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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

**C.P. Securities International Limited**

#### **THE PLACING AGREEMENT**

After trading hours on 10 August 2018, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best efforts basis, not less than six Placées to subscribe for up to 414,735,309 Placing Shares at a price of HK\$0.24 per Placing Share.

The maximum number of 414,735,309 Placing Shares represent (i) approximately 20.0% of the existing 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 is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$4,147,353.09.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$99,500,000 and the net proceeds will be approximately HK\$97,500,000. It is intended that the net proceeds from the Placing will be utilised for i) approximately HK\$48,000,000 to business development; ii) approximately HK\$21,400,000 to repay for director's loan, other loans and other payables; and iii) balance of which will be utilized as the general working capital of the Group.

The Placing Price of HK\$0.24 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 4.0% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on 10 August 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 5.1% to the average closing price of HK\$0.253 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 14 September 2017. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval. Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

The Placing is conditional upon, among other things, the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

**Since completion of the Placing is subject to the fulfilment of the condition and the termination events as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## THE PLACING AGREEMENT

**Date:**

10 August 2018

**Issuer:**

The Company

**Placing Agent:**

C.P. Securities International Limited

The Placing Agent has conditionally agreed to procure, on a best efforts basis, not less than six Places to subscribe for up to 414,735,309 Placing Shares. The Placing Agent may carry out the Placing itself and/or through the agency of such other agents as the Placing Agent may agree with the Company. The Placing Agent will receive a placing commission of 1% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. To the best of the

knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

**Placees:**

The Placing Shares are to be placed on a best efforts basis to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

**Placing Price:**

The Placing Price of HK\$0.24 per Placing Share represents:

- (i) a discount of approximately 4.0% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on 10 August 2018, being the date of the Placing Agreement; and
- (ii) a discount of approximately 5.1% to the average closing price of HK\$0.253 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

**Placing Shares:**

The maximum number of 414,735,309 Placing Shares represent (i) approximately 20% of the existing 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 is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$4,147,353.09.

**Ranking:**

The Placing Shares will rank, when issued and fully paid up, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

## **Disposal and lock-up restriction**

The Placing Shares are not subject to any lock-up or other disposal restrictions under the terms of the Placing Agreement.

## **Condition of the Placing:**

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares.

If the above condition is not satisfied on or before the Long Stop Date, all rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

## **Completion:**

Completion of the Placing shall take place on the third Business Day following the day on which the above condition is satisfied (or such later date as may be agreed between the Company and the Placing Agent).

## **Termination:**

The Placing Agent shall be entitled by notice to the Company at any time prior to 10:00 a.m. on the Completion Date upon the occurrence of the following events which, in the commercially reasonable opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (i) there develops, occurs or comes into force:
  - (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's commercially reasonable opinion would affect the success of the Placing; or

- (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's commercially reasonable opinion, would affect the success of the Placing;
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's commercially reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group, which has or may have an effect on the business or financial position of the Group and which in the Placing Agent's commercially reasonable opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the commercially reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement as described above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

**Since completion of the Placing is subject to the fulfilment of the condition and the termination events as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES**

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 414,735,309 Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

As at 31 March 2018, the Group has audited cash and cash equivalent of approximately HK\$1,205,000, all of which were intended to be used for the operations of its existing businesses, and majority of which are not located in Hong Kong.

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$99,500,000. The maximum net proceeds from the Placing will amount to approximately HK\$97,500,000 which are intended to be utilised as to: i) approximately HK\$48,000,000 to business development; ii) approximately HK\$21,400,000 to repay for director's loan, other loans and other payables; and iii) balance of which will be utilized as the general working capital of the Group. The net price per each Placing Share is approximately HK\$0.24.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

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

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the completion of the Placing) are set out below:

	As at the date of this announcement		Immediately after completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the completion of the Placing)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Core connected persons</b>				
LIU Shiwei	612,373,895	29.53	612,373,895	24.61
YONG Peng Tak ( <i>Note 2</i> )	800,000	0.04	800,000	0.03
<b>Public Shareholders</b>				
Placees	—	—	414,735,309	16.67
Other Public Shareholders	<u>1,460,502,652</u>	<u>70.43</u>	<u>1,460,502,652</u>	<u>58.69</u>
	<u>2,073,676,547</u>	<u>100.00</u>	<u>2,488,411,856</u>	<u>100.00</u>

*Note:*

- (1) The information shown is based on the disclosure of interest of the relevant shareholders (as the case may be) under Part XV of the SFO up to the date of this announcement.
- (2) Mr. YONG Peng Tak is an independent non-executive Director.

## LISTING RULES IMPLICATION

The Placing would be conducted under the General Mandate. Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 14 September 2017 at which the General Mandate was granted to the Directors
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“chief executive”	has the meaning ascribed thereto in the Listing Rules
“Company”	Success Dragon International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange with the stock code 1182
“Completion Date”	the third Business Day following the day on which the condition set out in the Placing Agreement is satisfied (or such later date as maybe agreed between the the Company and the Placing Agent)
“core connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company



“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 414,735,309 Shares, being 20% of the total number of issued Shares as the date of the AGM
“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, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive, controlling shareholders or substantial shareholders of the Company or its subsidiaries and their respective associates
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2018 or such later date as the Company and the Placing Agent may agree in writing
“Placees”	any professional, institutional or other private investor(s) to be procured by the Placing Agent and/or its sub-agent(s) on a best effort basis to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	C.P. Securities International Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 10 August 2018 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.24 per Placing Share
“Placing Shares”	a maximum of 414,735,309 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administration Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board  
**Success Dragon International Holdings Limited**  
**KWAN Chun Wai Roy**  
*Chairman, executive Director and chief executive officer*

Hong Kong, 10 August 2018

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. KWAN Chun Wai Roy and Mr. DING Lei; five independent non-executive Directors, namely Mr. YONG Peng Tak, Mr. CHUNG Yuk Lun, Mr. CHI Dong Eun, Mr. DENG Yougao and Ms. WONG Chi Yan.*