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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)

PROFIT WARNING UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS AND RESUMPTION OF TRADING

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the six months ended 30 June 2012.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted the recent increase in the price and trading volume of the shares of the Company and wishes to state that save as disclosed herein this announcement, the Board is not aware of any reasons for such increase.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 2:53 p.m. on 20 July 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 23 July 2012.

PROFIT WARNING

This profit warning is made by Dragonite International Limited (the “**Company**”, together with its subsidiaries referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the six months ended 30 June 2012 (the “**Period**”). Based on the financial information currently available to the Group, the loss for the Period is mainly attributable to (i) the fair value losses in financial assets at fair value through profit or loss; (ii) the increase in professional costs for enforcing the Group’s intellectual property rights; and (iii) the fair value losses on derivative financial instruments. Mainly due to the decrease in loss on change in fair value of financial assets at fair value through profit or loss, the Group is expected to record a decrease in loss for the six months ended 30 June 2012 as compared to the loss for the corresponding period in 2011.

The Company is still in the process of finalizing the interim results of the Group for the Period. The information contained in this announcement is only a preliminary assessment based on the financial information currently available. Details of the financial information of the Group for the Period will be disclosed in the Group’s interim results announcement which will be published in August 2012.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS

The following statement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board has noted the recent increase in the price and trading volume of the shares of the Company and wishes to state that save as disclosed herein this announcement, the Board is not aware of any reasons for such increase.

As at the date of this announcement, the Managing Director of the Company, Mr. Gary Drew Douglas is in the United States to discuss with major international tobacco companies for the possible disposal of or co-operation with or introduction of new capital into the Group’s Ruyan electronic cigarettes business which owns the patents of electronic cigarette technology. No definitive agreements or contracts have

been signed by the Group as at the date of this announcement and the aforesaid developments may or may not proceed. Shareholders of the Company and the investing public should exercise extreme caution when dealing in the shares of the Company.

Save as disclosed herein this announcement, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

RESUMPTION OF TRADING

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By order of the Board
Dragonite International Limited
Lam Suk Ping
Executive Director

Hong Kong, 20 July 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