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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)

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

On 17 March 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure Places, on a best effort basis, to subscribe for a total of up to 473,257,309 Placing Shares at the Placing Price of HK\$0.067 per Placing Share.

Assuming the maximum of 473,257,309 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 20% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there will be no other changes in the issued share capital of the Company).

The Placing Shares will be allotted and issued under the General Mandate. The Placing is therefore not subject to Shareholders' approval.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

A summary of the principal terms of the Placing Agreement is set out below:

Date:

17 March 2021 (after trading hours)

Issuer:

The Company

Placing Agent:

I Win Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Number of the Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, no less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, to subscribe for a total of up to 473,257,309 Placing Shares at the Placing Price of HK\$0.067 per Placing Share.

The aggregate nominal value of the maximum of 473,257,309 Placing Shares is HK\$4,732,573.09.

Assuming the maximum of 473,257,309 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 20% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Placees

The Placees (and their ultimate beneficial owners) will be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.067 represents:

- (i) a discount of approximately 15.19% to the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.28% to the average closing price of HK\$0.083 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will receive a placing commission of 1.0% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent.

The placing commission was determined after arm's length negotiations between the Company and the Placing Agent under normal commercial terms with reference to the prevailing market conditions.

Conditions precedent of the Placing

Completion is conditional upon:

- (i) the Listing Approval having been obtained and not subsequently revoked prior to Completion; and
- (ii) no representation, warranty or undertaking under the Placing Agreement having been breached by the Company or failure to perform by the Company of the obligations thereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to Completion.

The Company shall use its best endeavours to procure the fulfilment of the above conditions by the Long Stop Date.

In the event that the Placing Agreement is terminated in accordance with the terms and conditions thereunder, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion shall take place on the Completion Date.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 473,257,309 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in provision of outsourced business process management for electronic gaming machines in Macau, provision of gold-laden carbon processing business in the PRC and provision of money lending services in Hong Kong.

Assuming all the Placing Shares are fully placed, the gross proceeds and the net proceeds (after deduction of the relevant expenses) from the Placing will be approximately HK\$31.71 million and HK\$31.28 million, respectively, representing a net issue price of approximately HK\$0.066 per Placing Share. The Company intends to use the net proceeds from the Placing for (i) general working capital of the Group and/or (ii) development or enhancement of the Group's existing businesses or any other possible investments in the future, when such opportunities arise.

The Directors are of the view that the Placing would provide strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. Accordingly, the Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement and up to the Completion, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>
Liu Shiwei	602,373,895	25.46%	602,373,895	21.21%
the Placees	—	—	473,257,309	16.67%
Other public Shareholders	<u>1,763,912,652</u>	<u>74.54%</u>	<u>1,763,912,652</u>	<u>62.12%</u>
Total	<u>2,366,286,547</u>	<u>100.00%</u>	<u>2,839,543,856</u>	<u>100.00%</u>

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 28 September 2020 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for normal banking business during their normal business hours
“Company”	Success Dragon International Holdings Limited, a company incorporated in Bermuda with limited liability, and the ordinary shares of which are listed on the Main Board of the Stock Exchange

“Completion”	Completion of the Placing pursuant to the Placing Agreement
“Completion Date”	the date which is within seven Business Days immediately after the date on which all the conditions precedent under the Placing Agreement are fulfilled (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to authorize the allot and issue of up to 473,257,309 new Shares (representing 20% of the number of issued Shares on that date)
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party(ies) who is independent of and not connected with the Company and its connected persons
“Listing Approval”	the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing Shares and, where such approval is subject to conditions, such conditions are reasonably acceptable to the Company and the Placing Agent
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	7 April 2021 (or such other dates as the Company and the Placing Agent may agree in writing)
“Placee(s)”	any individual(s), institutional or other professional investor or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement

“Placing Agent”	I Win Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 17 March 2021 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.067 per Placing Share
“Placing Shares”	a maximum of 473,257,309 new Shares to be placed under the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
Success Dragon International Holdings Limited
DING Lei
Chairman, Co-Chief Executive Officer and Executive Director

Hong Kong, 17 March 2021

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. DING Lei and Mr. ZHU Tianxiang; and three Independent Non-Executive Directors, namely Ms. WONG Chi Yan, Mr. DENG Yougao and Mr. CHONG Lok Man.