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PRECIOUS DRAGON TECHNOLOGY HOLDINGS LIMITED
保寶龍科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1861)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF LAND IN THAILAND**

THE ACQUISITION

The Board is pleased to announce that on 10 June 2020 (after trading hours), Precious Dragon Thai, a wholly-owned subsidiary of the Company, as the buyer, and Pinthong, as the seller, entered into the Land Purchase Agreement, pursuant to which Precious Dragon Thai conditionally agreed to acquire the Land from Pinthong at a consideration of Baht 100,548,075.00 (equivalent to approximately HK\$24,800,000), subject to adjustment. Through the Acquisition, the Group plans to set up a new production plant for the production of its products in Thailand.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio under the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

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THE LAND PURCHASE AGREEMENT

The principal terms of the Land Purchase Agreement are summarised as follows:

Date : 10 June 2020

Parties : (i) Precious Dragon Thai (as the buyer); and
(ii) Pinthong (as the seller).

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Pinthong and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Land : The Land is situated in Pinthong Industrial Estate Project 3 at 219 Moo 6, Bowin Sub-district, Sriracha District, Chonburi Province 20230, Plot No. G016, under Title Deed No. 170459, Land Range No. 5235 III 2248,2448, Land No. 5101, Survey Page no. 22333, covering a total area of 36,983.20 square meters (the "**Specified Area**").

Consideration : The consideration for the Land is Baht 100,548,075.00 (equivalent to approximately HK\$24,800,000) (the "**Consideration**") which shall be paid in cash in the following manner:

- (i) Baht 30,164,422.50 (equivalent to approximately HK\$7,440,000) (i.e. 30% of the Consideration) on the date of signing the Land Purchase Agreement; and
- (ii) Baht 70,383,652.50 (equivalent to approximately HK\$17,360,000) (i.e. 70% of the Consideration) on the date of completion of the transfer of ownership of the Land to Precious Dragon Thai.

If it is subsequently revealed that the area of the Land becomes less or more than the Specified Area, Pinthong agrees to refund the price for the reduced portion to Precious Dragon Thai and Precious Dragon Thai agrees to pay the price for the additional portion to Pinthong at the rate of the Consideration divided by the Specified Area.

The Consideration was determined among the parties after arm's length negotiation with reference to the prevailing market rates of land in the vicinity.

The Consideration shall be funded by the Company's internal resources.

Transfer of ownership : Completion of transfer of the ownership of the Land shall be conditional upon, among other things:

- (i) Precious Dragon Thai obtaining the IEAT Permit Form 01/2 (the "**Permit**") from the Industrial Estate Authority of Thailand ("**IEAT**") in respect of the utilisation of the Land and the operation of its business in an industrial estate area, and the permission for IEAT Form 15 SOR (if applicable); and
- (ii) the registration of the transfer of ownership of the Land within 30 days after the date on which Precious Dragon Thai has obtained the Permit and the permission from IEAT Form 15 SOR or another date as agreed by the parties.

Termination : Precious Dragon Thai shall have the right to terminate the Land Purchase Agreement in the event that:

- (i) Precious Dragon Thai is unable to operate its business or production process, which was declared to Pinthong when signing the Land Purchase Agreement, in Pinthong Industrial Estate, or it is not allowed to use the land for business in Pinthong Industrial Estate or construct its factory on the Land;
- (ii) Precious Dragon Thai is unable to obtain the Permit, the permission from the IEAT Form 15 SOR or other applicable regulatory approval(s) allowing it to legally own the Land in the form of a freehold; or
- (iii) the Land area has decreased or increased by more than 5% of the Specified Area.

In such circumstances, Pinthong shall return any Consideration previously paid by Precious Dragon Thai to Pinthong without interest within 30 days after receiving the notice from Precious Dragon Thai in (i) to (ii) above or within 7 days after termination in (iii) above.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in the content filling of aerosol cans, as well as the production and sales of aerosol and non-aerosol products. The Group's products include automotive beauty and maintenance products, personal care products and other products. The Group mainly operates its businesses in Mainland China, Japan, Middle East, the United States and Asia.

Currently, the production plant of the Group is located at No. 628 Jufeng North Road, Aotou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC, with a total gross floor area of approximately 26,816.95 square meters.

Through the Acquisition, the Group plans to set up a new production plant for the production of its products in Thailand. The Directors consider that the Acquisition will be beneficial to the Group for the following reasons:

- (i) the Acquisition represents a strategic move for the Group to diversify its production base overseas and strengthen its overseas sales, particularly in the South Asia countries. Most importantly, the Group will have an overseas production base to cope with the changes and impacts that may result from the Sino-US trade war and other international trade barriers;
- (ii) the Group is expected to benefit from the lower cost of raw materials from the surrounding area, thereby enhancing the competitiveness of the Group's products in Asia; and
- (iii) increasingly stringent health, safety and environmental policies, laws and regulations in the PRC may impose additional costs to the production of the Group. Moreover, any violation of applicable health, safety and environmental policies, laws and regulations in the PRC may result in orders of corrections, fines, shutdown of production and obligation to take corrective measures which could materially and adversely affect the Group's business, financial position and results of operations. Having an overseas manufacturing plant can minimise and diversify the aforesaid risk.

In view of the above, the Directors considers that the Land Purchase Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF PINTHONG

Pinthong was established in 1995 together with Industrial Estate Authority of Thailand in Sriracha District of Chonburi Province. Its services include the trading

of immovable property, real estate development for residence, for agriculture, and for industrial purposes, as well as trading of immovable property in the form of buildings, commercial buildings, housing developments, and other kinds of construction.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting 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 meaning ascribed to them below:

| | |
|---------------|---|
| “Acquisition” | the acquisition of the Land by the Precious Dragon Thai from Pinthong pursuant to the Land Purchase Agreement |
| “Baht” | Baht, the lawful currency of Thailand |
| “Board” | the board of Directors |
| “Company” | Precious Dragon Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 4 May 2018, the shares of which are listed on the main board of the Stock Exchange (stock code: 1861) |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Land” | the land situated in Pinthong Industrial Estate Project 3 at 219 Moo 6, Bowin Sub-district, Sriracha District, Chonburi Province 20230, Plot No. G016, under Title Deed No. 170459, Land Range No. 5235 III 2248,2448, Land No. 5101, Survey Page no. 22333, covering a total area of 36,983.20 square meters |

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| “Land Purchase Agreement” | the sale and purchase agreement dated 10 June 2020 entered into between the Buyer and the Seller in relation to the Acquisition |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Precious Dragon Thai” | Precious Dragon Technology Thai Limited, a limited company incorporated in Thailand and a wholly-own subsidiary of the Company |
| “Pinthong” | Pinthong Industrial Park Public Company Limited |
| “Pinthong Industrial Estate” | Pinthong Industrial Estate developed by Pinthong |
| “Pinthong Industrial Estate Project 3” | Pinthong Industrial Estate Project 3 developed by Pinthong |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Thailand” | the Kingdom of Thailand |
| “%” | per cent. |

Amounts denominated in Baht in this announcement have been converted into HK\$ at the rate of Baht 1 = HK\$0.247 as extracted from Bloomberg as at 10 June 2020. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.

By order of the board of
Precious Dragon Technology Holdings Limited
Ko Sau Mee
Chairlady and Executive Director

Hong Kong, 10 June 2020

As at the date of this announcement, the executive Directors are Ms. Ko Sau Mee, Ms. Lin Hing Lei, Mr. Lin Hing Lung and Mr. Yang Xiaoye; and the independent non-executive Directors are Mr. Lee Yiu Pui, Mr. Poon Tak Ching and Mr. Pang Cheung Wai Thomas.