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SUCCESS DRAGON INTERNATIONAL HOLDINGS LIMITED

勝龍國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

The audited consolidated results of Success Dragon International Holdings Limited (“Company”) and its subsidiaries (collectively referred to as the “Group”) for the financial year ended 31 March 2019 together with the comparative figures for the preceding financial year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>Notes</i>	2019 HK\$'000	2018 <i>HK\$'000</i>
Revenue	5	87,787	112,416
Cost of sales		(61,718)	(85,280)
Gross profit		26,069	27,136
Other gain or loss, net	5	2,186	25,068
Selling and distribution costs		(5,522)	(4,687)
Administrative and other operating expenses		(56,284)	(69,988)
Loss from operations		(33,551)	(22,471)
Impairment loss of various assets		(4,147)	(102,515)
Inventories written off		—	(347)
Loss on disposal of subsidiaries		—	(1,591)
Finance costs	6	(1,200)	(1,494)
Loss before tax		(38,898)	(128,418)
Income tax	7	—	—
Loss for the year	8	(38,898)	(128,418)

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Other comprehensive (loss)/income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		(54,157)	—
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		—	3,632
Exchange differences on translating foreign operations		974	408
Fair value changes of available-for-sale investments		—	(105,451)
Impairment loss of available-for-sale investments reclassified to profit or loss		—	102,343
		<hr/>	<hr/>
Total other comprehensive (loss)/income for the year, net of tax		(53,183)	932
		<hr/>	<hr/>
Total comprehensive loss for the year		(92,081)	(127,486)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to:			
Owners of the Company		(38,898)	(131,612)
Non-controlling interests		—	3,194
		<hr/>	<hr/>
		(38,898)	(128,418)
		<hr/>	<hr/>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(92,081)	(130,680)
Non-controlling interests		—	3,194
		<hr/>	<hr/>
		(92,081)	(127,486)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share (HK cents per share)	10		
<i>Basic and diluted loss per share</i>		(1.74)	(6.35)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		7,630	24,059
Goodwill		433	—
		<u>8,063</u>	<u>24,059</u>
Current assets			
Equity investments at fair value through other comprehensive income	11	—	—
Available-for-sale investments	11	—	54,157
Inventories		249	240
Trade receivables	13	58	—
Loan receivables	14	26,664	—
Deposits and other receivables	12	13,294	5,274
Bank and cash balances		24,179	1,205
		<u>64,444</u>	<u>60,876</u>
Current liabilities			
Other payables and accruals		12,971	11,172
Amount due to a director		159	—
Other loans		18,380	—
		<u>31,510</u>	<u>11,172</u>
Net current assets		<u>32,934</u>	49,704
Total assets less current liabilities		<u>40,997</u>	73,763
Non-current liabilities			
Director's loan		—	4,874
Other loan		—	5,330
		<u>—</u>	<u>10,204</u>
NET ASSETS		<u><u>40,997</u></u>	<u><u>63,559</u></u>
Capital and reserves			
Share capital		23,663	20,737
Reserves		17,334	42,822
TOTAL EQUITY		<u><u>40,997</u></u>	<u><u>63,559</u></u>

Notes:

1. GENERAL INFORMATION

Success Dragon International Holdings Limited (the “Company”) was 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, provision of money lending services in Hong Kong and information technology services.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (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, Hong Kong Accounting Standards 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 consolidated financial statements and amounts reported for the current year 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.

The Group has applied HKFRS 9 (2014) in accordance with the transition provisions set out in HKFRS 9 (2014) and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	1 April 2018
	<i>HK\$’000</i>
Decrease in accumulated losses	101,303
Increase in investment revaluation deficit	(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.

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 values at 31 March 2019. As at the years ended 31 March 2019 and 2018, the fair values were valued 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 2019 HK\$'000
At the beginning of year	54,157
Total gains or losses recognised in other comprehensive income	(54,157)
At end of reporting period	—
	Available-for- sale investments 2018 HK\$'000
At the beginning of year	158,568
Total gains or losses recognised in profit or loss [#]	
— impairment loss of available-for-sale investments	(102,343)
— exchange difference	1,040
Total gains or losses recognised in other comprehensive income	(3,108)
At end of reporting period	54,157
([#]) Include gains or losses for assets held at the end of reporting period	(101,303)

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 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 at 31 March:

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 2019 <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	Asset approach	Financial position	Net liabilities of approximately United State Dollar (“USD”) 6.38 million as at 31 March 2019	Decrease	
		Historical financial result	Net loss for the years ended 31 December 2016, 2017 and 2018 of approximately USD11.54 million, USD14.36 million and USD13.95 million	Decrease	—
					<u> </u>
Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2018 <i>HK\$'000</i>
Available-for-sale investments	Market approach	Forward price-to-sales multiple	1.2–3.4	Increase	
		Discount of lack of marketability	30%	Decrease	54,157
					<u> </u>

For the year ended 31 March 2019, the valuation technique has been changed from market approach adopted in 2018 to asset approach, as no suitable data from comparables with similar status of Primus and lack of reliable long-term financing forecast from Primus can be adopted in the valuation process.

4. 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
Money lending services	—	Provision of money lending services in Hong Kong

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 and information technology services to Vietnam pari-mutuel sector were disposed from the Group 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 year ended 31 March									
	Outsourced business process management		Packaging products business		Information technology services		Money lending services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE:										
Revenue from external customers	<u>86,673</u>	<u>107,014</u>	<u>—</u>	<u>5,402</u>	<u>58</u>	<u>—</u>	<u>1,056</u>	<u>—</u>	<u>87,787</u>	<u>112,416</u>
Segment (loss)/profit	<u>(19,528)</u>	<u>(11,622)</u>	<u>—</u>	<u>(913)</u>	<u>(279)</u>	<u>(2,756)</u>	<u>243</u>	<u>—</u>	<u>(19,564)</u>	<u>(15,291)</u>
Interest income									—	2
Unallocated income									442	21,978
Unallocated corporate expenses									(18,576)	(31,270)
Impairment loss of available-for-sale investments									—	(102,343)
Finance costs									<u>(1,200)</u>	<u>(1,494)</u>
Loss before tax									<u>(38,898)</u>	<u>(128,418)</u>

There are no sales between the reportable segments for both years ended 31 March 2019 and 2018.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit of each segment without allocation of interest income, refund from service provider, waiver of other payables, impairment loss of available-for-sale investments, finance costs 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.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	At 31 March									
	Outsourced business process management		Packaging products business		Information technology services		Money lending services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS:										
Segment assets	<u>13,023</u>	<u>28,062</u>	<u>—</u>	<u>—</u>	<u>58</u>	<u>—</u>	<u>29,382</u>	<u>—</u>	<u>42,463</u>	28,062
Bank and cash balances									<u>24,179</u>	1,205
Available-for-sale investments									<u>—</u>	54,157
Unallocated corporate assets									<u>5,865</u>	<u>1,511</u>
Total assets									<u>72,507</u>	<u>84,935</u>
LIABILITIES:										
Segment liabilities	<u>7,683</u>	<u>3,728</u>	<u>—</u>	<u>—</u>	<u>85</u>	<u>—</u>	<u>86</u>	<u>—</u>	<u>7,854</u>	3,728
Other loans									<u>18,380</u>	5,330
Director's loan									<u>—</u>	4,874
Unallocated corporate liabilities									<u>5,276</u>	<u>7,444</u>
Total liabilities									<u>31,510</u>	<u>21,376</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than bank and cash balances, equity investments at fair value through other comprehensive income/available-for-sale investments and unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than director's loan, other loans and unallocated corporate liabilities.

(c) **Geographical information**

The Group's operations are located in Hong Kong, Macau and the PRC.

The Group's revenue from external customers by geographical location is detailed below:

Revenue by geographical market

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau	86,673	107,014
United Kingdom	—	1,390
United Arab Emirates	—	1,158
United States of America	—	1,129
Italy	—	457
Hong Kong	1,056	173
South Africa	—	52
Monaco	—	59
Other countries	58	984
	87,787	112,416

No revenue from customer (2018: nil) contributing over 10% of the total revenue of the Group.

In presenting the geographical information, revenue is based on the location of the customers.

The Group's non-current assets by geographical location are detailed below:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,455	495
Macau	5,580	23,564
The PRC	28	—
	8,063	24,059

(d) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	For the year ended 31 March											
	Outsourced business process management		Packaging products business		Information technology services		Money lending services		Unallocated		Consolidated total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Addition to property, plant and equipment	190	1,363	—	—	—	—	1,604	—	92	506	1,886	1,869
Depreciation of property, plant and equipment	11,695	13,577	—	1	—	778	27	—	114	134	11,836	14,490
Impairment loss of available-for-sale investments	—	—	—	—	—	—	—	—	—	102,343	—	102,343
Impairment loss of deposits and other receivables	—	—	—	34	—	138	—	—	—	—	—	172
Impairment loss of property, plant and equipment	4,147	—	—	—	—	—	—	—	—	—	4,147	—
Loss/(gain) on disposal of property, plant and equipment	576	2	—	38	—	(357)	—	—	—	349	576	32
Property, plant and equipment written off	—	—	—	—	—	—	—	—	—	239	—	239
Inventories written off	—	347	—	—	—	—	—	—	—	—	—	347

5. REVENUE AND OTHER GAIN OR LOSS, NET

An analysis of the Group's revenue and other gain or loss for the year is as follows:

	2019 HK\$'000	2018 HK\$'000
Revenue from contracts with customers		
Provision of services on management of electronic gaming equipment in Macau	86,673	107,014
Trading of packaging products	—	5,402
Provision of information technology services	58	—
	<u>86,731</u>	<u>112,416</u>
Revenue from other source:		
Provision of money lending services in Hong Kong	<u>1,056</u>	—
	<u>87,787</u>	<u>112,416</u>

Disaggregation of revenue from contracts with customers:

	Outsourced business process management	Packaging products business	Information technology services	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 March 2019:				
Timing of revenue recognition				
— At a point in time	—	—	58	58
— Overtime	<u>86,673</u>	<u>—</u>	<u>—</u>	<u>86,673</u>
	<u><u>86,673</u></u>	<u><u>—</u></u>	<u><u>58</u></u>	<u><u>86,731</u></u>
 Year ended 31 March 2018:				
Timing of revenue recognition				
— At a point in time	—	5,402	—	5,402
— Overtime	<u>107,014</u>	<u>—</u>	<u>—</u>	<u>107,014</u>
	<u><u>107,014</u></u>	<u><u>5,402</u></u>	<u><u>—</u></u>	<u><u>112,416</u></u>

Provision of services on management of electronic gaming equipment in Macau

The Group provides electronic gaming equipment management services to the customers. Electronic gaming equipment management services income is recognised when the electronic gaming equipment management services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

Trading of packaging products

The Group sells packaging products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Deposits received from customers are recognised as contract liabilities.

Provision of information technology services

The Group provides information technology services to the customers. Information technology services income is recognised when the information technology services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other gain or loss, net:		
Management fee income	2,320	3,120
Loss on disposal of property, plant and equipment	(576)	(32)
Interest income on bank deposits	—	2
Refund from service provider (<i>Note</i>)	—	17,871
Waiver of other payables	—	3,572
Sundry income	442	535
	<u>2,186</u>	<u>25,068</u>

Note: The Group had paid for consultancy service fee to a consultant of information technology services segment during the year ended 31 March 2016. Reference to revocation of business consultancy agreement, the consultant agreed to refund the consultancy service fee to the Group during the year ended 31 March 2018.

6. FINANCE COSTS

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on other loans	474	—
Imputed interest on other loans	549	1,388
Imputed interest on director's loan	177	106
	<u>1,200</u>	<u>1,494</u>

7. INCOME TAX

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the years ended 31 March 2019 and 2018.

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the year. 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 is 25% for both years.

Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. LOSS FOR THE YEAR

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cost of inventories sold	—	4,840
Depreciation of property, plant and equipment	11,836	14,490
Property, plant and equipment written off	—	239
Operating lease rentals in respect of land and buildings	1,669	3,535
Auditor's remuneration	950	950
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	15,839	25,677
Equity-settled share-based payment	—	3,737
Pension scheme contributions	391	375
Total staff costs	16,230	29,789
Inventories written off	—	347
Impairment loss of various assets:		
Available-for-sale investments	—	102,343
Property, plant and equipment	4,147	—
Deposit and other receivables	—	172
	4,147	102,515
Loss on disposal of property, plant and equipment	576	32

9. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2019 and 2018.

10. 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\$38,898,000 (2018: HK\$131,612,000) for the year attributable to owners of the Company and the weighted average number of 2,241,225,835 (2018: 2,073,608,876) ordinary shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented for the years ended 31 March 2019 and 2018 as the exercise of the Company's outstanding share options would be anti-dilutive.

**11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/
AVAILABLE-FOR-SALE INVESTMENTS**

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Unlisted equity securities, at fair value	<u>—</u>	<u>54,157</u>

During the year of 2017, the Group invests 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.

Loss arising from change in fair value of HK\$54,157,000 on equity investments at fair value through other comprehensive income was recognised in other comprehensive income and accumulated in the investment revaluation reserve for the year ended 31 March 2019.

Fair value loss of available-for-sale investments of approximately HK\$105,451,000 (including impairment loss of available-for-sale investments reclassified to profit or loss of approximately HK\$102,343,000) had been recognised in profit or loss during the year ended 31 March 2018.

For the fair value measurement of equity investments at fair value through other comprehensive income/ available-for-sale investments please refer to note 3.

12. DEPOSITS AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Deposits paid for acquisition of property, plant and equipment	8,500	161
Deposits and prepayments	2,272	2,220
Deposits paid for game software development and licenses	30,000	30,000
	<u>40,772</u>	<u>32,381</u>
Less: Impairment losses	<u>(31,468)</u>	<u>(31,468)</u>
	<u>9,304</u>	<u>913</u>
Other receivables	6,990	7,361
Less: Impairment losses	(3,000)	(3,000)
	<u>3,990</u>	<u>4,361</u>
	<u>13,294</u>	<u>5,274</u>

As at 31 March 2019 and 2018, included in the impairment losses of other receivables, deposits and prepayments are individually impaired other receivables and deposits with an aggregate balance of approximately HK\$34,468,000 which are due to long outstanding and/or default of payment. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against deposits and receivables when there was no expectation of recovering any amount.

13. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<u>58</u>	<u>—</u>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<u>58</u>	<u>—</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Total
At 31 March 2019		
Weighted average expected loss rate	0%	0%
Receivable amount (<i>HK\$'000</i>)	58	58
Loss allowance (<i>HK\$'000</i>)	—	—

14. LOAN RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loan receivables	<u>26,664</u>	<u>—</u>

The fixed-rate loans receivables of approximately HK\$26,664,000 (2018: nil) under the Group's money lending services operation as at 31 March 2019 represent loan advanced to 5 independent third parties. The interest rates for the loan receivables were ranging from 9.6% to 21.6% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Performance of the Group

The Group recorded revenue of approximately HK\$87.8 million for the financial year ended 31 March 2019 (“FY2019” or the “Year”), versus approximately HK\$112.4 million in the financial year ended 31 March 2018 (“FY2018”), a decrease of approximately HK\$24.6 million. During the Year, the Group was principally engaged in provision of outsourced business process management for electronic gaming machines in Macau (the “Outsourced Business Process Management”), information technology services business and money lending business. During the Year, no revenue had been generated from packaging products business since the operation of packaging products business was disposed in FY2018. Our revived information technology services business and the resulting fintech-related commercial factoring and money lending business have started generating revenue for the Group.

Outsourced Business Process Management

The Outsourced Business Process Management business contributed over 98.7% of the Group’s revenue during the Year, and revenue generated from the Outsourced Business Process Management decreased by approximately 19.0% from approximately HK\$107.0 million in FY2018 to approximately HK\$86.7 million in FY2019. The decrease was mainly attributable to the cessation of one of the operation outlets located at the Landmark Macau during the year ended 31 March 2018 and the intense competition in the Macau gaming market faced by the Group. Despite the cost control measures which have been implemented by the Group in Macau operations, the loss from such segment increased. The loss from this captioned segment during the Year was approximately HK\$15.4 million compared with loss of approximately HK\$11.6 million during FY2018 which was mainly due to the decrease in gross revenue and increase in 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.

Packaging Products Business

During the Year, no revenue had been generated from packaging products business (FY2018: HK\$5.4 million and loss of approximately HK\$0.9 million) since the operation of packaging products business and the Vietnam’s operation of information technology services business were disposed of.

Information Technology Services Business

The Group entered into several agreements for the provision of racing system in Vietnam in the last quarter of 2015. The information technology services business started generating revenue to the Group in FY2017. However, due to the changes in regulatory environment

in Vietnam which make the operating environment for the information technology services business more challenging, the Group decided to terminate the agreements with the customers with effect from 28 June 2017. Please refer to the announcement of the Company dated 28 June 2017 for details.

Acting on the plan stated in the Company's annual report for the year ended 31 March 2018, the Group has successfully applied blockchain and fintech to complement and diversify our business operations. The Group has formed strategic partnerships with leading financial and fintech companies in the region and realigned our resources in rebuilding our information technology services business. During the year, the Group has developed blockchain and fintech-related factoring and risk management platform not only for our own but also for other customers.

During the Year, revenue generated from information technology services business was approximately HK\$58,000 with a loss approximately HK\$0.3 million (FY2018: nil, loss of approximately HK\$2.8 million).

Money Lending Business

To prepare for possible changes in regulatory requirement related to our fintech business development, we have acquired few licensed subsidiaries both in Hong Kong and in China. During the Year, the Group leveraged our newly developed fintech and risk management platform to diversify our business operations into commercial factoring and money lending, thereby enhancing the profitability of the Group's business as a whole which were aligned with the strategies and future development of the Group. During the Year, revenue generated from money lending business was approximately HK\$1.1 million with profit of approximately HK\$0.2 million.

Investment in Electrical Energy Storage System Solutions Business

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 USA company 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.

For the year ended 31 March 2019, the valuation technique has been changed from market approach adopted in 2018 to asset approach, as no suitable data from comparable with similar status of Primus and lack of reliable long-term financing forecast from Primus can be adopted in the valuation process. As such, for the year ended 31 March 2019, fair value changes of equity investments at fair value through other comprehensive income of approximately HK\$54.2 million was recognized on the investment in Primus with reference to fair value appraised by an independent professional valuer.

Details of the fair value measurement for the Group's investment in Primus are set out in note 3 in the notes to the 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.

FINANCIAL REVIEW

During FY2019, the Outsourced Business Process Management business continued to be the Group's core business which contributed approximately 98.7% (FY2018: approximately 95.2%) of the Group's total revenue. The revenue derived from this business segment was approximately HK\$86.7 million, representing a decrease of approximately 19.0% (FY 2018: approximately HK\$107.0 million). For the packaging products business, there was no revenue generated during FY2019 (FY2018: HK\$5.4 million) due to the reason stated above and the fact that it was disposed of on 31 August 2017. During FY2019, the revenue derived from the information technology services business segment was approximately HK\$58,000 (FY2018: nil) due to the reason stated above. The revenue derived from the money lending business segment was approximately HK\$1.1 million which was new business segment for the Group. At the close of the FY2019, the Group recorded a total revenue of approximately HK\$87.8 million (FY2018: approximately HK\$112.4 million), representing a decrease of approximately 21.9%.

The Group reported a net loss attributable to owners of the Company of approximately HK\$38.9 million for FY2019 (FY2018: approximately HK\$131.6 million). The decrease in net loss was mainly caused by the following factors:

- i) Decrease in the operating, administrative and other expenses from approximately HK\$70.0 million in FY2018 to approximately HK\$56.3 million in FY2019. The major reason lies in the decrease in staff costs and depreciation of property, plant and equipment. The Group's staff costs in FY2019 decreased by approximately 45.5% from approximately HK\$29.8 million in FY2018 to approximately HK\$16.2 million in FY2019.
- ii) Decrease in the accounting loss arising from impairment of various assets from approximately HK\$102.5 million in FY2018 to approximately HK\$4.1 million in FY2019. For FY2019, fair value changes of equity investments at fair value through other comprehensive income of approximately HK\$54.2 million was recognized on the investment in Primus with reference to fair value appraised by an independent professional valuer. Details of fair value measurements are set in note 3 in the notes to the consolidated financial statements in this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE

As at 31 March 2019, the Group had bank and cash balances of approximately HK\$24.2 million. As at the same date, the Group had a liability component of the unsecured and unguaranteed interest-free loan of approximately HK\$3.4 million, which was borrowed from a former substantial shareholder of the Company namely, Mr. Yong Khong Yoong Mark ("Mr. Yong"), for a principal amount of HK\$20 million (the "Loan"). 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 Year, the Group entered into a loan agreement with an independent third party for an unsecured and unguaranteed loan amount to approximately HK\$15.0 million with principal amount of HK\$15.0 million, interest rate at 12% per annum. Pursuant to this loan agreement, the repayment date will be 5 December 2019.

During the Year, the Group entered into a director loan facility agreement with a Director, 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 Year. As at 31 March 2019, the outstanding balance which Mr. Kwan has paid on behalf of the Group for expenses amounted to approximately HK\$159,000.

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 the Director. These director’s loans were reclassified as other loans on 4 July 2018. During the Year, 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 Year.

During the FY2018, 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 Year, 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 31 March 2019 was 44.8%. As the majority of bank deposits and cash on hand were denominated in Hong Kong dollar, followed by Macau Pataca, Renminbi and US dollar, the Group’s exchange risk exposure depended 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 minimized. 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 year ended 31 March 2019. The Group will continue to monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

On 27 December 2018, an independent third party (the “Vendor”) and the Company entered into the sale and purchase agreement, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the entire issued share capital in Powerful Finance Limited (威力財務有限公司) (the “Acquisition”), a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and its principal activity is money lending and it was incorporated in Hong Kong with limited liability (the “Target Company”). The total consideration was HK\$400,000, which was settled in cash by the Company. Upon completion of the Acquisition, the Target Company became a wholly owned subsidiary of the Company and its financial results were consolidated into the Group’s consolidated financial statements. Details of the Acquisition were set out in the Company’s announcement dated 27 December 2018.

Save as disclosed above, the Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 March 2019.

Significant investments held and their performance

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.

For the year ended 31 March 2019, the valuation technique has been changed from market approach adopted in 2018 to asset approach, as no suitable data from comparable with similar status of Primus and lack of reliable long-term financing forecast from Primus can be adopted in the valuation process. As such, for the year ended 31 March 2019, fair value changes of equity investments at fair value through other comprehensive income of approximately HK\$54.2 million was recognized on the investment in Primus with reference to fair value appraised by an independent professional valuer.

Details of the fair value measurement for the Group’s investment in Primus are set out in note 3 to the consolidated financial statements in this announcement.

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.

As per above stated, the Group has also made progress in rebuilding our information technology services business with a focus on fintech by leveraging our existing process management expertise and relationship. We have established a number of key partnerships with leading financial and fintech companies in the region as well as acquired few licensed subsidiaries which are related to the development of our fintech business. The Group believes that our re-engagement into the information technology business will not only complement our existing businesses but also serve as a business diversification channel and an alternative long-term revenue driver.

The Group will continue to build traction for our blockchain and fintech platform by establishing more partnership with key industry players and by exploring new revenue channels in finance-related sectors. The Greater Bay Area Initiatives have also created an opportunity for Macau and Hong Kong to integrate their roles, as an entertainment hub and an international financial center respectively, into the area. Its presence in Macau has already put the Group in a privileged position to capture the opportunities brought by the Greater Bay Area Initiatives. Also by building on top of our licensed subsidiaries and our success in executing the first non-recourse cross-border purchase of China onshore receivables (for details of this transaction, please refer to our announcement dated 12 November 2018), our revived information technology services platform will enable the Group to diversify its business operations into high-growth fintech-related businesses in the Greater Bay Area.

On 9 November 2018, Shengye Minghua Commercial Factoring (Shenzhen) 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 agreed 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 agreed 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 had 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.

Given that the Group's experience in business process management will be beneficial for Linklogis to expand its market share and maintain its leading position in the industry, Linklogis and SQ Weqi entered into the Agreements with the Group. Through entering into the Agreements, the Group wishes to leverage on the strength, resources and expertise of Linklogis to develop its knowledge and experience in blockchain and fintech, diversify its business operations and strengthen its information technology services business, thereby enhancing the profitability of the Group's business as a whole.

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

On 12 November 2018, Success Dragon Operations Limited, 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 were scheduled to be repaid by the end of March 2019. Upon repayment, these receivables will generate revenue in the form of interest. As at 31 March 2019, the above-mentioned trade receivables were all received by the Group.

As stated in the Company's annual report for the year ended 31 March 2018, the Group has been exploring the application of blockchain technology to complement and diversify its business operations. The Group has been developing and implementing a blockchain application to identify and track assets with a future payment obligation.

As a step to implement the blockchain technology, the Board decided to enter into the Purchase. The Board believed that such assets, which were financial in nature and contained the required repayment obligations, are suitable for testing the Group's blockchain technology. Furthermore, the Board also believed that these assets would help the Group to gain knowledge of China onshore trade receivable financing as a potential source of business diversification.

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

On 27 December 2018, an independent third party (the "Vendor") and the Company entered into the sale and purchase agreement, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the entire issued share capital in Powerful Finance Limited (威力財務有限公司) (the "Acquisition"), a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and its principal activity is money lending and it was incorporated in Hong Kong with limited liability (the

“Target Company”). The total consideration was HK\$400,000, which was settled in cash by the Company. Upon completion of the Acquisition, the Target Company became a wholly owned subsidiary of the Company and its financial results were consolidated into the Group’s consolidated financial statements. Details of the Acquisition were set out in the Company’s announcement dated 27 December 2018. The Acquisition and the Purchase would help the Group to leverage the Target Company’s experience in money lending and bring synergies to the Group’s information technology services business with a focus on fintech, exploring the application of blockchain technology to complement and diversify its business operations, thereby enhancing the profitability of the Group’s business as a whole which were aligned with the strategies and future development of the Group.

As at the date of this 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)*

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide additional information about the Group’s position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Commitments under operating leases

As lessee

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases are negotiated for a term ranging from one to two years (2018: one to two years). The Group does not have an option to purchase the leased asset at the expiry of the leased period.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	848	726
In the second to fifth years, inclusive	217	294
	<u>1,065</u>	<u>1,020</u>

(b) Capital commitments

At the end of the reporting period, the Group's capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment amounted to approximately HK\$1,500,000 (2018: nil).

PLEDGE OF ASSETS

As at 31 March 2019, no asset was pledged by the Group.

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 (“CMS Hearing”) on 1 August 2018 was vacated and adjourned to 30 January 2019.

By the order of the Court on 28 January 2019, the CMS Hearing on 30 January 2019 was vacated and adjourned to 10 May 2019.

By the order of Court on 9 May 2019, the CMS Hearing on 10 May 2019 was vacated and adjourned to 5 September 2019.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 43 permanent employees as at 31 March 2019, with 7 employees in Hong Kong and 36 employees in Macau.

The Group continues to review the remuneration packages of employees with reference to the level and composition 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 Group supports a fair, transparent and high performance culture through its human resources department, by developing and improving its programs particularly on recruitment, performance management, training and development and employee relations.

CORPORATE GOVERNANCE

The Board adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 (“CG Code”) to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers, contained in Appendix 10 (“Model Code”) to the Listing Rules as the Company’s corporate governance code and as the Company’s code for securities transactions by directors of the Company (the “Directors”) respectively.

The Company had made specific enquiry of all the Directors and confirmed that all the Directors have complied with the required standard as set out in the Model Code during the financial year ended 31 March 2019.

The Company has sent a written confirmation to each independent non-executive director of the Company (“INED”) requesting for their confirmation of independence during the financial year ended 31 March 2019 with reference to the factors set out in Rule 3.13 of

the Listing Rules and other relevant factors. All INEDs confirmed that they have satisfied the independence requirements and accordingly, the Company considers the INEDs to be independent during the financial year ended 31 March 2019.

The Board is satisfied that the Company has complied with the applicable code provisions of the CG Code throughout the financial year ended 31 March 2019 except for the following deviations:

- (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. Non-executive Directors of the Company 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.
- (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 CEO of the Company were both performed by Mr. KWAN Chung 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 CEO of the Company would enhance the operation efficiency and core competitiveness of the Group, more clearly define the organizational 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.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprises three INEDs, namely Mr. AU Kin Wah (Chairman), Mr. CHI Dong Eun and Ms. WONG Chi Yan. The Audit Committee had reviewed the accounting principles and practices adopted by the Group, and had discussed auditing, internal control and financial reporting matters, including the review of the annual results for the financial year ended 31 March 2019, with the Company's management and the external auditors.

INTERNAL CONTROL

The Board has engaged World Link Corporate Finance Limited, an independent third party, to conduct review on the internal control systems of the Group. The review report is submitted to the Audit Committee and the Board in June 2019, and findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. Having considered the results of the internal control review, with no material control deficiency identified, the Board considered the Group's internal control system to be effective. The Board will continue to review and improve the internal control systems of the Group, taking into account the recommendations of the independent review and the prevailing regulatory requirements.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2019. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on 13 September 2019 ("2019 AGM").

The register of members of the Company will be closed during the periods from 10 September 2019 to 13 September 2019, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2019 AGM. In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on 9 September 2019.

By order of the Board

Success Dragon International Holdings Limited

KWAN Chun Wai Roy

Chairman, executive Director and chief executive officer

Hong Kong, 27 June 2019

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.