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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 CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation on the basis of every twenty (20) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.2 each;
- (ii) The Capital Reduction by way of a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares so that the nominal or par value of each issued Consolidated Share will be reduced from HK\$0.2 to HK\$0.01; and
- (iii) the Share Subdivision of each authorised but unissued Consolidated Share of par value HK\$0.2 into twenty (20) Adjusted Shares of par value HK\$0.01 each.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. Subject to the Capital Reorganisation becoming effective, it is proposed that the board lot size for trading in the Shares shall be changed from 10,000 Existing Shares to 5,000 Adjusted Shares.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders are required to abstain from voting on the resolutions approving the Capital Reorganisation to be proposed at the SGM.

A circular containing, among other things, further details of (i) the Capital Reorganisation; and (ii) a notice convening the SGM is expected to be despatched to the Shareholders on or before Thursday, 13 May 2021.

**Shareholders and potential investors should note that the Capital Reorganisation is conditional subject to satisfaction of the conditions. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares and if they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED CAPITAL REORGANISATION**

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- (iii) the Share Subdivision of each authorised but unissued Consolidated Share of par value HK\$0.2 into twenty (20) Adjusted Shares of par value HK\$0.01 each.

### **Effects of the Capital Reorganisation**

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 30,000,000,000 Existing Shares of par value HK\$0.01 each. Following the Capital Reorganisation becoming effective, the authorised share capital would be HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares of par value HK\$0.01 each.

Following the Capital Reorganisation becoming effective (assuming there is no issuance of new Shares or repurchase of Shares by the Company from the date of this announcement up to the effective day of the Capital Reorganisation), the issued share capital of the Company would be reduced from HK\$27,961,565.47 divided into 2,796,156,547 Existing Shares of par value HK\$0.01 each to HK\$1,398,078.27 divided into 139,807,827 (fractional number disregarded for illustration purpose) Adjusted Shares of par value HK\$0.01 each.

The credit of HK\$26,563,487.20 arising from the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act, and the Board will be authorised to utilise credits in the contributed surplus account in such manner as permissible under the Bye-laws and all applicable laws of Bermuda.

Shareholders and potential investors of the Company should note that the credits arising in the books from the Capital Reduction will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reduction becoming effective.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the Bye-laws of the Company in effect from time to time.

As at the date of this announcement, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Adjusted Shares.

Assuming that there is no change in the number of issued share capital from the date of this announcement up to the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows (note):

	<b>As at the date of this announcement</b>	<b>Immediately following the Share Consolidation becoming effective but prior to the Capital Reduction and Share Subdivision becoming effective</b>	<b>Immediately following the Capital Reorganisation becoming effective</b>
Par value	HK\$0.01	HK\$0.2	HK\$0.01
Number of authorised Shares	30,000,000,000	1,500,000,000	30,000,000,000
Authorised share capital	HK\$300,000,000	HK\$300,000,000	HK\$300,000,000
Number of issued Shares	2,796,156,547	139,807,827	139,807,827
Number of unissued Shares	27,203,843,453	1,360,192,173	29,860,192,173
Issued share capital	HK\$27,961,565.47	HK\$27,961,565.47	HK\$1,398,078.27

*Note:* Fractional number of Shares is disregarded for illustration purposes.

The Adjusted Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws and will not result in any change in the relative rights of the Shareholders, save for any fractional Adjusted Shares which may arise.

Other than the expenses to be incurred, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company nor the proportionate equity interests of the Shareholders. The Directors believe that the Capital Reorganisation will not have any adverse material effect on the financial position of the Group. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses to be incurred which is expected to be insignificant in the context of the net asset value of the Company. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary special resolution(s) by the Shareholders approving the Capital Reorganisation and the transactions contemplated thereunder at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganisation; and
- (iii) the compliance with the relevant procedures and requirements under the Companies Act, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the Listing Rules to effect the Capital Reorganisation.

Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of Capital Reorganisation is expected to be Wednesday, 9 June 2021, being the one clear Business Day immediately after the date of the SGM.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. Subject to the Capital Reorganisation becoming effective, the Board also proposes to change the board lot size for trading in the Shares from 10,000 Existing Shares to 5,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.075 per Existing Share (equivalent to the theoretical closing price of HK\$1.5 per Adjusted Share) as at the date of this announcement, the value of each original board lot of the Existing Shares is HK\$750 and the theoretical market value of each new board lot of the Adjusted Shares, assuming the Capital Reorganisation had become effective, would be HK\$7,500.

## **REASONS FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 28 June 2019 (the “**Guide**”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

During the period from 7 December 2020 up to the date of this announcement (the “**Review Period**”), there were 85 trading days (representing approximately 91.40% of the total trading days of the Shares during the Review Period) in which the closing prices of the Shares were trading below HK\$0.1 and were trading at under HK\$2,000 per board lot. The proposed Share Consolidation will bring a corresponding upward adjustment in the trading price of the Consolidated Shares and enable the Company to comply with the trading requirements under the Listing Rules.

In addition, the Company is prohibited from issuing new shares at below their par value under the Companies Act. As at the date of this announcement, the par value of the Existing Shares is HK\$0.01 each. Immediately after the completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$0.2 per Consolidated Share. The proposed Capital Reduction will keep the par value of the Adjusted Shares at a lower level of HK\$0.01 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

In view of the above, the Capital Reorganisation and the Change in Board Lot Size, (i) will enable the Company to increase the market price as well as each board lot value of the Shares so as to comply with the requirements under the Listing Rules and the Guide; while (ii) will keep the par value of the Shares at HK\$0.01 per New Share, which allows greater flexibility for the Company in the pricing for any issue of new Shares in the future. Therefore, the Board considers that the Capital Reorganisation and the Change in Board Lot Size is in the best interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no agreement, arrangement, understanding, intention and negotiation (concluded or otherwise) for any potential fund-raising activities in the coming 12 months.

## **OTHER ARRANGEMENTS**

### **Application for listing of the Adjusted Shares**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The Capital Reorganisation will not result in any change in the rights of the Shareholders. The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

### **Free exchange of share certificates**

Subject to the Capital Reorganisation becoming effective, which is expected to be on Wednesday, 9 June 2021, Shareholders may on or after Wednesday, 9 June 2021 and until Monday, 19 July 2021 (both dates inclusive) submit their existing share certificates (in blue colour) for the Existing Shares to the Registrar for exchange for new share certificates (in pink colour) for the Adjusted Shares at the expense of the Company. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:10 p.m. on Thursday, 15 July 2021, existing share certificates in blue colour for the Existing Shares will continue to be good evidence of legal title and may be exchanged for share certificates in pink colour for Adjusted Shares at any time but are not acceptable for trading, settlement and registration purposes.

### **Fractional Shares, odd lot arrangements and matching services**

Fractional Adjusted Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Adjusted Shares will be aggregated and sold for the benefit of the Company. In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, a designated broker will be appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market

price per Adjusted Share for the period from Thursday, 24 June 2021 to Thursday, 15 July 2021 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his, or her, or its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

## **EXPECTED TIMETABLE**

The expected timetable for the Capital Reorganisation and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and satisfaction of the conditions to the Capital Reorganisation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

	<b>Date</b>
Expected date of despatch of the circular, proxy form and the notice of the SGM	Thursday, 13 May 2021
Latest date and time for lodging transfers documents in order to qualify for attendance and voting at the SGM	4:30 p.m. on Tuesday, 1 June 2021
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM	Wednesday, 2 June 2021 to Monday, 7 June 2021 (both days inclusive)
Latest time for lodging forms of proxy for the SGM	2:30 p.m. on Saturday, 5 June 2021
Record Date of the attendance and voting at the SGM	Monday, 7 June 2021
Expected date and time of the SGM	2:30 p.m. on Monday, 7 June 2021
Announcement of voting results of the SGM	Monday, 7 June 2021

**The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and Change in Board Lot Size:**

Effective date of the Capital Reorganisation	Wednesday, 9 June 2021
First day for free exchange of existing share certificates for new share certificates for the Adjusted Shares commences	Wednesday, 9 June 2021
Commencement of dealings in Adjusted Shares	9:00 a.m. on Wednesday, 9 June 2021
Original counter for trading in the Existing Shares in board lots of 10,000 existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 9 June 2021
Temporary counter for trading in the Adjusted Shares in board lot size of 500 (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 9 June 2021
Original counter for trading in the Adjusted Shares in board lot size of 5,000 (in the form of new shares certificate) re-opens	9:00 a.m. on Thursday, 24 June 2021
Parallel trading in the Adjusted Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Thursday, 24 June 2021
Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares	9:00 a.m. on Thursday, 24 June 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Thursday, 15 July 2021
Temporary counter for trading in the Adjusted Shares (in the form of existing share certificates and in temporary board lot size of 500) closes	4:10 p.m. on Thursday, 15 July 2021
Parallel trading in the Adjusted Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Thursday, 15 July 2021
Last day for free exchange of existing share certificates for new share certificates	4:30 p.m. on Monday, 19 July 2021



## GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders are required to abstain from voting on the resolution(s) approving the Capital Reorganisation to be proposed at the SGM.

A circular containing, among other things, further details of (i) the Capital Reorganisation; and (ii) a notice convening the SGM is expected to be despatched to the Shareholders on or before Thursday, 13 May 2021.

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## DEFINITIONS

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

“Adjusted Shares”	ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective
“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
“Bye-laws”	bye-laws of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction of the nominal or par value of each issued Consolidated Share from HK\$0.2 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.19 on each of the issued Consolidated Shares
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Change in Board Lot Size”	the proposed change in board lot size for trading in the Shares from 10,000 Existing Shares to 5,000 Adjusted Shares upon the Capital Reorganisation becoming effective
“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 (Stock code: 1182)
“Companies Act”	the Companies Act 1981 of Bermuda
“Consolidated Share(s)”	ordinary share(s) of par value HK\$0.2 each in the issued and unissued share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong dollars
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Capital Reorganisation
“Share(s)”	the Existing Share(s), Consolidated Share(s), or Adjusted Share(s) (as the case maybe)
“Shareholders”	the holder(s) of Share(s)

“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.2 each
“Share Subdivision”	the proposed sub-division of each authorised but unissued Consolidated Share of par value HK\$0.2 each (including those arising from the Capital Reduction) into twenty (20) Adjusted Shares of par value HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 26 April 2021

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