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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)

(1) ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND RULE 3.7 OF THE TAKEOVERS CODE AND INSIDE INFORMATION PROVISIONS UNDER THE SECURITIES AND FUTURES ORDINANCE AND

(2) RESUMPTION OF TRADING OF SHARES OF THE COMPANY

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of Success Dragon International Holdings Limited (the “**Company**”) dated 17 May 2017 (the “**Announcement**”) in respect of the trading halt in the shares of the Company (the “**Shares**”) pending the release of an announcement pursuant to the Takeovers Code and containing certain inside information of the Company.

The board of directors (the “**Board**”) of the Company wishes to advise the shareholders of the Company (the “**Shareholders**”) that on 17 May 2017 the Board has been informed by a substantial Shareholder, Mr. Yong Khong Yoong Mark (the “**Vendor**”), that he entered into a memorandum of understanding (the “**MOU**”) with another Shareholder, Ms. Zhang Lin Lin (the “**Potential Purchaser**”), regarding the possible disposal of his total interests in the Company (both personal and corporate interests) (the “**Possible Disposal**”) to the Potential Purchaser which may result in a change in control of the Company.

As at the date of this announcement, the Vendor is interested in 511,140,773 Shares (the “**Target Shares**”), representing approximately 24.65% of the entire issued Shares, of which 26,557,541 Shares are held as personal interests and 484,583,232 Shares are held through his wholly owned company, Declan Investments Inc, and the Potential Purchaser, through her wholly owned company Hillsong Global Limited, is interested in 174,217,758 Shares, representing approximately 8.40% of the entire issued Shares.

The Possible Disposal, if it materialises, will lead to a change in control of the Company and a mandatory conditional general offer under Rule 26.1 of the Takeovers Code. Accordingly, the Company will comply with the relevant requirements of the Takeovers Code and the Listing Rules and make further announcement(s) as and when appropriate.

PRINCIPAL TERMS OF THE MOU IN RESPECT OF THE POSSIBLE DISPOSAL

Transfer of Target Shares

Subject to a formal binding share transfer agreement (the “**Share Transfer Agreement**”) being entered into between the parties, it is the parties’ intention that:

- (1) the Potential Purchaser and her associate shall acquire all of the Target Shares from the Vendor and his associate; and
- (2) from the date of the signing of the MOU to and including 17 June 2017 (the “**Exclusivity Period**”), the parties shall negotiate in good faith with one another with a view to entering into the Share Transfer Agreement as soon as possible, and in any event within the Exclusivity Period.

Consideration

The consideration for the Target Shares will be further negotiated between the Vendor and the Potential Purchaser upon the entering into of the Share Transfer Agreement by the Vendor and the Potential Purchaser.

Due Diligence

Pursuant to the MOU, the Vendor will procure the Company to furnish all information of the Company reasonable requested by the Potential Purchaser (or its duly appointed professional adviser) for due diligence purposes (the “**Due Diligence**”) within the Exclusivity Period.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

Shareholders and potential investors should be aware that the Possible Disposal by the Vendor may or may not proceed. Hence, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s). Further announcement(s) will be made by the Company as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of the Company (as defined in the Takeovers Code) in issue comprise 2,073,276,547 Shares and 86,400,000 outstanding share options as at the date of this announcement.

Save for the aforesaid, the Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares as at the date of this announcement.

DEALING DISCLOSURES

For the purpose of the Takeover Codes, the offer period commences on the date of the Announcement, being 17 May 2017.

The associates of the Company (including, amongst others, persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) are hereby reminded to disclose their dealings in any relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”

For the avoidance of doubt, the meaning of “Executive” as set out above has the meaning ascribed to it under the Takeovers Code, being the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director.

RESUMPTION OF TRADING OF SHARES OF THE COMPANY

At the request of the Company, trading in the Shares was halted with effect from 1:00 p.m. on 17 May 2017 pending the release of this announcement. An application has been made by the Company to The Stock Exchange of Hong Kong Limited for resumption of trading in the Shares with effect from 9:00 a.m. on 18 May 2017.

By order of the Board
Success Dragon International Holdings Limited
Li Xuehua
Chairperson and Executive Director

Hong Kong, 17 May 2017

As at the date of this announcement, the executive directors of the Company are Ms. LI Xuehua, Mr. JIANG Dan and Mr. GOH Hoon Leum; the independent non-executive directors of the Company are Mr. YONG Peng Tak, Mr. ER Kwong Wah, Mr. ZHENG Jian Peng and Dr. JIA Limin.

All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.