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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF MACHINERY AND EQUIPMENT

THE ACQUISITION

The Board wishes to announce that on 18 February 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, all legal and beneficial interest in the Machinery and Equipment at the Consideration of RMB22,030,877.51 (equivalent to approximately HKD23,573,000).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Agreement are more than 5% but less than 25%, the entering into the Agreement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of a number of conditions precedent. Accordingly, the transactions contemplated under the Agreement may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that on 18 February 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, all legal and beneficial interest in the Machinery and Equipment at the Consideration of RMB22,030,877.51 (equivalent to approximately HKD23,573,000).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 18 February 2025

Parties: (i) the Purchaser; and
(ii) the Vendor

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Machinery and Equipment to be acquired: A batch of machinery and equipment for filter press, leaching, crushing and grinding in gold-laden carbon processing.

The Purchaser shall have no obligations to acquire the Machinery and Equipment unless all the Machinery and Equipment are transferred to the Purchaser at the same time.

Consideration: The Consideration for the acquisition of the Machinery and Equipment shall be RMB22,030,877.51 (equivalent to approximately HKD23,573,000) and shall be satisfied in full by cash, which was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to (1) the prevailing market price of brand new machinery and equipment for the same purposes; (2) the existing condition of the Machinery and Equipment; (3) the book value of the Machinery and Equipment of RMB22,030,877.51 as at 31 January 2025; and (4) the reasons for and benefits of the acquisition of the Machinery and Equipment as stated under the section headed "Reasons for and benefits of the entering into of the Agreement" below.

The Purchaser shall settle the Consideration in full within 10 working days after Completion.

The payment of Consideration will be financed by the remaining net proceeds raised by the Company from rights issue in 2022, details of which are set out in the announcement of the Company dated 10 October 2024.

Delivery: The Vendor shall be responsible for the delivery of the Machinery and Equipment within 10 working days upon fulfilment of all the conditions precedent under the Agreement.

Conditions Precedent

Completion is conditional upon and subject to the fulfilment of the following conditions:

- (a) the Vendor having obtained all the necessary approvals and consents for the Agreement and the transactions contemplated thereunder, and such approvals and consents remain in full force and effect and are not withdrawn;
- (b) the Purchaser having obtained all the necessary approvals and consents for the Agreement and the transactions contemplated thereunder, and such approvals and consents remain in full force and effect and are not withdrawn;
- (c) the representations, warranties and undertakings given under the Agreement remain true, complete and correct, and are not misleading nor having any material omission; and
- (d) the Purchaser shall or shall procure its advisers and representatives to, after the signing of the Agreement, conduct review which it considers to be necessary on the Machinery and Equipment; while the Vendor shall, and shall procure their respective representatives to, provide assistance in this regard as requested by the Purchaser and its advisers and representatives.

None of the conditions above are capable to be waived. As at the date of this announcement, none of the conditions above are satisfied.

If the conditions above have not been fulfilled by 31 March 2025 (or such later date as the parties to the Agreement may agree in writing), the Agreement and the transactions contemplated thereunder shall cease and terminate (save for any provisions which shall survive termination) and neither party shall have any obligations and liabilities towards each other thereunder (save for any antecedent breaches of the Agreement).

Completion

Completion shall take place within 10 working days upon fulfilment of all the conditions precedent under the Agreement. Upon Completion, the Vendor shall transfer the Machinery and Equipment to the Purchaser at the location decided by both parties mutually.

Upon Completion, the Purchaser shall become the legal owner of the Machinery and Equipment and shall be entitled to all rights in, and assume all responsibilities under, the Machinery and Equipment.

INFORMATION ON THE PARTIES

The principal activities of the Group are gold processing business in the PRC. The Purchaser is a company established in the PRC with limited liability and is principally engaged in extraction of gold and other precious metals from gold-laden carbon in Yunnan province of PRC.

The Vendor is a company established in the PRC with limited liability and is principally engaged in mineral resources (non-coal mines) exploitation, mineral processing and sale of metal ore. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is ultimately owned as to 100% by Zong Hongtao* (宗洪濤), who is an Independent Third Party.

REASONS FOR AND BENEFITS FOR THE ENTERING INTO OF THE AGREEMENT

The principal activity of the Company is investment holding and the principal activities of the Group are gold processing business in the PRC. The Group currently has processing production lines for gold-laden carbon in Yunnan province and gold ore in Henan Province in the PRC under leased plants respectively. The Purchaser, an indirect wholly-owned subsidiary of the Company, is principally engaged in the extraction of gold and other precious metals from gold-laden carbon in Yunnan province of the PRC.

As mentioned in the announcement of the Company dated 10 October 2024 and in the interim report for the period ended 30 September 2024 of the Company, the remaining net proceeds raised from the rights issue in 2022 will no longer be applied for the construction of the new gold ore processing plant in Luanchuan County, Henan Province of the PRC, and instead, will be applied by the Company for investment and upgrade in the leased plants, acquisition of machinery and equipment and also the working capital for the existing gold processing and trading business of the Group.

Having considered that the Machinery and Equipment may be deployed in the daily gold-laden carbon processing by the Group and therefore enhancing the Group's production capacity and efficiency which will thereby expect to bring positive impact on the performance of the gold processing business of the Group, the Directors consider that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Agreement are more than 5% but less than 25%, the entering into the Agreement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of a number of conditions precedent. Accordingly, the transactions contemplated under the Agreement may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Agreement”	the agreement dated 18 February 2025 entered into between the Vendor and the Purchaser in relation to acquisition of the Machinery and Equipment
“Board”	the board of Directors
“Company”	Success Dragon International Holdings Limited (勝龍國際控股有限公司), a company incorporated in the Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1182)
“Completion”	completion of the acquisition of the Machinery and Equipment in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Machinery and Equipment, being RMB22,030,877.51 (equivalent to approximately HKD23,573,000)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Machinery and Equipment”	a batch of machinery and equipment for filter press, leaching, crushing and grinding in gold-laden carbon processing, including but not limited to excavators, crushers, thickener, ball grinder and belt conveyors
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Success Dragon Technology (Puer) Company Limited* (勝龍科技(普洱)有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Vendor”	Mojiang County Laiqian Mining Limited Liability Company* (墨江縣來乾礦業有限責任公司), a company established in PRC with limited liability and an Independent Third Party
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HKD is calculated at the approximate exchange rate of RMB1.00 to HKD1.07. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

* For identification purpose only

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

Hong Kong, 18 February 2025

As at the date of this announcement, the executive Directors 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 Professor. CHEUNG Ka Yue.