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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

C.P. Securities International Limited

Reference is made to the announcement of Success Dragon International Holdings Limited dated 10 August 2018 (the “**Announcement**”) in relation to the placing of new shares of the Company under general mandate. Unless the context otherwise required, capitalised terms used herein shall have the same meanings as defined in the Announcement.

SUPPLEMENTAL AGREEMENT

On 22 August 2018, the Company and the Placing Agent have entered into a supplemental agreement (the “**Supplemental Agreement**”) pursuant to which:

- (i) the maximum number of Placing Shares has been revised from 414,735,309 to 292,610,000 Placing Shares; and
- (ii) the Long Stop Date is amended from 31 August 2018 to 11 September 2018.

The maximum number of 292,610,000 Placing Shares represent (i) approximately 14.11% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$2,926,100.

The Board considers that the entering into of the Supplemental Agreement would be in the interest of the Company and the Shareholders as a whole. Saved as disclosed above, all other the terms of the Placing Agreement remain unchanged and continue in full force and effect.

USE OF PROCEEDS

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$70,226,400. The maximum net proceeds from the Placing will amount to approximately HK\$68,800,000 which are intended to be utilised as follows:

i) approximately HK\$30,000,000 to be utilized for business development

The Group is principally engaged in the provision of outsourced business process management for electronic gaming machines in Macau. As disclosed in the Company's annual report for the year ended 31 March 2018, the Group intends to expand its business by applying blockchain technologies to improve its business operations. For example, blockchain technologies could be used to track gaming machines leased by consolidating delivery records, maintenance and servicing records, usage records, agreements, invoices and payments into a single transparent, easily accessible and secure ledger. This will reduce the need to engage multiple systems and resources and potentially make these machines available to clients who are further away and who may not have the necessary infrastructure to accurately report the delivery, maintenance and usage records required to use these machines.

The table below sets out the details of the Group's business development plans:

Details of business developments	Status of business developments	Amount of proceeds from the Placing to be used (Approximately in HK\$)	Expected time of use of proceeds
To hire the relevant personnel, expand the office premise and develop relevant management and settlement systems and platforms to build up the Group's blockchain expertise.	The Group has already identified candidates for Chief Technology Officer and has started looking for potential developers and third-party resources to build up related blockchain system and platform.	30 million	Within two years after completion of the placing

ii) approximately HK\$21,400,000 to repay director's loan, other loans and other payables

The Group believes that in order to carry out its business plan it needs to ensure that all its stakeholders are aligned and it can focus on implementing its development plan for the next few years. The Company's directors have therefore decided to decrease its significant short-term liabilities arising in the next two years. The HK\$21.4 million will therefore be used to repay the following loans:

Nature of loans and payables	Amount of loans and payables (in HK\$)
Loan from an executive director of the Company	1,000,000
Other loans from a former director, a former shareholder and the sole beneficial owner of a former shareholder of the Company	15,418,270
Other payables to the legal advisors and auditor of the Company	4,964,509
Total amount of loans and payables	<u>21,382,779</u>

iii) balance of approximately HK\$17,400,000 to be utilized as the general working capital of the Group

The Group intends to utilize the proceeds of approximately HK\$17,400,000 for the payment of its operating expenses to be incurred in the Group's existing business operations in approximately the next six months, including but not limited to, insurance expense, information technology and telecommunication expenses, office supplies expenses, printing expenses, professional fees, rent and utilities, repairs and maintenance expense, staff costs and directors' fees and sundry expenses.

Since completion of the Placing is subject to the fulfilment of the condition and the termination events as set out in the Placing Agreement (as amended by the Supplemental Agreement), the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On behalf of the Board
Success Dragon International Holdings Limited
KWAN Chun Wai Roy
Chairman, executive Director and chief executive officer

Hong Kong, 22 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. KWAN Chun Wai Roy and Mr. DING Lei; five independent non-executive Directors, namely Mr. YONG Peng Tak, Mr. CHUNG Yuk Lun, Mr. CHI Dong Eun, Mr. DENG Yougao and Ms. WONG Chi Yan.