Nation Wealth to Central Town Group as at the Completion Date;

“Nation Wealth” or the “Vendor”	Nation Wealth Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Property”	means the property owned by East Champion known as Basement, Stamp Gallery, No.28 Marble Road, North Point, Hong Kong;
“Sale Share”	means one Share, representing the entire issued share capital of Central Town at the date of the announcement;
“Share”	means ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“HK\$”	means Hong Kong dollars;

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

Hong Kong, 21 January 2014

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

*Executive Directors*

Mr. Wong Yin Sen (*Chairman*)  
Ms. Chan Mee Sze (*Managing Director*)  
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

*Non-executive Director*

Mr. Hon Lik