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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022**

#### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022**

In addition to the information provided in the Annual Report, the Board of Directors would like to provide supplemental information to the Shareholders regarding the Group’s money lending business.

Reference is made to the annual report of Success Dragon International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2022 (the “**Annual Report**”) published on 27 July 2022, with respect to, amongst other things, the consolidated results of the Group. In the Annual Report, the following was mentioned:

On page 6 of the Annual Report:

*“The money lending business derives interest income from commercial and personal short-term unsecured loans. No impairment provisions were made as all loan receivable balances as at 31 March 2022 have been fully repaid after the year end. During the Year, revenue generated from money lending business was approximately HK\$6.4 million with profit of approximately HK\$3.5 million (FY2021: approximately HK\$6.5 million, profit of approximately HK\$3.4 million).”*

In respect of the above, the board (“**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following supplemental information to the shareholders of the Company (“**Shareholders**”) regarding the Group’s money lending business. Capitalised terms used in this announcement shall adopt the same meanings as defined in the Annual Report, unless the context requires otherwise.

## Overview of the Group’s Money Lending Business

The Company’s money lending business has been carried out by Powerful Finance Limited (“**Powerful Finance**”), a wholly-owned subsidiary of the Company. As disclosed in the Annual Report, the money lending business has been focusing on commercial and personal short-term unsecured loans. In respect of the target customers of the Group’s money lending business for the year ended 31 March 2022 (“**FY2022**”), the Group mainly targets small companies with well-established business operations in Hong Kong.

The loans granted by Powerful Finance are short-term in nature to customers who, as mentioned above, were well-established companies which need short-term financing for corporate needs. The Group mainly solicited its customers through referrals from existing clients and direct approaches by the directors of the subsidiary of the money lending business.

For FY2022 and as at the date of this announcement, all borrowers with Powerful Finance’s loan portfolio, the obligors providing collateral(s) or guarantee in favour of the respective loans, and/or their respective ultimate beneficial owners (where applicable), are third parties independent of the Company and its connected persons in accordance with the Listing Rules.

Mr. Ding Lei (“**Mr. Ding**”), an executive Director and the sole director of Power Finance, is mainly responsible for the money lending business of Powerful Finance. Mr. Ding obtained a Master’s degree in Finance from The University of Texas at Dallas in December 2015. Mr. Ding was an investment manager in the fixed income department in Sichuan Trust Co., Ltd.\* (四川信託有限公司) from January 2016 to September 2017 and he is also currently the director and general manager of various companies as described under the section “Directors’ and Senior Management’s Profile” in the Annual Report.

## Internal Control Procedures

When potential client(s) approaches Powerful Finance for application of loan financing, client identification procedures will take place and the staff of Powerful Finance would enquire the potential client’s information.

The following is a summary of the general guidelines of assessing loan applications by Powerful Finance:

- (A) Identity proof – identity card and passport from individuals and business registration certificate, certificate of incorporation and the constitutional documents from corporate entities must be provided for verification;
- (B) Address proof – utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body is required to be produced;

- (C) Repayment ability assessment – to assess the repayment ability of each customer, in addition to the background search, the Group checks the availability of guarantor, where applicable, past payment record and any other available information are also evaluated. Further information from the customer may be requested to determine the financial status of borrowers, including but not limited to the following: asset proof, income proof, bank statements, financial statements and auditor’s report (where applicable). Certain financial criteria should be met in proportionate with the credit facility to be granted in accordance with the Money Lending Procedure Manual of Powerful Finance; and
- (D) Credit worthiness assessment – litigation search, background search and media search would be conducted upon potential clients.

After credit assessment and review of the loan applications, with the loan terms determined (having taken into consideration factors such as the credit risks of the customers, the amount of loan borrowed and the prevalent market interest rates), loan documents will be prepared and the loans will be reported to the director of Power Finance for approval. The director of Power Finance shall then consider whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Moreover, if one or more of the applicable percentage ratio(s) as defined under chapter 14 of the Listing Rules in respect of any potential loan(s) is more than 5%, such loan(s) will be reported to the Board immediately for further approval.

Last but not least, the Group would conduct regular review and carry out follow up actions in a timely manner in respect of overdue amounts to minimise the Group’s exposure to credit risk and follow up closely with its customers as to the deadlines in payment of interest of the loans.

In case there are any minor defaults, the management will send reminder and/or demand letters to its customers. In case the default for loans persists (i.e. delay in repayment has exceeded for three months or above), the collection procedure will commence and the Group will engage lawyers in advising on the loan, its recovery and enforcement action.

As stated in the Annual Report and as at the date hereof, all loan receivable balances as at FY2022 have been fully repaid by cash subsequent to the year end. Furthermore, since the money lender’s licence of the Company has expired and the Company has no intention to renew the licence at present, no new loans have been granted subsequent to the year end.

## GENERAL

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

By order of the Board  
**Success Dragon International Holdings Limited**  
**LIU Shiwei**  
*Chairman and Executive Director*

Hong Kong, 18 October 2022

*As at the date of this announcement, the executive directors of the Company are Mr. LIU Shiwei, Mr. WANG Baozhi and Mr. DING Lei; the independent non-executive Directors are Mr. DENG Yougao, Ms. WONG Chi Yan and Mr. CHONG Lok Man.*

\* *The English translation of the Chinese names in this announcement, where indicated, are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*