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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)

INSIDE INFORMATION

ENTERING INTO MEMORANDUM OF UNDERSTANDING IN RESPECT OF POTENTIAL ACQUISITION OF COMPANIES ENGAGING IN ENERGY RELATED BUSINESS IN CHINA

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Success Dragon International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 10 March 2017 (after trading hours), the Group entered into a memorandum of understanding (the “**MOU**”) with a company (the “**Vendor**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) of a group of companies engaging in energy related business in China (the “**Target Group**”), which, if materialises, may constitute a notifiable transaction for the Company under the Listing Rules. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (1) the Target Group has entered into energy supply cooperation agreements with a number of Chinese enterprises, including, 長沙市軌道交通集團有限公司 (Changsha Guidao Traffic Group Company Ltd.*), 天津南車風電葉片工程有限公司 (Tianjin CSR Wind Electricity Vane Engineering Co., Ltd.*) and 鎮江奇美化工有限公司 (Zhenjiang Chimei Chemical Co., Ltd.*), etc.; and (2) the Vendor is a third party independent of the Company and its connected persons.

Under the MOU, the consideration of the Proposed Acquisition shall be satisfied by an issuance of new shares in the Company (the “**Consideration Shares**”) at an issue price to be determined between the parties.

Pursuant to the MOU, the definitive agreement, if entered into, shall contain, inter alia, the following conditions precedent: (i) the Group having been satisfied with the due diligence results in respect of the Target Group; (ii) the Group having obtained all necessary governmental and regulatory approvals or consents or waivers, including but not limited to those from the Stock Exchange of Hong Kong Limited, and/or other governmental authorities, required to consummate the transaction contemplated by the definitive agreement; and (iii) the absence of any material breach of any Vendor's warranties as set out in the definitive agreement.

Pursuant to the MOU, the Vendor agreed that for a six-month period from the date of the MOU, it shall not negotiate or enter into any agreement with any person or entity other than the Group with respect to the disposal of the Target Group.

The MOU shall be effective from the date of signing and shall be automatically terminated on the earlier of (i) the date of signing of the definitive agreement; and (ii) the date which is falling six months from the date of the MOU.

The MOU is non-legally binding other than the provisions relating to confidentiality, exclusivity, termination and governing law.

It should be noted that neither the Company nor any of its subsidiaries has entered into any definitive agreement or agreed with the Vendor on any terms relating to the Proposed Acquisition. The Proposed Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Company will make further announcement(s) in respect of the Proposed Acquisition as and when appropriate.

**The English translation of the Chinese name is for information only, and should not be regarded as the official English translation of such name.*

By order of the Board
Success Dragon International Holdings Limited
Li Xuehua
Chairman and executive Director

Hong Kong, 10 March 2017

As at the date of this announcement, the executive Directors are Ms. LI Xuehua, 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. ZHENG Jian Peng.