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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)**

### **DISCLOSEABLE TRANSACTION — DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF ACE LUCK INTERNATIONAL LIMITED**

#### **THE DISPOSAL**

On 31 August 2017 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company at a total cash consideration of HK\$2,000,000.

#### **LISTING RULES IMPLICATION**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **THE DISPOSAL**

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#### **THE DISPOSAL AGREEMENT**

**Date:** 31 August 2017

**Parties:** The Company, as vendor

The Purchaser, as purchaser

To the best of the information, knowledge and belief of the Company having made all reasonable enquiries, save and except that the Purchaser is a managerial staff of the Group, the Purchaser is a third party independent of the Company and its connected persons.

### **Assets to be disposed of**

Pursuant to the Disposal Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Share, being the entire issued share capital of the Target Company.

### **Consideration**

The aggregate consideration for the sale and purchase of the Sale Share is HK\$2,000,000 which shall be satisfied by the Purchaser in cash on Completion.

The consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited consolidated net asset value of the Target Group of approximately HK\$1,780,000 as at 31 July 2017.

The Directors consider that the terms and conditions of the Disposal, including the consideration are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Completion**

The Disposal Agreement is unconditional and Completion shall take place within one month from the date of the Disposal Agreement.

Upon Completion, each member of the Target Group shall cease to be a subsidiary of the Company and their financial results will no longer be consolidated into the Company's consolidated financial statements.

### **INFORMATION ON THE TARGET GROUP**

The Target Company is an investment holding company. The Target Company holds the entire issued share capital of Success Dragon Kingbox Limited, which principally engages in the business of trading of packaging products for luxury goods.

## Financial information

The unaudited consolidated financial information of the Target Group for the two financial years ended 31 March 2016 and 31 March 2017, which were prepared in accordance with the Hong Kong Financial Reporting Standards, are set out below:

	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit/(loss) before taxation	174	(13,046)
Profit/(loss) after taxation	<u>174</u>	<u>(13,046)</u>
Net assets as at 31 March 2017 and 2016 respectively	<u><u>2,090</u></u>	<u><u>1,805</u></u>

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in provision of outsourced business process management for electronic gaming machines in Macau, provision of information technology services to Vietnam pari-mutuel sector and trading of packaging products.

In light of the change in the market in recent years, the Company considers that the line of business undertaken by the Target Group will no longer bring satisfactory return to the Group in future and it would be more beneficial to the Group to focus its resources on developing other business or for suitable investment opportunities. The Board considers that the Disposal represents an opportunity for realisation of the Target Group having considered its historical financial performance, and also for the Group to enhance its working capital for existing business and operations, as well as to explore potential new investment opportunities that may arise in the future.

The Directors consider that the Disposal and the transactions contemplated under the Disposal Agreement have been made on normal commercial terms and that such terms are fair and reasonable and that the Disposal Agreement and transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, the Group is expected to record an unaudited gain on the Disposal of approximately HK\$220,000. Such gain is estimated based on the gross proceeds from the Disposal of HK\$2,000,000 less the aggregate carrying values of the Sale Share of approximately HK\$1,780,000 as at the date of the Disposal Agreement.

The Board intends to apply the net proceeds from the Disposal of approximately HK\$1,900,000 as general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Success Dragon International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1182)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the unconditional sale and purchase agreement dated 31 August 2017 entered into between the Company and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Chong Kam Fung, Fionna

“Sale Share”	1 issued share of US\$1.00 in the capital of the Target Company, which is beneficially owned by the Company before Completion, representing the entire issued share capital of the Target Company
“Shareholders”	holders of the issued Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ace Luck International Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiary
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 31 August 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.*