Dragonite International Limited
叁龍國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 329)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of Dragonite International Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 (the "Period") together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	**Six months ended** **30.6.2014** ***HK$'000*** ***(unaudited)***	30.6.2013 *HK$'000* *(unaudited)* *(restated)*
Continuing operations			
Turnover			
Sales of goods	4	**10,648**	8,241
Cost of goods sold		**(6,168)**	(4,197)
		4,480	4,044
Dividend income	4	**582**	292
Interest income from loans receivable	4	**3,570**	1,077
Change in fair value of financial assets at fair value through profit or loss	4	**401,636**	(30,503)
		410,268	(25,090)
Other income		**10,973**	307
Other gains and losses		**(2,712)**	(2,014)
Distribution costs		**(1,016)**	(845)
Administrative expenses		**(25,359)**	(10,881)
Other expenses		**(25,226)**	(3,680)
Finance costs		**—**	(379)
Profit (loss) before tax		**366,928**	(42,582)
Income tax expense	5	**(249)**	(592)
Profit (loss) for the period from continuing operations	6	**366,679**	(43,174)
Discontinued operations			
Loss for the period from discontinued operations		**(4,731)**	(14,791)
Profit (loss) for the period		**361,948**	(57,965)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**(300)**	616
Total comprehensive income (expense) for the period		**361,648**	(57,349)
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	8	**HK$1.71**	HK$(0.29)
Diluted	8	**N/A**	HK$(0.29)
From continuing operations			
Basic	8	**HK$1.73**	HK$(0.22)
Diluted	8	**HK$1.73**	HK$(0.22)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	NOTES	**30.6.2014**	31.12.2013
		HK$'000	*HK$'000*
		(unaudited)	*(audited)*
Non-current assets			
Property, plant and equipment		**28,461**	29,499
Investment property		**—**	140,000
Deferred consideration		**65,620**	61,573
Available-for-sale investment		**12,500**	—
Prepaid lease payments		**2,564**	2,627
Deposits paid for acquisition of property, plant and equipment		**3,421**	3,339
		112,566	237,038
Current assets			
Inventories		**6,652**	4,889
Financial assets at fair value through profit or loss		**893,564**	599,317
Trade receivables	9	**1,962**	2,165
Loans receivable	10	**288,481**	90,474
Deposits, prepayments and other receivables		**5,911**	7,001
Deferred consideration		**111,698**	104,871
Prepaid lease payments		**82**	82
Bank balances and cash		**42,043**	37,614
		1,350,393	846,413
Current liabilities			
Trade payables	11	**2,907**	2,869
Accruals and other payables		**50,705**	33,911
Derivative financial instruments		**20,899**	19,220
Taxation payable		**40,926**	41,577
		115,437	97,577
Net current assets		**1,234,956**	748,836
NET ASSETS		**1,347,522**	985,874
Capital and reserves			
Share capital		**2,120**	2,120
Reserves		**1,345,402**	983,754
TOTAL EQUITY		**1,347,522**	985,874

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Share capital *HK$'000*	Share premium account *HK$'000*	Shareholders' contribution *HK$'000* *(note a)*	Translation reserve *HK$'000*	Non-distributable reserves *HK$'000* *(note b)*	Share option reserve *HK$'000*	Merger reserves *HK$'000* *(note d)*	Special reserves *HK$'000* *(note c)*	Retained earnings *HK$'000*	Total equity attributable to owners *HK$'000*
At 1 January 2013 (audited)	1,060	123,744	21,780	95,160	24,737	8,716	(1,016,738)	3,142	1,048,844	310,445
Loss for the period	—	—	—	—	—	—	—	—	(57,965)	(57,965)
Other comprehensive income for the period	—	—	—	616	—	—	—	—	—	616
Total comprehensive income (expense) for the period	—	—	—	616	—	—	—	—	(57,965)	(57,349)
Issue of shares upon rights issue	1,060	104,915	—	—	—	—	—	—	—	105,975
Transaction costs attributable to issue of shares	—	(2,991)	—	—	—	—	—	—	—	(2,991)
Transfer upon forfeiture of share options	—	—	—	—	—	(109)	—	—	109	—
At 30 June 2013 (unaudited)	**2,120**	**225,668**	**21,780**	**95,776**	**24,737**	**8,607**	**(1,016,738)**	**3,142**	**990,988**	**356,080**
At 1 January 2014 (audited)	**2,120**	**225,668**	**21,780**	**85,539**	**24,737**	**—**	**(1,016,738)**	**3,142**	**1,639,626**	**985,874**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**361,948**	**361,948**
Other comprehensive expense for the period	**—**	**—**	**—**	**(300)**	**—**	**—**	**—**	**—**	**—**	**(300)**
Total comprehensive (expense) income for the period	**—**	**—**	**—**	**(300)**	**—**	**—**	**—**	**—**	**361,948**	**361,648**
At 30 June 2014 (unaudited)	**2,120**	**225,668**	**21,780**	**85,239**	**24,737**	**—**	**(1,016,738)**	**3,142**	**2,001,574**	**1,347,522**

Notes:

(a) Shareholders' contribution represents the amounts contributed by shareholders of Tre 29 Investment (Holdings) Limited (formerly known as "Ruyan Investment (Holdings) Limited") ("Tre 29") during the year ended 31 December 2007.

(b) The non-distributable reserve represents statutory reserves appropriated from profit after tax of the Company's subsidiary in The People's Republic of China ("PRC") under the PRC laws and regulations.

(c) The special reserve of the Group represents reserve arising pursuant to group reorganisation on the basis that the group reorganisation had been affected on 1 January 2000.

(d) The merger reserve represents (i) the share capital of Tre 29 (ii) the carrying amount of equity interest in Tre 29 held by the non-controlling parties and (iii) the fair value of the considerations paid for acquisition of Tre 29 during the year ended 31 December 2007.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care products, pharmaceutical products, securities trading and investments and money lending in Hong Kong. During the Period, the Company ceased the operation of property investment in Hong Kong upon disposal of certain subsidiaries. In additions, during the year ended 31 December 2013, the Company ceased the operation of production and sales of atomising cigarettes.

The functional currency of the Company is Hong Kong dollars ("HK$"). For the purposes of presenting the condensed consolidated financial statements, the Group adopted HK$ as its presentation currency for the convenience of the readers. The directors consider HK$ can provide more meaningful information to the Company's shareholders.

(2) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

(3) PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at their fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013.

In the current Period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) - INT 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the Period has had no material effect on the condensed consolidated financial statements of the Group.

(4) SEGMENT INFORMATION

The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operations based on nature of business.

The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

(a) health care products, which are represented by ginseng products

(b) pharmaceutical products, which are mainly represented by licensed medicines

(c) securities trading and investments

(d) money lending

During the Period, operation regarding the property investment in Hong Kong (the "Property Investment") was discontinued due to the disposal of certain subsidiaries.

In additions, during the year ended 31 December 2013, operation regarding the atomising cigarettes was discontinued due to the disposal of certain Group's assets.

The segment information reported below does not include any amounts for the discontinued operations.

For the six months ended 30 June 2014

	Health care products HK$'000	Pharmaceutical products HK$'000	Securities trading and investments HK$'000	Money lending HK$'000	Consolidated HK$'000
Continuing operations					
Segment turnover					
Sales of goods	102	10,546	—	—	10,648
Change in fair value of financial assets at fair value through profit or loss	—	—	401,636	—	401,636
Dividend income	—	—	582	—	582
Interest income from loans receivable	—	—	—	3,570	3,570
	102	10,546	402,218	3,570	416,436
Segment (loss) profit	(1,870)	125	402,216	3,406	403,877
Other income					10,973
Change in fair value of derivative financial instruments					(1,679)
Unallocated corporate expenses					(46,243)
Profit before taxation (continuing operations)					366,928

For the six months ended 30 June 2013 (restated)

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Segment turnover					
Sales of goods	—	8,241	—	—	8,241
Change in fair value of financial assets at fair value through profit or loss	—	—	(30,503)	—	(30,503)
Dividend income	—	—	292	—	292
Interest income from loans receivable	—	—	—	1,077	1,077
	—	8,241	(30,211)	1,077	(20,893)
Segment (loss) profit	(1,698)	1,195	(30,227)	1,060	(29,670)
Other income					307
Change in fair value of derivative financial instruments					(973)
Unallocated corporate expenses					(11,867)
Finance costs					(379)
Loss before taxation (continuing operations)					(42,582)

Segment turnover from continuing operations includes proceeds from sales of goods, dividend income and interest income from loans receivable. In addition, the chief operation decision maker also considers change in fair value of financial assets at fair value through profit or loss (excluding derivative financial instruments) as segment turnover.

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of certain other income, change in fair value of derivative financial instruments, unallocated corporate expenses and finance costs on other borrowings. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(5) INCOME TAX EXPENSE

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
PRC Enterprise Income Tax	**249**	592

No Hong Kong Profits Tax is payable by the Company or its subsidiaries operated in Hong Kong since they had no assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(6) PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
		(restated)
Profit (loss) for the period from continuing operations has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**43**	42
Cost of inventories recognised as an expense	**6,168**	4,197
Staff costs (including directors' emoluments)	**8,582**	5,702
Depreciation of property, plant and equipment	**1,159**	920
Allowance for bad and doubtful debts (included in other gains and losses)	**772**	—
Interest income from bank balances (included in other income)	**(12)**	(5)
Effective interest income from deferred consideration (included in other income)	**(10,874)**	—

(7) DIVIDEND

An interim dividend of HK$2.25 per share (six months ended 30 June 2013: nil) was declared. The interim dividend will be payable in cash.

(8) EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

Earnings (loss)

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	**361,948**	(57,965)

Number of shares

	Six months ended	
	30.6.2014	30.6.2013
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**211,950**	198,010

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for the Period.

The computation of diluted loss per share for the six months ended 30 June 2013 does not assume the conversion of the Company's share options since their assumed conversion would result in a decrease in loss per share.

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Earnings (loss) are calculated as follows:		
Profit (loss) for the period attributable to the owners of the Company	**361,948**	(57,965)
Less: loss for the period from discontinued operations	**4,731**	14,791
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operations	**366,679**	(43,174)

The denominators used are the same as those detailed above for basic and diluted earnings (loss) per share.

From discontinued operations

Basic and diluted loss per share from discontinued operations is HK$0.02 per share (six months ended 30 June 2013: HK$0.07 per share), based on the loss for the period from discontinued operations of HK$4,731,000 (six months ended 30 June 2013: HK$14,791,000) and the denominators detailed above for basic and diluted earnings (loss) per share.

(9) TRADE RECEIVABLES

The Group allows an average credit period from 60 days to 270 days to its trade customers. The following is an aged analysis of trade receivables net of allowance of doubtful debts presented based on invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
0 - 60 days	**575**	1,955
61 - 90 days	**—**	175
91 - 180 days	**1,164**	25
181 - 270 days	**223**	10
	1,962	2,165

(10) LOANS RECEIVABLE

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Unsecured fixed-rate loans receivable	**288,481**	90,474

As at 30 June 2014, loans receivable represented loans provided to borrowers with effective interest of 5% per annum and had contractual maturity dates between 5 months to 1 year as at 30 June 2014. The loans receivable were unsecured.

Loans receivable at the end of reporting period are neither past due nor impaired. The Group did not provide impairment loss to loans receivable.

(11) TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 30 - 60 days.

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
0 - 30 days	**60**	61
31 - 60 days	**—**	—
61 - 90 days	**—**	—
Over 90 days but less than 1 year	**—**	41
Over 1 year	**2,847**	2,767
	2,907	2,869

INTERIM DIVIDEND

An interim dividend of HK$2.25 per share (six months ended 2013: nil) was declared. The interim dividend will be payable in cash.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded an unaudited consolidated net profit of approximately HK$361,948,000 for the Period (six months ended 30 June 2013: net loss of approximately HK$57,965,000). Turnover for the Period was approximately HK$410,268,000 (six months ended 30 June 2013: negative amount of approximately HK$25,090,000). The net asset value of the Group increased from approximately HK$985,874,000 as at 31 December 2013 to approximately HK$1,347,522,000 as at 30 June 2014, representing a 36.7% increment.

Profit for the Period was mainly attributable to the net realized and unrealized gain on change in fair value of financial assets at fair value through profit or loss ("FAFVPL") of approximately HK$401,636,000 (six months ended 30 June 2013: net loss of approximately HK$30,503,000).

Health Care Products

The Group resumed the sales and production of Chenlong Baoling Longevity Ginseng products in the last quarter of 2013. The Group first concentrated its resources to launch the ginseng products in cities within Zhejiang province in the PRC during the Period. As spring and summer are the low seasons for selling ginseng products, turnover of health care products for the Period was approximately HK$102,000 (six months ended 30 June 2013: HK$Nil).

Pharmaceutical Products

Azithromycin Granules (II) (「阿奇黴素顆粒 (II)」) and Rosiglitazone Hydrochloride Capsules (「鹽酸沕格列酮膠囊」) are the two key products of the Group for this business segment during the Period. The performance on trading pharmaceutical products in the PRC remained stable. During the Period, the Group acquired a western pharmacy store in Hong Kong and has commenced selling pharmaceutical products, supplements, health foods, wines and related grocery products. Total turnover generated from the sales of pharmaceutical products for the Period was approximately HK$10,546,000, representing an increase of 28.0% from approximately HK$8,241,000 as compared to the corresponding period last year. The segment profit for the Period amounted to approximately HK$125,000 (six months ended 30 June 2013: approximately HK$1.2 million).

Trading of Securities

As the deposit rates offered by licensed banks in Hong Kong are minimal and as a treasury function, the Group continues to utilize its surplus cash for short term securities trading and investments in the Hong Kong securities market with an aim to capture future appreciation of share price. The net realized and unrealized gain in securities trading substantially increased to approximately HK$401,636,000 for the Period (six months ended 30 June 2013: net loss on the change in fair value of FAFVPL of approximately HK$30,503,000). The net realized gain on change in fair value of FAFVPL amounted to approximately HK$39,754,000 (six months ended 30 June 2013: approximately HK$5,517,000).

Property Investment

The Group had fully leased out its investment property situated at the Basement of China United Centre, located at 28 Marble Road, North Point, Hong Kong to generate a monthly rental income of HK$410,000 before the disposal of the aforesaid investment property. During the Period, the Group recorded a segment turnover of approximately HK$2,050,000 (six months ended 30 June 2013: HK$2,460,000).

On 14 May 2014, the Group completed the disposal (the "Disposal") of the entire issued share capital of and the shareholder's loan to Central Town Limited and its subsidiaries (the "Central Town Group"). The Group has no longer owned the aforesaid investment property and no further rental income has been generated since the Disposal.

Money Lending

During the Period, the Group utilized part of its surplus cash to provide short-term financing to individual borrowers. Interest income generated from money lending business amounted to approximately HK$3,570,000 for the Period (six months ended 30 June 2013: approximately HK$1,077,000). Loan receivables increased from approximately HK$90,474,000 as at 31 December 2013 to approximately HK$288,481,000 as at 30 June 2014.

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 30 June 2014, the Group did not have any secured bank borrowings (31 December 2013: HK$Nil). Gearing ratio of the Group remains zero as at 31 December 2013 and 30 June 2014. Cash and bank balances amounted to approximately HK$42,043,000 (31 December 2013: approximately HK$37,614,000) and total assets were approximately HK$1,462,959,000 (31 December 2013: approximately HK$1,083,451,000). Net current assets of the Group on the same date amounted to approximately HK$1,234,956,000 (31 December 2013: approximately HK$748,836,000). As at 30 June 2014, inventories amounted to approximately HK$6,652,000, representing an increase of approximately HK$1,763,000 when compared with the amount as at 31 December 2013. The Group has no material capital commitment as at 30 June 2014.

As at 30 June 2014, the issued share capital of the Company was 211,949,984 shares of HK$0.01 each.

FOREIGN EXCHANGE RISKS

The Group's operations conducted in the PRC are mainly settled in Renminbi. However, securities trading and investments, money lending, operation of pharmacy store and property investment are conducted in HKD. Therefore, the Group is only exposed to fluctuations in foreign exchange rate to a certain extent. Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

PROSPECTS FOR THE YEAR 2014 AND DEVELOPMENT PLAN

During the Period, the Group set up a start-up to develop wine trading business focused on the PRC market to capture the demand by corporate clients. The Group has entered into distribution agreements with six independent wine suppliers, all of which are chateau located in Bordeaux, France, in order to secure the source of wines. Moreover, the Group has entered into two agency agreements with two corporate clients, one from Taiwan and the other one from China. It is expected that wine trading business will become one of the principle activities of the Group.

As it is the tradition of Chinese people to purchase ginseng products as energy booster in autumn and winter, the Board believes that by enhancing stronger sales network in the PRC, turnover from the sales of health care products will improve in the second half of 2014. In addition, the Group has relocated its retail store, ceased selling pharmaceutical products and switched its focus to other personal care and fragrance products as well as wines recently. It is expected that the brand new image of its retail store "Rainbow" may achieve better return in future.

Following the disposal of the electronic cigarette business in 2013 and an investment property during the Period, the Group intends to identify suitable projects and new investment opportunities. The Group will also attempt to explore and appraise the opportunities in other business segments, thereby achieving better revenue and return.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 9 January 2014, the Group acquired from an independent third party the entire interest of King Delight Holdings Limited which holds 100% equity interests of Rainbow Pharmacy Company Limited ("Rainbow Pharmacy"), a limited company incorporated in Hong Kong, at a cash consideration of HK$800,000. Rainbow Pharmacy was principally engaged in operation of a western pharmacy in Hong Kong.

On 21 January 2014, the Group entered into a conditional agreement to sell the entire issued share capital of and the shareholder's loan to the Central Town Group at the consideration of HK$140 million. The principal asset of Central Town Group is the investment property situated at the Basement, China United Centre, 28 Marble Road, North Point, Hong Kong. The Disposal completed on 14 May 2014.

PLEDGE OF ASSETS

At 30 June 2014, margin facilities of approximately HK$315,287,000 (31 December 2013: HK$280,964,000) from regulated securities brokers were granted to the Group which were secured by the Group's FAFVPL with the carrying amount of approximately HK$893,564,000 (31 December 2013: HK$599,317,000).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not provide any form of guarantees for any external party and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

EMPLOYEE POLICY

As at 30 June 2014, the Group employed approximately 128 employees in the PRC and Hong Kong. Employee remuneration package is determined by their performance, experience, role, duties and responsibilities of the Group.

EVENTS AFTER THE REPORTING PERIOD

On 7 August 2014, the Board declared an interim dividend of HK$2.25 per share amounting in aggregate of HK$476,887,464 to shareholders of the Company. Also, the Company proposed a bonus issue on the basis of four bonus shares for every share of the Company, subject to the shareholders' approval at an extraordinary general meeting of the Company.

DISCLOSURE OF OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board adopted the code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the Code during the Period, except the deviations from code provisions A.4.1.

Article A.4.1 of the Code stipulates that Non-executive Directors shall be appointed for a specific term and be subject to re-election. The Non-executive Director and Independent Non-executive Directors of the Company have not appointed for a specific term of office, which constitutes a deviation from A.4.1 of the Code. However, all Non-executive Director and Independent Non-executive Directors are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company. The Board therefore considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiries of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code during the Period.

AUDIT COMMITTEE

Interim financial results for the Period have been reviewed by the audit committee of the Company. The audit committee is comprised of four Independent Non-executive Directors of the Company, namely Mr. Chung Yuk Lun, Mr. Lam Man Sum, Albert, Mr. Liu Kwong Sang and Mr. Ho Tak Fun.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement was published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.dragonite.com.hk). The 2014 interim report will be published on the Stock Exchange's website and the Company's website and will be despatched to the shareholders of the Company in due course.

APPRECIATION

The Board would like to express our gratitude and sincere appreciation to its business partners, management and staff members, and shareholders for their continuous support.

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

Hong Kong, 22 August 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

Non-executive Director
Mr. Hon Lik

Independent non-executive Directors
Mr. Chung Yuk Lun
Mr. Liu Kwong Sang
Mr. Lam Man Sum, Albert
Mr. Ho Tak Fun