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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)

BUSINESS UPDATE

PROVISION OF OUTSOURCED ELECTRONIC GAMING MACHINE MANAGEMENT SERVICES IN VIETNAM

The Group has entered into two agreements for the purpose of engaging in provision of the outsourced services of electronic gaming machines management at the electronic gaming machine clubs operated by and/or located in two five-star hotels in Vietnam.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of Success Dragon International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that the Group has entered into two agreements (collectively, the “**Agreements**”) for the purpose of engaging in provision of the outsourced services of electronic gaming machines management at the electronic gaming machine clubs operated by and/or located in two five-star hotels in Vietnam.

FUNDAMENTAL AGREEMENT RELATING TO OUTSOURCED ELECTRONIC GAMING MACHINE MANAGEMENT WITH OWNER OF LE MERIDIEN HOTEL

The Group has entered into a fundamental agreement (the “**Le Meridien Fundamental Agreement**”) with Tien Phuoc and 990 Company Limited, the owner of the Le Meridien Hotel (a five-star hotel in Ho Chi Minh City, Vietnam), an independent third party (“**Le Meridien**”), on 28 October 2015 for setting out the parties’ intention of cooperating to establish and operate an electronic gaming machine club offering electronic games with prizes for foreigners at the Le Meridien Hotel for a term of at least 10 years, subject to the entering into of a business cooperation contract (the “**Le Meridien Business Cooperation Contract**”) between Le Meridien and the Group. It is intended that the Group shall be responsible for investment, management and operation of the electronic gaming machine club. As at the date of this announcement, the parties are still negotiating the terms of the Le Meridien Business Cooperation Contract.

MANAGEMENT AGREEMENT RELATING TO OUTSOURCED ELECTRONIC GAMING MACHINE MANAGEMENT WITH OWNER OF ONE OPERA HOTEL

The Group has entered into a management agreement (the “**Opera Management Agreement**”) with Cong Ty Co Phan Thuong Mai Va Xay Dung Hong Lam, the owner of One Opera Hotel (a five-star hotel and commercial complex in Danang, Vietnam), an independent third party (“**Opera**”), on 10 December 2015. Pursuant to the Opera Management Agreement, subject to its terms and conditions (including the obtaining of business certificate for operation of prize-winning electronic machine games business by Opera as required by the laws of Vietnam by 1 February 2016), the Group has been appointed by Opera to exclusively manage the services of prize-winning games in the electronic gaming machine club in One Opera Hotel for an initial term of 10 years from the date of the Opera Management Agreement subject to an extension of term for another 10 years upon the expiry of the then term at the absolute discretion of the Group, unless terminated before the expiry of the initial fixed term by mutual agreement by both parties or pursuant to other terms and conditions of the Opera Management Agreement.

In consideration of the management services provided by the Group, the Group shall be entitled to a monthly management fee which is calculated as 4% of the total gross revenue (the “**Gross Revenue**”) brought by the operation of the One Opera Hotel for such month after deducting all prizes paid to the players of the prize-winning games for electronic gaming machines and excise tax as required by the laws of Vietnam save that in the event that such management fee exceeds the maximum amount as permitted by the laws of Vietnam, the management fee shall be adjusted to such amount in compliance with the laws of Vietnam.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both Le Meridien and Opera are third parties independent of the Company and its connected persons, and they are independent of each other. The entering into of each of the Le Meridien Fundamental Agreement and the Opera Management Agreement is independent of and not conditional upon each other.

REASONS AND BENEFITS FOR ENTERING INTO OF THE AGREEMENTS

Currently the outsourced services of electronic gaming machines management business of the Group is managing approximately 800 operative gaming machine units in Macau. Following the entering into of the Opera Management Agreement and the Le Meridien Fundamental Agreement (subject to the entering into of Le Meridien Business Cooperation Contract), the Group will be expanding its outsourced electronic gaming machine management business internationally to broaden the source of revenue of this business sector for the Group.

The Group has selected Vietnam as the first country for its international expansion of outsourced electronic gaming machine management business. According to the Vietnam government decree **86/2013/ND-CP**, five-star hotels subject to authorities' approval are allowed to operate electronic gaming machine clubs for foreigners and Vietnamese resided in overseas countries holding foreign passports at a ratio of one electronic gaming machine for every five guest rooms. By reference to the number of rooms in the two subject hotels and subject to the entering into of Le Meridien Business Cooperation Contract, the Group is expected to initially manage a total of 187 electronic gaming machines in Vietnam under the Agreements.

According to the World Bank, the national economic output of Vietnam's GDP and GDP per capita were USD186.2 billion and USD1,077.91 respectively, in 2014, representing a year-on-year increase of 6.0% and 4.8% respectively. GDP derived from the industrial and services sectors accounted for over 80% of the total.

This high-level sustainable growth will economically empower households in Vietnam which can in turn energize the entertainment sector and boost domestic gaming expenditure in Vietnam.

Currently, Vietnam's gaming industry is mainly divided into 3 sectors: lottery, pari-mutuel wagering, and casinos and electronic gaming machine clubs. Based on a report by the country's Institute of Regional Sustainable Development, Vietnam's casinos and electronic gaming machine clubs posted aggregate revenues of above US\$61.5 million in 2014, while lottery operations generated total revenues of US\$2.9 billion.

Unlike Macau, Vietnam laws presently only allow foreigners and Vietnamese resided in overseas countries holding foreign passports to wager in casinos and electronic gaming machine clubs. Considering the growing economy in Vietnam which is driven by the industrial and service sectors, it is expected that there will be more foreign visitors to Vietnam, leading to a potential growth for the electronic gaming industry. Vietnam has managed a decade of solid growth as a tourist destination with a 4% increase in the number of international visitors in 2014 over the year before. This sustained growth bodes well for the country's gaming industry, which has experienced growing revenues at a robust annual average of 10 to 15% a year.

(Source:

<http://vietnamtourism.gov.vn/english/index.php/items/8149>

http://gamingandleisuremagazine.com/gl_articles/casino-outlook-2015-se-asia/)

The Directors believe that following the entering into of the Agreements, the Group's outsourced electronic gaming machine management business not only will be geographically diversifying into a growing market, it is also expected to broaden the source of revenue and reinforce the Group's expansion plans.

The Directors also consider that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and the terms of the Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
**Success Dragon International Holdings
Limited**
Carlos Luis Salas Porras
Chairman and executive Director

Hong Kong, 11 December 2015

As at the date of this announcement, the executive Directors are Mr. Carlos Luis SALAS PORRAS and Mr. GOH Hoon Leum; the independent non-executive Directors are Mr. YONG Peng Tak, Mr. ER Kwong Wah and Mr. LEUNG Po Hon.