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 2015

The board of directors (the “Board”) of Dragonite International Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 (the “Period”) together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTES	**Six months ended** **30.6.2015** **HK$'000** **(unaudited)**	30.6.2014 HK$'000 (unaudited)
Continuing operations			
Turnover			
Sales of goods	4	**13,135**	10,648
Cost of goods sold		**(8,348)**	(6,168)
		4,787	4,480
Dividend income	4	**—**	582
Interest income from loans receivable	4	**1,053**	3,570
Change in fair value of financial assets at fair value through profit or loss	4	**85,561**	401,636
		91,401	410,268
Other income		**4,663**	10,973
Other gains and losses		**(346)**	(2,712)
Selling and distribution costs		**(3,922)**	(1,016)
Administrative expenses		**(9,833)**	(25,359)
Other expenses		**(2,817)**	(25,226)
Profit before tax		**79,146**	366,928
Income tax expense	5	**(14,386)**	(249)
Profit for the period from continuing operations		**64,760**	366,679
Discontinued operation			
Loss for the period from discontinued operation		**—**	(4,731)
Profit for the period	6	**64,760**	361,948
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Fair value change in available-for-sale investments		**1,264**	—
Exchange differences arising on translation of foreign operation		**411**	(300)
		1,675	(300)
Total comprehensive income for the period		**66,435**	361,648
Earnings per share	8		(restated)
From continuing and discontinued operations			
Basic		**HK6.1 cents**	HK34.2 cents
From continuing operations			
Basic		**HK6.1 cents**	HK34.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	NOTES	**30.6.2015**	31.12.2014
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		**28,656**	29,598
Available-for-sale investments		**325,514**	294,250
Prepaid lease payments		**2,492**	2,526
		356,662	326,374
Current assets			
Inventories		**24,079**	21,019
Financial assets at fair value through profit or loss		**136,756**	266,528
Trade receivables	9	**3,054**	2,359
Loans receivable	10	**200,268**	137,497
Deposits, prepayment and other receivables		**2,271**	4,527
Deferred consideration		**74,440**	69,849
Prepaid lease payments		**82**	82
Bank balances and cash		**159,567**	83,697
		600,517	585,558
Current liabilities			
Trade payables	11	**1,309**	1,305
Accruals and other payables		**36,031**	36,684
Taxation payable		**7,045**	36,638
Borrowing - due within one year	12	**10,000**	—
		54,385	74,627
Net current assets		**546,132**	510,931
Total assets less current liabilities		**902,794**	837,305
Non-current liability			
Deferred tax liability		**13,777**	14,723
NET ASSETS		**889,017**	822,582
Capital and reserves			
Share capital		**10,598**	10,598
Reserves		**878,419**	811,984
TOTAL EQUITY		**889,017**	822,582

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share capital	Share premium account	Shareholders' contribution	Translation reserve	Non-distributable reserves	Merger reserves	Special reserves	Investment revaluation reserves	Retained earnings	Total equity attributable to owners
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note a)		*(note b)*	*(note d)*	*(note c)*			
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
At 1 January 2015 (audited)	**10,598**	**217,190**	**—**	**61,053**	**24,737**	**—**	**3,142**	**—**	**505,862**	**822,582**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**64,760**	**64,760**
Other comprehensive income for the period	**—**	**—**	**—**	**411**	**—**	**—**	**—**	**1,264**	**—**	**1,675**
Total comprehensive income for the period	**—**	**—**	**—**	**411**	**—**	**—**	**—**	**1,264**	**64,760**	**66,435**
At 30 June 2015 (unaudited)	**10,598**	**217,190**	**—**	**61,464**	**24,737**	**—**	**3,142**	**1,264**	**570,622**	**889,017**

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. The shareholder's contribution is transferred to retained earnings upon disposal of Tre 29 during the year ended 31 December 2014.

(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 a group reorganisation that was effected in during the year ended 31 December 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 under the group reorganisation that was effected during the year ended 31 December 2007. The merger reserve is transferred to retained earnings upon the disposal of Tre 29 during the year ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

Dragonite International Limited (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, money lending and trading of wines in Hong Kong.

The functional currency of the Company is Hong Kong dollars ("HK$").

(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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

(4) SEGMENTAL 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.

During the year ended 31 December 2014, the Group started trading of wine business and executive directors considered this is a separate reportable and operating segment to the Group.

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

(e) trading of wine

For the six months ended 30 June 2015 (unaudited)

	Health care products HK$'000	Pharmaceutical products HK$'000	Investment trading and investments HK$'000	Money lending HK$'000	Trading of wine HK$'000	Consolidated HK$'000
Continuing operations						
Segment turnover						
Sales of goods	2,217	10,131	—	—	787	13,135
Change in fair value of financial assets at fair value through profit or loss	—	—	85,561	—	—	85,561
Interest income from loans receivable	—	—	—	1,053	—	1,053
	2,217	10,131	85,561	1,053	787	99,749
Segment (loss) profit	(6,068)	1,945	84,698	780	(121)	81,234
Other income						4,663
Unallocated corporate and other expenses						(6,751)
Profit before taxation (continuing operations)						79,146

For the six months ended 30 June 2014 (unaudited)

	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 and other expenses					(46,243)
Profit before taxation (continuing operations)					366,928

Segment turnover from continuing operations includes proceeds from sales of goods, change in fair value of financial assets at fair value through profit or loss (excluding derivative financial instruments), dividend income and interest income from loans receivable.

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of other income, change in fair value of derivative financial instruments, unallocated corporate and other expenses. 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	
	30.6.2015	30.6.2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Hong Kong Profits Tax	**15,063**	—
PRC Enterprise Income Tax	**269**	249
Deferred tax credit	**(946)**	—
	14,386	249

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

No Hong Kong Profits Tax was payable by the Company or its subsidiaries operated in Hong Kong for the six months ended 30 June 2014 since they had no assessable profits.

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 FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended	
	30.6.2015	30.6.2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period from continuing operations has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**43**	43
Cost of inventories recognised as an expense (Note)	**8,348**	6,168
Staff costs (including directors' emoluments)	**7,529**	8,582
Depreciation of property, plant and equipment	**1,339**	1,159
Allowance for bad and doubtful debts (included in other gains and losses)	**1,270**	772
Gain on disposal of subsidiaries (included in other gains and losses)	**(924)**	—
Interest income from bank balances (included in other income)	**(72)**	(12)
Imputed interest income from deferred consideration (included in other income)	**(4,591)**	(10,874)

Note: An allowance for obsolescence inventories of HK$1,925,000 (six months ended 30 June 2014: nil) included in the cost of inventories recognised as an expense which representing certain slow-moving finished goods regarding health care products.

(7) DIVIDEND

No interim dividend was declared, proposed or paid for the six months ended 30 June 2015.

On 7 August 2014, the directors of the Company declared an interim dividend in respect of the year ended 31 December 2014 of HK$2.25 per share (before the adjustment on number of shares outstanding upon bonus issue). The interim dividend was paid to the shareholders on 1 September 2014.

(8) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended	
	30.6.2015	30.6.2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**64,760**	361,948

Number of shares

	Six months ended	
	30.6.2015	30.6.2014
	'000	*'000*
		(restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,059,750**	1,059,750

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue on 17 September 2014.

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

From continuing operations

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

	Six months ended	
	30.6.2015	30.6.2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings are calculated as follows:		
Profit for the period attributable to the owners of the Company	**64,760**	361,948
Less: loss for the period from discontinued operations	**—**	4,731
Earnings for the purposes of basic earnings per share from continuing operations	**64,760**	366,679

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

For the six months ended 30 June 2014, basic loss per share from discontinued operation is HK0.4 cents per share, based on the loss for the period from discontinued operation of HK$4,731,000 and the denominators detailed above for basic earnings 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:

	30.6.2015	31.12.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 - 60 days	**2,473**	2,071
61 - 90 days	**292**	103
91 - 180 days	**103**	147
181 - 270 days	**186**	38
	3,054	2,359

(10) LOAN RECEIVABLES

	30.6.2015	31.12.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Unsecured fixed-rate loans receivable	**—**	137,497
Unsecured floating-rate loans receivable	**200,268**	—
	200,268	137,497

The loans receivable had contractual maturity dates of a year (31 December 2014: 2 months to a year) as at 30 June 2015. The interest rate for the floating-rate loans receivable was 0.75% plus the best lending rate quoted by a bank in Hong Kong, i.e. an average effective interest rate of 5.75% per annum as at 30 June 2015. The interest rate for the fixed-rate loans receivable was 5% per annum as at 31 December 2014.

There is no loans receivable which was past due but not impaired at the end of reporting period and the directors of the Company consider that no impairment was necessary.

(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:

	30.6.2015	31.12.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 - 30 days	**7**	—
31 - 60 days	**—**	—
61 - 90 days	**—**	—
Over 90 days but less than 1 year	**—**	—
Over 1 year	**1,302**	1,305
	1,309	1,305

(12) BORROWING

	30.6.2015	31.12.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank borrowing - secured	**10,000**	—

The bank borrowing carries floating rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.5% per annum, i.e. effective interest rate of 1.887% per annum. The bank borrowing is secured by the unlisted investment funds included in available-for-sale investments of approximately HK$31,264,000 (31 December 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded an unaudited consolidated net profit of approximately HK$64,760,000 for the Period (six months ended 30 June 2014: approximately HK$361,948,000). Turnover for the Period was approximately HK$91,401,000 (six months ended 30 June 2014: approximately HK$410,268,000). 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$85,561,000 (six months ended 30 June 2014: approximately HK$401,636,000).

Mainly due to the diminished financial resources allocated to securities trading and investments of listed securities, the Group recorded a decrease in both the consolidated net profit and turnover for the Period. The net assets value of the Group increased from approximately HK$822,582,000 as at 31 December 2014 to approximately HK$889,017,000 as at 30 June 2015, representing a 8.08% increase.

Health Care and Pharmaceutical Products

Turnover generated from sale of Chenlong Baoling Longevity Ginseng products for the Period amounted to approximately HK$2,217,000 (six months ended 30 June 2014: approximately HK$102,000). The increase in sales of ginseng products for the Period as compared to the corresponding period in previous year was mainly attributable to the refined packaging and the enhanced sales network in Zhejiang province in the PRC.

Azithromycin Granules (II) (「阿奇黴素顆粒 (II)」) and Rosiglitazone Hydrochloride Capsules (「鹽酸沕格列酮膠囊」) remained as the key products which contributed majority of the sales in this business segment for the Period. The sales performance of pharmaceutical products for the Period was stable. Turnover of pharmaceutical products for the Period was approximately HK$10,131,000, representing a slight decrease of 3.94% from approximately HK$10,546,000 as compared to the corresponding period in last year. However, the segment profit for the Period increased to approximately HK$1,945,000 (six months ended 30 June 2014: approximately HK$125,000).

Securities Trading and Investments

The market interest rate was static at low level during the Period. The Group continued to invest its surplus cash in the Hong Kong securities market with an aim to capture future appreciation of share price and as a treasury function. Market value the Group's securities portfolio was appreciated and the net unrealized gain on the change in fair value of FAFVPL for the Period amounted to approximately HK$78,934,000 (six months ended 30 June 2014: approximately HK$361,882,000). During the Period, the net realized gain on change in fair value of FAFVPL amounted to approximately HK$6,627,000 (six months ended 30 June 2014: approximately HK$39,754,000).

Other investments

As at 30 June 2015, the Group had unlisted securities investments of HK$294,250,000. These investments related to shares issued by two private entities, in which the Group had shareholding interest of 2.72% (31 December 2014: 2.72%) and 4.37% (31 December 2014: 4.71%) with carrying amount of HK$137,500,000 (31 December 2014: HK$137,500,000) and HK$156,750,000 (31 December 2014: HK$156,750,000) respectively. Both entities are incorporated in the Cayman Islands with limited liability and principally engaged in securities trading and investments, provision of financial services and investment holding. Such unlisted securities investments were included in available-for-sale investments for the Period.

During the Period, the Group subscribed two unit trust funds. As at 30 June 2015, these funds had a carrying value of approximately HK$31,264,000 (31 December 2014: Nil). Such investments also included in available-for-sale investments in the consolidated statement of financial position.

Money Lending Business

The Group continues to utilize part of its surplus cash to provide short-term financing to individual and corporate borrowers. During the Period, interest income generated from money lending business amounted to approximately HK$1,053,000 (six months ended 30 June 2014: approximately HK$3,570,000). As at 30 June 2015, loans receivable increased to approximately HK$200,268,000 as compared with the amount of approximately HK$137,497,000 as at 31 December 2014.

Wine Trading

The Group has commenced its trading of wine business since the third quarter of 2014. During the Period, the Group recorded turnover from wine trading business in an amount of approximately HK$787,000 (six months ended 30 June 2014: Nil). Loss attributable to this business segment amounted to approximately HK$121,000 (six months ended 30 June 2014: Nil). The sales performance for the Period was weak and the Group will appraise and if possible, will attempt to allocate more resources to explore both the wholesale and consumer markets in mainland China so as to boost the performance of this business segment.

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had a secured short-term borrowing of HK$10,000,000 (31 December 2014: Nil) which carries interest at floating rate with a maturity due within one year. Such borrowing was denominated in Hong Kong dollar, and thus, there was no exposure to fluctuations in exchange rate. Gearing ratio of the Group as at 30 June 2015 is approximately 1.12% (31 December 2014: Nil). This calculation is based on net borrowings mentioned above and shareholders' funds of approximately HK$889,017,000. Cash and bank balances amounted to approximately HK$159,567,000 (31 December 2014: approximately HK$83,697,000) and total assets were approximately HK$957,179,000 (31 December 2014: approximately HK$911,932,000). Net current assets of the Group on the same date amounted to approximately HK$546,132,000 (31 December 2014: approximately HK$510,931,000). As at 30 June 2015, inventories amounted to approximately HK$24,079,000, representing an increase of approximately HK$ 3,060,000 when compared with the amount as at 31 December 2014. The Group had no material capital commitment as at 30 June 2015.

As at 30 June 2015, the issued share capital of the Company was 1,059,749,920 shares of HK$0.01 each.

FOREIGN EXCHANGE RISKS

The Group's operations conducted in the PRC are mainly settled in Renminbi while wine trading billings are mainly settled in Euro. However, securities trading and investments, and money lending are conducted in Hong Kong dollars. Therefore, the Group is 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 2015 AND DEVELOPMENT PLAN

During the Period, the Group invested in two unit trust funds and allocated less financial resources in securities trading and investments in local listed securities than in last year. As the local stock market has dragged lower by the Chinese equity market recently and the concern over the devaluation of Renminbi keeps the currency under downward pressure, the Group will exercise a cautious approach in securities trading and investments. On the other hand, the Group intends to explore the opportunities in other treasury products, including but not limited to the unit trust funds and bonds in both overseas and local markets. In addition, the Group will continue to appraise other long term investments in the capital market so as to generate a steady return.

Having reviewed the performance of "Rainbow" store, the Group has decided to cease the operation in end of August 2015 but to allocate more resources to develop wholesale market and on-line business in order to boost the sales of wine trading business in mainland China, if feasible. In addition, the Group will continue to explore and appraise the opportunities in wine investments and/or chateau investments as strategic developments of the Group.

Following the disposal of investment property in 2014, the Group will continue to identify suitable projects in property investment in order to broaden the income stream of the Group and to capture the capital gain. Moreover, apart from the existing core businesses, the Group will continue to identify new investment opportunities and principal business.

DISPOSAL OF SUBSIDIARIES

On 1 April 2015, the Group completed the disposal of the entire issued share capital of Imagine Sky Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, and its subsidiary for the consideration of HK$1,000,000 to an independent third party to streamline the corporate structure.

DIVIDEND

The Board does not recommend any dividend payment for the Period.

On 7 August 2014, the directors of the Company declared an interim dividend in respect of the year ended 31 December 2014 of HK$2.25 per share (before the adjustment on number of shares outstanding upon bonus issue). The interim dividend was paid to the shareholders on 1 September 2014.

PLEDGE OF ASSETS

At 30 June 2015, margin facilities of approximately HK$45,117,000 (31 December 2014: approximately HK$121,810,000) from regulated securities brokers were granted to the Group which were secured by the Group's FAFVPL with the carrying amount of approximately HK$136,756,000 (31 December 2014: approximately HK$266,528,000).

At 30 June 2015, the short-term borrowing of HK$10,000,000 (31 December 2014: Nil) was secured by the unlisted investment funds included in available-for-sales investments with the carrying amount of approximately HK$31,264,000 (31 December 2014: Nil). In addition, a corporate guarantee limited to HK$15,000,000 was made by the Group.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group was subject to a claim of approximately HK$9.4 million from an external consultant pursuant to a so-called consulting agreement alleged by him and the outstanding retainer fee and expenses in relation to the disposal of electronic cigarette business taken place during the year ended 31 December 2013. The Group received a writ on 31 March 2015 and a statement of claim on 19 May 2015 from such consultant claiming for a sale transaction fee and the outstanding retainer fee and outstanding expenses disbursement in an aggregate amount equivalent to approximately HK$9.4 million (the "Claim"). The Company has filed a summons for striking-out of the Claim on 4 June 2015 pending the court hearing. Having obtained and considered the legal advice, the directors of the Company are of the opinion that the Group shall have a valid and good chance on the striking-out application and the Group shall have a strong defence in the Claim.

EMPLOYEE POLICY

As at 30 June 2015, the Group employed approximately 76 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 6 July 2015, Colour State Limited ("Colour State"), a wholly-owned subsidiary of the Company, entered into a shares swap agreement with Co-Lead Holdings Limited ("Co-Lead"), a non wholly-owned subsidiary of a listed company in Hong Kong, pursuant to which Co-Lead will allot and issue new shares of Co-Lead representing approximately 11.1% of the enlarged equity interest of Co-Lead, in exchange of an available-for-sale investment of HK$156,750,000 held by Colour State. The investment will be classified as available-for-sale investments upon swap. The Group is in the progress to estimate the fair value of 11.1% of enlarged equity interest of Co-Lead at initial recognition. On 17 August 2015, Freeman Corporation Limited ("FCL") proposed to buy back all the shares of FCL ("FCL Share(s)") held by Co-Lead (representing approximately 32.98% equity interest in FCL) at HK$1.23 per FCL Share, amounting to HK$509,991,480.60 in total conditional upon and pending the shareholders' approval by Freeman Financial Corporation Limited.

DISCLOSURE OF OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties with written terms of reference. Save as disclosed below, the Company has complied with all code provisions of the Corporate Governance Code (the "Code') during the Period as set out in Appendix 14 to the Listing Rules.

Code Provision A.4.1 stipulated that non-executive directors shall be appointed for a specific term and be subject to re-election. Save as the appointments of Mr. Chang Tat Joel and Mr. Wong Stacey Martin as independent non-executive director for a term of 3 years, the 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, the independent non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association. As such, the Company 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.

Under the Code Provision of A.6.7, all independent non-executive directors should attend general meetings of the Company and develop a balanced understanding of shareholders' view. For the annual general meeting held on 27 May 2015, Mr. Lam Man Sum, Albert, Mr. Chang Tat Joel and Mr. Wong Stacey Martin were unable to attend due to other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The interim results for the Period have been reviewed by the audit committee of the Company. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Lam Man Sum, Albert, Mr. Chang Tat Joel and Mr. Wong Stacey Martin. Mr. Ho Tak Fun resigned as member of the audit committee with effect from 30 January 2015.

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 2015 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
Lee Kien Leong
Chairman

Hong Kong, 21 August 2015

As 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