SUCCESS DRAGON INTERNATIONAL HOLDINGS LIMITED
勝龍國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the "Board") of Success Dragon International Holdings Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2018 (the "Period") together with the comparative figures for the corresponding period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	5	**43,620**	65,771
Cost of sales		**(31,175)**	(52,292)
Gross profit		**12,445**	13,479
Other income	6	**1,725**	5,868
Other gains and losses	7	**(1,058)**	(490)
Selling and distribution costs		**(2,469)**	(2,591)
Administrative and other operating expenses		**(23,613)**	(44,024)
Loss from operations		**(12,970)**	(27,758)
Finance costs	8	**(569)**	(841)
Loss before tax		**(13,539)**	(28,599)
Income tax	9	**—**	—
Loss for the period	10	**(13,539)**	(28,599)

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		—	777
Exchange differences on translating foreign operations		**31**	(698)
Total other comprehensive income for the period, net of tax		**31**	79
Total comprehensive loss for the period		**(13,508)**	(28,520)
Loss for the period attributable to:			
Owners of the Company		**(13,539)**	(28,106)
Non-controlling interests		—	(493)
		(13,539)	(28,599)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(13,508)**	(28,027)
Non-controlling interests		—	(493)
		(13,508)	(28,520)
Loss per share (HK cents per share)	12		
Basic and diluted loss per share		**(0.64)**	(1.36)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**15,207**	24,059
Current assets			
Equity investments at fair value through other comprehensive income	14	**54,157**	54,157
Inventories		**251**	240
Loan receivables	15	**8,499**	—
Deposits and other receivables		**10,471**	5,274
Bank and cash balances		**38,166**	1,205
		111,544	60,876
Current liabilities			
Other payables and accruals	16	**3,957**	11,172
Other loan	18	**3,224**	—
		7,181	11,172
Net current assets		**104,363**	49,704
Total assets less current liabilities		**119,570**	73,763
Non-current liabilities			
Director's loan	17	—	4,874
Other loans	18	—	5,330
		—	10,204
NET ASSETS		**119,570**	63,559
Capital and reserves			
Share capital	19	**23,663**	20,737
Reserves		**95,907**	42,822
TOTAL EQUITY		**119,570**	63,559

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. GENERAL INFORMATION

Success Dragon International Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 403A, 4/F., Block B, Sea View Estate, 4–6 Watson Road, North Point, Hong Kong, respectively. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding and the principal activities of the Group are provision of outsourced business process management for electronic gaming machines in Macau and information technology services business.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2018 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

— Financial assets at amortised cost; and

— Equity investments at fair value through other comprehensive income.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than deposits and other receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

HKFRS 9 (2014) "Financial Instruments"

Available-for-sale investments are now classified as equity investments at fair value through other comprehensive income.

HKFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	31 March 2018 *HK$'000*
Decrease in available-for-sale investments	(54,157)
Increase in equity investments at fair value through other comprehensive income	54,157
Decrease in accumulated losses	101,303
Increase in investment revaluation reserve	(101,303)

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

Fair value measurements as at 30 September 2018 using:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements:				
Equity investments at fair value through other comprehensive income				
Private equity investments	**—**	**—**	**54,157**	**54,157**
Total recurring fair value measurements	**—**	**—**	**54,157**	**54,157**

Fair value measurements as at 31 March 2018 using:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Equity investments at fair value through other comprehensive income				
Private equity investments	—	—	54,157	54,157
Total recurring fair value measurements	—	—	54,157	54,157

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2018: nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The Group's finance team are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation process and results are held between the financial controller and the board ("Board") of directors of the Company ("Directors") at least twice a year.

The level 3 fair value measurements were valued at their fair value by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer which holds a recognised relevant professional qualification and has recent experience in valuation.

(b) Reconciliation of assets measured at fair value based on level 3:

	Equity investments at fair value through other comprehensive income *HK$'000*
At 1 April 2017	158,568
Total gains or losses recognised in other comprehensive income (restated)	(104,411)
At 31 March 2018, 1 April 2018 and at 30 September 2018	**54,157**

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at fair value through other comprehensive income in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements are:

Key unobservable inputs used in level 3 fair value measurements are mainly:

Description	**Valuation technique**	**Unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**	**Fair value as at 30 September 2018** *HK$'000*
Equity investments at fair value through other comprehensive income	Market approach	Forward price-to-sales multiple	1.0–21.9	Increase	
		Discount of lack of marketability	30%	Decrease	54,157

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 March 2018 *HK$'000*
Equity investments at fair value through other comprehensive income	Market approach	Forward price-to-sales multiple	1.2–3.4	Increase	
		Discount of lack of marketability	30%	Decrease	54,157

5. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group's operating segments and their principal activities are as follows:

Outsourced business process management	—	Provision of services on management of electronic gaming equipment in Macau
Packaging products business	—	Trading of packaging products
Information technology services	—	Provision of information technology services to Vietnam parimutuel sector

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The operation of packaging products business was disposed from the Group during the last interim period.

Upon the termination of information technology services business in Vietnam, no revenue had been generated during the last interim period and the operation of information technology services business in Vietnam was disposed of during the year ended 31 March 2018.

Information regarding the above segment is reported below.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	For the six-month period ended 30 September							
	Outsourced business process management		Packaging products business		Information technology services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
REVENUE:								
Revenue from external customers	**43,620**	60,369	**–**	5,402	**–**	–	**43,620**	65,771
RESULTS:								
Segment loss	**(6,516)**	(9,219)	**–**	(913)	**–**	(2,081)	**(6,516)**	(12,213)
Interest income							**–**	2
Unallocated income							**34**	–
Unallocated corporate expenses							**(6,488)**	(11,810)
Equity-settled share-based payments							**–**	(3,737)
Finance costs							**(569)**	(841)
Loss before tax							**(13,539)**	(28,599)

(b) Segment assets and liabilities

	At 30 September 2018	At 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Outsourced business process management	**21,895**	28,062
Total segment assets	**21,895**	28,062
Other unallocated assets	**104,856**	56,873
Total assets	**126,751**	84,935
Segment liabilities		
Outsourced business process management	**2,513**	3,728
Total segment liabilities	**2,513**	3,728
Other unallocated liabilities	**4,668**	17,648
Total liabilities	**7,181**	21,376

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss of each segment without allocation of interest income, finance costs, equity-settled shared-based payments and unallocated income and expenses. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

The Group's unallocated corporate assets at the end of the reporting period mainly consist of bank and cash balances, equity investments at fair value through other comprehensive income, loan receivables and deposits and other receivables. The Group's unallocated liabilities at the end of the reporting period consist of other loans, director's loan and other payables and accruals.

(c) Information about geographical market

	For the six-month period ended 30 September							
	Outsourced business process management		Packaging products business		Information technology		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Macau	**43,620**	60,369	**—**	—	**—**	—	**43,620**	60,369
United Kingdom	**—**	—	**—**	1,342	**—**	—	**—**	1,342
United Arab Emirates	**—**	—	**—**	1,158	**—**	—	**—**	1,158
United States of America	**—**	—	**—**	1,014	**—**	—	**—**	1,014
Italy	**—**	—	**—**	457	**—**	—	**—**	457
Other	**—**	—	**—**	1,431	**—**	—	**—**	1,431
	43,620	60,369	**—**	5,402	**—**	—	**43,620**	65,771

During the periods ended 30 September 2018 and 2017, all revenue is recognised at a point of time.

6. OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Management fee income	**1,544**	1,578
Interest income on bank deposits	**—**	2
Interest income on loan receivables	**34**	—
Waiver of other payables	**—**	3,572
Reversal of equity-settled share-based payments	**—**	534
Others	**147**	182
	1,725	5,868

7. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other gains and losses:		
Net foreign exchange gain	**65**	578
Loss on disposal of subsidiaries	**—**	(2,591)
(Loss)/gain on disposal of property, plant and equipment	**(575)**	37
Fair value gain on director's loan *(note 17)*	**8**	—
Fair value (loss)/gain on other loans *(note 18)*	**(556)**	1,486
	(1,058)	(490)

8. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings		
— Imputed interest on other loans	**561**	83
— Imputed interest on director's loan	**8**	—
— Imputed interest on shareholder's loan	**—**	758
	569	841

9. INCOME TAX

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the six months ended 30 September 2018 and 2017.

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the period. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC was 25% in previous reporting period.

10. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**—**	4,980
Depreciation and amortisation	**6,679**	7,208
Operating lease rentals in respect of land and buildings	**851**	2,437
Directors' remuneration	**1,060**	6,841
Staff costs (including directors' remuneration):		
Salaries, allowances and other benefits in kind	**7,585**	17,089
Equity-settled share-based payments	**—**	3,737
Pension scheme contributions	**189**	319
Total staff costs	**7,774**	21,145

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2018 and 2017.

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss of approximately HK$13,539,000 (For the six months ended 30 September 2017: HK$28,106,000) for the period attributable to owners of the Company and the weighted average number of 2,116,849,000 (For the six months ended 30 September 2017: 2,073,541,000) ordinary shares in issue during the six months ended 30 September 2018.

(b) Diluted loss per share

No diluted loss per share is presented for the periods ended 30 September 2018 and 2017 as the exercise of the Company's outstanding share options would be anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK$3,843,000 (Six months ended 30 September 2017: HK$1,316,000).

In addition, during the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK$2,273,000 (Six months ended 30 September 2017: HK$3,890,000) for a total consideration of approximately HK$1,530,000 (Six months ended 30 September 2017: HK$3,927,000) and had been settled by cash during the current interim period (Six months ended 30 September 2017: HK$3,570,000).

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted equity securities, at fair value	**54,157**	54,157

During the year of 2017, the Group invested HK$155,460,000 in Primus, a company incorporated in United State of America and owned 73,251,487 Series E Preferred Shares (the "Primus Shares") and representing 20.82% equity interests in Primus. Due to certain contractual arrangements with the other shareholders of that company, the Group is unable to exercise significant influence over that company and the investment is classified as equity investments at fair value through other comprehensive income.

There was no change on fair value of equity investments at fair value through other comprehensive income for the six months ended 30 September 2018 (For the year ended 31 March 2018: loss of HK$104,411,000).

15. LOAN RECEIVABLES

The balance amounted to approximately HK$5,021,000, representing the loan to independent third party with interest rate of 9.0% per annum, unsecured and repayment within 1 year.

The balance amounted to approximately HK$3,478,000, representing the loans to independent Third parties with interest rates ranged from 10.8% to 18.0% per annum, secured by certain trade receivables and repayable within 1 year.

16. OTHER PAYABLES AND ACCRUALS

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other payables and accruals	**3,957**	11,172

17. DIRECTOR'S LOAN

During the six months ended 30 September 2018, the Group entered into a director loan facility agreement with a director of the Company namely, Mr. Kwan Chun Wai Roy ("Mr. Kwan") for an unsecured and unguaranteed interest-free loan facility of HK$3,000,000 in total. As at 25 July 2018, HK$1,000,000 had been drawn down by the Company (the "Director's Loan") and will mature and become repayable on 24 July 2020. The Director's Loan was carried at amortised cost by applying an effective interest rate of 10% per annum.

During the six months ended 30 September 2018, the Company early repaid the entire amount of the Director's Loan to Mr. Kwan.

18. OTHER LOANS

(a) Other Loan A

As at 31 March 2017, the balance of shareholder's loan amounted to HK$17,392,000, representing an unsecured and unguaranteed interest-free loan with principal amount of HK$20,000,000 (the "Other Loan A") from its former substantial shareholder, namely Mr. Yong Khong Yoong Mark ("Mr. Yong"), which will mature and become repayable on 11 August 2018. The Other Loan A was carried at amortised cost using the effective interest method. The effective interest rate applied was 10% per annum. The difference of the principal and the fair value of the Other Loan A at initial recognition amounting to approximately HK$3,471,000 was credited as deemed capital contribution from the shareholder in equity.

As disclosed in the Company's announcement dated 28 August 2017, Mr. Yong had disposed of 503,669,620 shares of the Company on 22 August 2017 and Mr. Yong ceased to be a substantial shareholder of the Company. The Other Loan A was reclassified as other loan as at 28 August 2017.

On 11 September 2017, Mr. Yong and the Company had entered into a supplemental loan agreement, in which the repayment date of the Other Loan A been revised to 11 August 2019.

As at 31 March 2018, the balance of the Other Loan A amounted to HK$3,074,000, representing an unsecured and unguaranteed interest-free loan with remaining principal amount of HK$3,500,000, after the repayment of HK$16,500,000 from the Company to Mr. Yong during the year of 2018.

As at 30 September 2018, the balance of the Other Loan A amounted to HK$3,224,000, representing an unsecured and unguaranteed interest-free loan with remaining principal amount of HK$3,500,000.

(b) Other Loan B

As at 31 March 2018, the balance of other loan amounted to approximately HK$2,256,000, representing an unsecured and unguaranteed interest-free loan with principal amount of HK$2,600,000 from its former substantial shareholder, namely Mr. Tsang Ho Kwan ("Mr. Tsang") (the "Other Loan B"), which will mature and become repayable on 28 September 2019. The Other Loan B was carried at amortised cost using effective interest rate applied was 10% per annum. The difference of the principal and the fair value of the Other Loan B at initial recognition amounting to approximately HK$413,000 was credited as deemed capital contribution from the shareholder in equity.

As disclosed in the Company's announcement dated 22 January 2018, Mr. Tsang had disposed of 503,669,620 shares of the Company and ceased to be a substantial shareholder of the Company. The Other Loan B was reclassified as other loan on 22 January 2018.

During the six months ended 30 September 2018, the Company early repaid the entire amount of the Other Loan B to Mr. Tsang.

(c) Other Loan C

As at 31 March 2018, the balance of director's loans amounted to approximately HK$4,874,000, representing unsecured and unguaranteed interest-free loans with principal amount of HK$2,000,000, HK$3,300,000 and HK$250,000, respectively from its former director, namely Mr. Tan Teng Hong ("Mr. Tan") (the "Other Loan C"), which will mature and become repayable on 20 May 2019, 22 July 2019 and 28 March 2020, respectively. The Other Loan C was carried at amortised cost using effective interest rate of 10% per annum.

As disclosed in the Company's announcement dated 4 July 2018, Mr. Tan has tendered his resignation as the Director. The Other Loan C was reclassified as other loan on 4 July 2018.

During the six months ended 30 September 2018, HK$2,300,000 and HK$1,468,000 had been drawn down by the Company and will mature and become repayable on 28 March 2020 and 4 November 2019, respectively.

During the six months ended 30 September 2018, the Company early repaid the entire amount of the Other Loan C to Mr. Tan.

19. SHARE CAPITAL

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
30,000,000,000 (31 March 2018: 30,000,000,000) ordinary shares of HK$0.01	**300,000**	300,000
Issued and fully paid:		
2,366,286,547 (31 March 2018: 2,073,676,547) ordinary shares of HK$0.01 each	**23,663**	20,737

Movement of the number of shares issued and the share capital during the current period is as follows:

	Notes	**Number of share issued** *'000*	**Share capital** *HK$'000*
At 1 April 2017 (audited)		2,072,826	20,728
Exercise of share options granted	(a)	850	9
At 30 September 2017 (unaudited) and at 31 March 2018 (audited)		2,073,676	20,737
Issue of shares on placement	(b)	292,610	2,926
At 30 September 2018 (unaudited)		2,366,286	23,663

Notes:

(a) During the six months ended 30 September 2017, the subscription rights attaching to 850,000 share options were exercised at the subscription price of HK$0.415 per share, resulting in the issue of 850,000 additional ordinary shares of HK$0.01 each for a total cash consideration, before expenses, of approximately HK$353,000, out of which approximately HK$9,000 and HK$533,000 were recorded in share capital and share premium respectively.

(b) On 10 August 2018 and 22 August 2018, the Company entered into a placing agreement and supplemental agreement, respectively, with a placing agent in respect of the placement of 292,610,000 ordinary shares of HK$0.01 each to independent investors at a price of HK$0.24 per share. The placement was completed on 4 September 2018, resulting in which approximately HK$2,926,000 was credited to share capital and the remaining balance of approximately HK$66,593,000 (net of issuing expenses of approximately HK$707,000) was credited to share premium.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves. The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure. The Group's overall strategy remains unchanged from prior periods.

20. EQUITY-SETTLED SHARE–BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 28 September 2012 and amended on 8 August 2014 for the primary purpose of providing incentives to the eligible participants, and unless otherwise cancelled or amended, will expire on 8 August 2024.

The table below discloses movement of the Company's share options held by the eligible participants:

	Number of share options
Outstanding as at 1 April 2017 (audited)	**89,570,000**
Granted during the period	20,700,000
Exercised during the period	(850,000)
Lapsed during the period	(34,610,000)
Outstanding as at 30 September 2017 (unaudited)	**74,810,000**
Lapsed during the period	(26,400,000)
Outstanding as at 1 April 2018 (audited)	**48,410,000**
Granted during the period *(Note)*	82,800,000
Cancelled during the period *(Note)*	(82,800,000)
Lapsed during the period	(17,610,000)
Outstanding as at 30 September 2018 (unaudited)	**30,800,000**

There were no share options exercised during the period and the weighted average share price at the date of exercise for share options exercised during the six months ended 30 September 2017 was HK$0.534.

Note: On 10 August 2018 (after trading hours), the Company has granted 82,800,000 Share Options (the "Options") to eligible participants of the Group (the "Grantees"). Subject to acceptance of the Grantees, 20,700,000 Options were granted to each of the Grantees. Subsequently, the Company, as approved by the Board and with the consent of the Grantees, has cancelled the grant of the options with effect from 24 August 2018. None of Grantees has accepted the Options. Details of the grant and cancellation of the Options were set out in the Company's announcements dated 13 August 2018 and 24 August 2018.

21. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had no transactions with its related parties.

(b) Compensation of key management

The remuneration of key management personnel (only the Directors) of the Group during the current period was as follow:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries allowances and other benefits in kind	**1,052**	3,102
Retirement benefits scheme contributions	**8**	2
Equity-settled share-based payments	**—**	3,737
	1,060	6,841

22. LITIGATIONS

(a) The Company against Mr. Cheng Chee Tock Theodore (deceased) ("Mr. Cheng"), Ms. Leonora Yung ("Ms. Yung") and others

For details, background and the development of this litigation in the prior years, please refer to previously issued annual reports since 2010/2011 and interim reports since 2011/2012.

There was no other development for this litigation during the reporting period.

(b) The Company and Highsharp Investments Limited, as the Plaintiffs

For details, background and the development of this litigation in the prior years, please refer to previously issued annual reports since 2010/2011 and interim reports since 2011/2012.

There was no other development for this litigation during the reporting period.

(c) The Company and Ace Precise International Limited, as the Plaintiffs

For details, background and the development of this litigation in the prior years, please refer to previously issued annual reports since 2010/2011 and interim reports since 2011/2012.

There was no other development for this litigation during the reporting period.

(d) The Company together with former subsidiaries of the Company against Mr. Cheng

For details, background and the development of this litigation in the prior years, please refer to previously issued annual reports since 2010/2011 and interim reports since 2011/2012.

By the order of the Court on 31 July 2018, the Case Management Summons Hearing on 1 August 2018 was vacated and adjourned to 30 January 2019.

23. CAPITAL COMMITMENTS

As at 30 September 2018, the Group's capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment amounted to approximately HK$1,250,000 (31 March 2018: Nil).

24. CONTINGENT LIABILITIES

As at 30 September 2018 and 31 March 2018, the Group did not have any significant contingent liabilities.

25. EVENT AFTER REPORTING PERIOD

As at the approval date on these condensed consolidated financial statements, the Group had no significant event after the reporting period which need to be disclosed.

26. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2018 (the "Period Under Review"), the Group was principally engaged in provision of outsourced business process management for electronic gaming machines in Macau (the "Outsourced Business Process Management"). During the Period Under Review, no revenue had been generated from packaging products business and information technology services business since the operation of packaging products business and the Vietnam's operation of information technology services business were disposed of during the last interim period and during the year ended 31 March 2018, respectively.

During the Period Under Review, revenue generated from the Outsourced Business Process Management decreased by approximately 27.7% from approximately HK$60.4 million in the same period of last year (the "Last Corresponding Period") to approximately HK$43.6 million. The decrease was mainly attributable to the cessation of one of the operation outlets located at the Landmark Macau during the Last Corresponding Period and intense competition in the Macau gaming market faced by the Group. Despite the cost control measures implemented by the Group in Macau operations, the loss was incurred from such segment. The loss from this captioned segment during the Period Under Review was approximately HK$6.5 million compared with loss of approximately HK$9.2 million during the Last Corresponding Period, which is mainly due to successfully controlling the operating costs.

On one hand, the Group strives to continuously concentrate on its Outsourced Business Process Management business and on the other hand, the Group will take cautious control of its operating costs so as to maintain its competitiveness in the market.

The Group has been actively looking for investment opportunities to continue to expand and upgrade its business. The Group has made an investment in Primus Power Corporation ("Primus"), a company incorporated in the USA principally engaged in the provision of electrical energy storage system solutions. The Company is constantly reviewing the performance of Primus and reviewing its strategy on its investment in Primus.

Details of the fair value measurement for the Group's investment in Primus are set out in note 4 in the notes to the condensed consolidated financial statements in this announcement. Shareholders and potential investors of the Company should note that the fair value of such equity investments may vary depending on the valuation techniques used by different valuers, although the Company and its independent valuer have endeavored to ensure that the valuation techniques adopted are in accordance with standard valuation practices and accurately reflect the fair value of such equity investments.

FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP

As stated in the Company's annual report for the year ended 31 March 2018, the Group has encountered the possibilities of applying blockchain technologies to complement or diversify its business operations. The Group wishes to form strategic partnership with and invest tactically into leading fintech companies, and to realign its resources in rebuilding its information technology services business.

On 26 October 2018, the Company announced the proposed change of the English name of the Company from "Success Dragon International Holdings Limited" to "ezBlock Capital International Holdings Limited" and adoption of the Chinese name of "易塊資本國際控股有限公司" as the secondary name of the Company to replace the existing name in Chinese of "勝龍國際控股有限公司" which was adopted for identification purpose only (the "Change of Company Name"). A special resolution will be proposed at a special general meeting of the Company (the "SGM") to be convened to consider and, if thought fit, approve the Change of Company Name.

The Board considers that the proposed Change of Company Name can promote and strengthen the Company's corporate image and enable the Group to better identify and obtain business opportunities for its future development. As such, the Board is of the view that the Change of Company Name is in the best interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

Details of the Change of Company Name were set out in the Company's announcement dated 26 October 2018. A circular containing, amongst other things, further information regarding the Change of Company Name together with the notice of the SGM will be despatched to the Shareholders as soon as practicable.

On 9 November 2018, Shengye Minghua Commercial Factoring (Shengzhen) Limited* (盛業銘華商業保理（深圳）有限公司) ("Shengye Minghua"), an indirect wholly-owned subsidiary of the Company, entered into a business development service agreement (the "Service Agreement") with Shenzhen Qianhai Linklogis Financial Services Company Limited* (深圳前海聯易融金融服務有限公司) ("Linklogis"). In addition, on 9 November 2018, Shengye Minghua entered into a supplemental agreement to the Service Agreement ("Supplemental Agreement") with Shenzhen Qianhai Weqi Blockchain Technology Limited* (深圳前海微企區塊鏈科技有限公司) ("SQ Weqi"), a wholly owned subsidiary of Linklogis. Pursuant to the Service Agreement and the Supplemental Agreement (collectively, the "Agreements"), the Group will provide business development services for WeQChain (微企鏈平台), a supply chain financing platform built by Linklogis based on blockchain technology. The Group agrees to source businesses with the need of supply chain financing services and procure them and their suppliers to use WeQChain for financing the accounts receivables held by the suppliers. SQ Weqi agrees to pay the Group a service fee every quarter during the term of the Agreements for the business development services provided by the Group. The Agreements have a term of two years from the date of the Agreements, which may be terminated by 30 days' notice in writing served by either party on the other.

Details of the Agreements were set out in the Company's announcement dated 9 November 2018.

On 12 November 2018, Success Dragon Operations Limited ("SDO"), a wholly-owned subsidiary of the Company, has entered into an agreement to purchase four trade receivables with a total size of RMB3.97 million (the "Purchase") from an independent commercial factoring company in China and the debtor of these trade receivables is a wholly-owned subsidiary of a large Chinese state-owned enterprise in the construction sector. The trade receivables are scheduled to be repaid by the end of March 2019. Upon repayment, these receivables will generate revenue in the form of interest.

Details of the Purchase were set out in the Company's announcement dated 12 November 2018.

As at the date of this interim results announcement, the Group had no plans for material investments or acquisition of capital assets. However, the Group will continue to identify new opportunities for business development. In the event that any definitive agreement is entered into in relation to any material investments or acquisition of capital assets, further announcement(s) will be made if and when required or as appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The English transliteration of the Chinese name(s) in this announcement, which is indicated with "", is included for information purpose only, and should not be regarded as the official English name(s) of the relevant entity(ies)*

FINANCIAL REVIEW

During the Period Under Review, the Outsourced Business Process Management business continued to be the Group's core business which contributed approximately 100.0% (Last Corresponding Period: approximately 91.8%) of the Group's total revenue. The revenue derived from this business segment was approximately HK$43.6 million, representing a decrease of approximately 27.7% (Last Corresponding Period: approximately HK$60.4 million). During the Period Under Review, no revenue had been generated from packaging products business (Last Corresponding Period: HK$5.4 million)and information technology services business (Last Corresponding Period: Nil) since the operation of packaging products business and the Vietnam's operation of information technology services business were disposed of during the last interim period and during the year ended 31 March 2018, respectively. As a result of the above, for the six months ended 30 September 2018, the Group recorded a total revenue of approximately HK$43.6 million (Last Corresponding Period: approximately HK$65.8 million), representing a decrease of approximately 33.7%.

During the Period Under Review, the Group recorded a decrease in administrative and other expenses by approximately HK$20.4 million or 46.4% from approximately HK$44.0 million for the Last Corresponding Period to approximately HK$23.6 million for the Period Under Review. The decrease was primarily attributed to the reduction of depreciation and amortisation costs, operating lease rentals as well as the decrease of operating costs relating to the Outsourced Business Process Management as aforementioned.

As compared to the Last Corresponding Period, other income decreased by approximately HK$4.2 million or 70.6%. The decrease was mainly because the Group had recorded a gain on waiver of other payables of approximately HK$3.6 million in the Last Corresponding Period. The Group's other gains and losses increased from losses of approximately HK$0.5 million in the Last Corresponding Period to losses of approximately HK$1.1 million, which was mainly due to the net effect of (i) loss on disposal of property, plant and equipment of approximately HK$0.6 million; and (ii) a fair value loss of approximately HK$0.6 million on other loan from a former substantial shareholder recognised during the six months ended 30 September 2018. Selling and distribution costs of the Group during the Period Under Review were recorded at approximately HK$2.5 million which were similar to that of the Last Corresponding Period of approximately HK$2.6 million.

As a result of the above, the Group recorded a decrease of net loss of approximately HK$15.1 million from approximately HK$28.6 million for the Last Corresponding Period to approximately HK$13.5 million during the Period Under Review.

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE

As at 30 September 2018, the Group had bank and cash balances of approximately HK$38.2 million. As at the same date, the Group had a liability component of the unsecured and unguaranteed interest-free loan of approximately HK$3.2 million, which was borrowed from a former substantial shareholder of the Company namely, Mr. Yong Khong Yoong Mark, for a principal amount of HK$20 million. On 11 September 2017, Mr. Yong and the Company had entered into a supplemental loan agreement, pursuant to which the repayment date of the Loan had been extended to 11 August 2019.

During the Period Under Review, the Group entered into a director loan facility agreement with a director of the Company, namely Mr. Kwan Chun Wai Roy ("Mr. Kwan") for an unsecured and unguaranteed interest-free loan facility of HK$3,000,000 in total. As at 25 July 2018, HK$1,000,000 had been drawn down by the Company (the "Director's Loan") and will mature and become repayable on 24 July 2020. The Company had early repaid the entire amount of the Director's Loan to Mr. Kwan during the Period Under Review.

As at 31 March 2018, the balance of director's loans amounted to approximately HK$4,874,000, representing unsecured and unguaranteed interest-free loans with principal amount of HK$2,000,000, HK$3,000,000 and HK$250,000, respectively from a former director, namely Mr. Tan Teng Hong ("Mr. Tan"), which will mature and become repayable on 20 May 2019, 22 July 2019 and 28 March 2020, respectively. As disclosed in the Company's announcement dated 4 July 2018, Mr. Tan has tendered his resignation as director of the Company. These director's loans were reclassified as other loans on 4 July 2018. During the Period Under Review, HK$2,300,000 and HK$1,468,000 had been drawn down by the Company which will mature and become repayable on 28 March 2020 and 4 November 2019, respectively, and the Company had early repaid the entire amount of the other loans to Mr. Tan during the Period.

During the Last Corresponding Period, the Group entered into a shareholder loan agreement with a former substantial shareholder of the Company, namely, Mr. Tsang Ho Kwan ("Mr. Tsang") for an unsecured and unguaranteed interest-free loan facility of HK$5 million in total. As at 30 September 2017, HK$1 million had been drawn down by the Company and will mature and become repayable on 28 September 2019 (the "Shareholder's Loan"). On 8 November 2017, the Group had entered into a supplemental loan agreement with Mr. Tsang for a loan facility amount of HK$5 million, which would be unsecured and unguaranteed interest-free. During the Period Under Review, the Group had early repaid the entire amount of other loan to Mr. Tsang. Apart from the above, the Group did not have any other borrowings and had not engaged in any financial instruments for hedging or speculative activities.

The gearing ratio of loans against the total equity as at 30 September 2018 was approximately 2.7%. As the bank deposits and cash on hand were denominated in Hong Kong dollar, followed by Macau Pataca, US Dollar and Renminbi, the Group's exchange risk exposure continues to depend on the movement of the exchange rates of the aforesaid currencies.

TREASURY POLICY

The Group maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposures during the six months ended 30 September 2018. The Group will continue to monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Apart from the term loans borrowed from the Company's former substantial shareholder as described hereinabove, the Group did not have any other outstanding borrowings.

CAPITAL STRUCTURE

Save as the placing of new shares mentioned under the heading of “ISSUE OF SHARES” below, there was no significant change in the Group’s capital structure for the six months ended 30 September 2018.

ISSUE OF SHARES

Placing of 292,610,000 ordinary Shares under general mandate of the Company

On 10 August 2018 and 22 August 2018, the Company and C.P. Securities International Limited (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”) and supplemental agreement (the “Supplemental Agreement”) respectively, pursuant to which the Company has appointed the Placing Agent to procure, on a best efforts basis, not less than six placees who were professional, institutional or other private investors to subscribe for up to 292,610,000 ordinary Shares of HK$0.01 each at a price of HK$0.24 per share (the “Placing Shares”), representing (i) approximately 14.11% of the existing issued share capital of the Company as at the date of the Supplemental Agreement; and (ii) approximately 12.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The closing price of the Shares as quoted on the Stock Exchange on 10 August 2018, being the date of the Placing Agreement, was HK$0.250 per Share. The Company received net proceeds from the placing, after deducting placing commission and other fees and expenses, of approximately HK$68.8 million (“Net Proceeds”). The proceeds from the placing are to be utilized for business development, to repay director’s loan, other loans and other payables and as the general working capital of the Group. Details of the placing were set out in the announcements of the Company dated 10 August 2018 and 22 August 2018.

Up to 30 September 2018, HK$8.5 million of the Net Proceeds were utilized for business development, HK$17.7 million of the Net Proceeds were utilized to repay director’s loan, other loans and other payables and HK$1.9 million of the Net Proceeds were utilized as the general working capital of the Group.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Company did not have any material acquisition, disposal and significant investment in subsidiaries, associates and joint ventures during the Period.

PLEDGE OF ASSETS

As at 30 September 2018, no asset was pledged by the Group.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group's capital expenditure contracted for but not provided in the interim financial statements in respect of acquisition of property, plant and equipment amounted to approximately HK$1,250,000.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 44 permanent employees as at 30 September 2018, with 5 employees in Hong Kong and 39 employees in Macau.

The Group continued to review the remuneration packages of employees with reference to the level and compensation of pay, general market condition and individual performance. Staff benefits offered by the Group to its employees include contribution to defined contribution retirement scheme, discretionary bonus, share option scheme, medical allowance and hospitalization scheme and housing allowance, the quality of which is generally in line with the local practice. The Group supports a fair, transparent and high performance culture through its human resources policies, by developing and improving its programs particularly on recruitment, performance management, training and development and employee relations.

LITIGATION

The Group has a number of pending litigations and in the opinion of the legal counsel of the Company engaged in respect of such litigations, it is premature to predict the outcomes. Details of litigation are disclosed in note 22 to the interim financial statements.

OTHER INFORMATION

Interim Dividend

The Board of Directors of the Company resolved not to declare the payment of an interim dividend for the Period (For the six months ended 30 September 2017: Nil). Accordingly, no closure of register of members of the Company is proposed.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the six months ended 30 September 2018.

Directors' Interests in a Competing Business

For the six months ended 30 September 2018, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Corporate Governance

The Board is satisfied that the Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 (the "CG Code") to the Listing Rules throughout the Period except for the following deviation:

(1) Code Provision A.4.1 of the CG Code provides, inter alia, that non-executive Directors should be appointed for a specific term and subject to re-election.

The independent non-executive Directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Bye-laws and the Listing Rules. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

(2) Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company are both performed by Mr. KWAN Chun Wai Roy ("Mr. KWAN"), an executive Director of the Company with effect from 3 July 2018. The Board considers that having Mr. KWAN to act as the chairman and chief executive officer of the Company will enhance the operational efficiency and core competitiveness of the Group, more clearly define the organisational structure, and simplify the Group's decision-making mechanism. Therefore, the Board considers that such deviation is beneficial to the Group's overall business development.

The Board will continue to review the management structure of the Group from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company accordingly.

Model code for securities transactions by directors

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

Remuneration committee

The Company established the remuneration committee (the "Remuneration Committee") which has adopted written terms of reference in compliance with the Listing Rules. As at the date of this interim results announcement, the Remuneration Committee is composed of two independent non-executive Directors, namely Mr. CHI Dong Eun (Chairman) and Mr. AU Kin Wah and one executive Director, Mr. KWAN Chun Wai Roy. The Remuneration Committee is responsible for reviewing, determining and making recommendations to the Board on the remuneration, compensation and benefits of Directors and senior management. The terms of reference of the Remuneration Committee are available and accessible on the Company's website.

Nomination committee

The Company established the nomination committee (the "Nomination Committee") which has adopted written terms of reference in compliance with the Listing Rules. As at the date of this interim results announcement, the Nomination Committee is composed of the executive Director, Mr. KWAN Chun Wai Roy (Chairman) and two independent non-executive Directors, namely Mr. AU Kin Wah and Mr. CHI Dong Eun. The Nomination Committee is responsible for making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors. The Nomination Committee reviews the structure, size and composition of the Board, and identifies suitably qualified candidates to become Board members. The Nomination Committee also ensures the Board comprises members with mixed skills and experience with appropriate weights necessary to accomplish the Group's business development, strategies, operation, challenges and opportunities. The terms of reference of the Nomination Committee are available and accessible on the Company's website.

Audit committee

The Company established the audit committee (the "Audit Committee") which has adopted written terms of reference in compliance with the Listing Rules. As at the date of this interim results announcement, the Audit Committee is composed of three independent non-executive Directors, namely Mr. AU Kin Wah (Chairman), Mr. CHI Dong Eun and Ms. WONG Chi Yan. The Audit Committee is responsible for considering appointment of the external auditor, reviewing the interim and annual financial statements before submission to the Board, and overseeing the Group's financial reporting, risk management and internal control systems. The terms of reference of the Audit Committee are available and accessible on the Company's website.

Changes in Directors' information

Changes in Directors' information in respect of the period from 1 April 2018 up to the date of this interim results announcement are set out below:

Mr. TAN Teng Hong resigned as an executive Director, the chairman, the chief executive officer, an authorised representative under the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), the chairman of each of the executive committee, investment committee and nomination committee, and a member of the remuneration committee of the Company with effect from 3 July 2018.

Mr. CHUNG Yuk Lun resigned as an independent non-executive Director, a member of each of the independent board committee, audit committee, investment committee, nomination committee and remuneration committee of the Company with effect from 30 September 2018.

Mr. YONG Peng Tak resigned as an independent non-executive Director, the chairman of each of the independent board committee and audit committee, and a member of each of the remuneration committee and nomination committee of the Company with effect from 30 September 2018.

Mr. KWAN Chun Wai Roy was appointed as an executive Director, the chairman, the chief executive officer, an authorised representative under the Listing Rules and the Companies Ordinance, the chairman of each of the executive committee, investment committee and nomination committee, and a member of the remuneration committee of the Company with effect from 3 July 2018.

Mr. DING Lei was appointed as an executive Director with effect from 1 April 2018.

Mr. DENG Yougao ("Mr. Deng") was appointed as an independent non-executive Director with effect from 1 April 2018. Mr. Deng was appointed as an independent non-executive director of Shougang Concord International Enterprises Company Limited (stock code: 697) with effect from 18 May 2018.

Ms. WONG Chi Yan ("Ms. Wong") was appointed as an independent non-executive Director and a member of the investment committee of the Company with effect from 14 May 2018. She was appointed as a member of the audit committee and independent board committee of the Company with effect from 30 September 2018. Ms. Wong resigned as an executive director of CHerish Holdings Limited (stock code: 2113) with effect from 14 June 2018. Ms. Wong resigned as an independent non-executive director of Ding He Mining Holdings Limited (stock code: 705) with effect from 11 July 2018. Ms. Wong resigned as an executive director and authorised representative under Listing Rules of Elegance Optical International Holdings Limited (stock code: 907) with effect from 22 October 2018. Ms. Wong was appointed as the company secretary of Goldway Education Group Limited (stock code: 8160) with effect from 18 October 2018.

Mr. AU Kin Wah was appointed as an independent non-executive Director and the chairman of each of the independent board committee and audit committee, and a member of each of the investment committee, remuneration committee and nomination committee of the Company with effect from 30 September 2018.

Review of interim results

The Audit Committee has reviewed the unaudited condensed consolidated results for the Period.

Purchase, sale or redemption of the company's securities

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

By Order of the Board
Success Dragon International Holdings Limited
KWAN Chun Wai Roy
Chairman, executive Director and chief executive officer

Hong Kong, 26 November 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. KWAN Chun Wai Roy and Mr. DING Lei; and four independent non-executive Directors; namely Mr. AU Kin Wah, Mr. CHI Dong Eun, Mr. DENG Yougao and Ms. WONG Chi Yan.