

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SUCCESS DRAGON INTERNATIONAL HOLDINGS LIMITED

勝龍國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

TERMINATION OF AGREEMENTS FOR PROVISION OF SERVICES FOR RACING BUSINESS IN VIETNAM

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 the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements (the “**Announcements**”) of Success Dragon International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 October 2015, 23 November 2015 and 29 April 2016, in relation to, among others, the following agreements (collectively, the “**Agreements**”) entered into by the Group:

- (1) an agreement dated 12 October 2015 and entered into by the Group with Sports and Entertainment Serviced Joint Stock Company (“**SES**”) for the Group’s provision of hardware and software for the use by SES for the purpose of conducting of its greyhound racing business in Vietnam;
- (2) an agreement dated 23 November 2015 and entered into by the Group with Xuan Thanh Greyhound Racing Joint Stock Company (“**XT**”) for the Group’s provision of hardware and software for the use by XT for the purpose of conducting racing business in Vietnam;
- (3) an agreement dated 23 November 2015 and entered into by the Group with Thien Ma – Madagui Racing Joint Stock Company (“**TMM**”) for the Group’s provision of hardware and software for the use by TMM for the purpose of conducting racing business in Vietnam; and
- (4) an agreement dated 29 April 2016 and entered into by the Group with SES for the purpose of the Group’s provision of the outsourced management services for SES’s greyhound racing business in Vietnam.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that the Group has reached a mutual agreement with each of SES, XT and TMM to terminate the respective Agreements with effect from 28 June 2017. The above-mentioned termination is in response to the recent adverse changes in the regulatory environment in Vietnam which make the operating environment for provision of services for racing business as contemplated under the Agreements unattainable.

To the best of the Directors’ knowledge, information and belief after making reasonable enquiries, the major changes in regulations and their impact include the following:

- 1) Restriction of bet for each player per day:
Pursuant to Article 8 of Decree No. 06/2017 issued by the Vietnamese Government (“**Decree No.06**”), the maximum bet permitted for each player per day is VND1,000,000 (equivalent to approximately HK\$340). As such, it is expected that the revenue generated from provision of services for racing business will be significantly reduced;
- 2) International simulcast is disallowed:
Pursuant to Articles 1.1 and 5 of Decree No.06, the international simulcast (i.e. simulcast for races outside Vietnam) of greyhound and thoroughbred racing is disallowed. As the Group’s expected revenue from provision of services for racing business mostly depend on the overseas races instead of local races, the revenue brought by simulcast related business will be far below than the expected revenue; and
- 3) Limitation on opening new off-track betting outlets:
Pursuant to Articles 13 and 14 of Decree No.06, Vietnam imposed certain strict criteria restrictions on opening of new off track betting outlets which would in turn affect the number of off-track betting outlets (including those at prime locations). With less betting venues as expected, the expected revenue derived cannot be met.

Owing to the aforementioned adverse regulatory climate, the prospect of ramping up business volume and revenue will not be able to reach a satisfactory level to recover operating cost and repay start-up cost and expenses borne by the Group for the transactions contemplated by the Agreement. As a result, the Board considers the termination of the Agreements as appropriate to enable the Group to focus and channel its resources on developing other existing business and new potential business.

The Board estimated that the Group’s potential losses for the financial year ended 31 March 2017 arising from the recent adverse changes in the regulatory environment in Vietnam and the termination of the Agreements are as follows:

1. operating loss incurred for approximately HK\$40 million; and
2. one off impairment loss on the property, plant and equipment of approximately HK\$70 million.

The Board considers that save as disclosed above, the termination of the Agreements will not have any material adverse impact on the financial position and operation of the Group.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it. The Group's annual results for the year ended 31 March 2017 are expected to be announced on 29 June 2017 in compliance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company and read the announcement of the annual results of the Company for the year ended 31 March 2017 carefully when it is published.

By order of the Board
Success Dragon International Holdings Limited
TAN Teng Hong
Chairman

Hong Kong, 28 June 2017

As at the date of this announcement, the executive directors of the Company are Mr. TAN Teng Hong (Chairman & Chief Executive Officer) 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 Mr. CHUNG Yuk Lun.