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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 THE PURCHASE OF AN ASSET

THE PURCHASE

On 23 December 2019, the Buyer entered into the Agreement with the Vendor for the sale and purchase of the Yacht at a total consideration of £3,650,000 (equivalent to approximately HK\$38,000,000). The Consideration for the Purchase shall be financed by the Company's internal resources, bank borrowings and a shareholder loan which is interest-free, unsecured and repayable on demand.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Purchase exceeds 5% but not more than 25%, the Purchase constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

The Consideration shall be partly financed by a shareholder loan provided by Mr. Lin Wan Tsang, the controlling Shareholder and therefore a connected person of the Company, which is interest-free, unsecured and repayable on demand. As such shareholder loan is conducted on normal commercial terms or better and is not secured by the assets of the Group, it is fully exempt pursuant to Rule 14A.90 of the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out as below:

- Date : 23 December 2019
- Vendor : Sunseeker International Limited
- Buyer : Botny Corporation Limited, a company incorporated in Hong Kong with limited liability on 3 June 2013 and an indirect wholly-owned subsidiary of the Company
- Yacht model : Sunseeker 86 Yacht numbered 8722086
- Consideration : £3,650,000 (equivalent to approximately HK\$38,000,000), excluding any value added tax and/or other sales or import duties, where applicable, to be borne by the Buyer

The Vendor shall arrange and pay for the shipping of the Yacht to Hong Kong whereas the Buyer shall be responsible for the costs of insuring, berthing and maintenance of the Yacht when the Yacht is being transported to Hong Kong.

The Consideration was agreed after arm's length negotiations between the Vendor and the Buyer with reference to the current market value of similar type of the Yacht and shall be paid by the Buyer to the Vendor in the following manner:

- (i) £2,920,000 (i.e. 80% of the Consideration) upon signing of the Agreement; and
- (ii) £730,000 (i.e. 20% of the Consideration) once the independent surveyor appointed by the Buyer has certified that the Yacht is ready for delivery, which is expected to be 31 December 2019.

It is expected that the Consideration shall be funded as to:

- (i) approximately HK\$10 million by the Company's internal resources;
- (ii) approximately HK\$15 million by bank borrowings; and
- (iii) approximately HK\$13 million by a shareholder loan from Mr. Lin Wan Tsang, the controlling Shareholder, which is interest-free, unsecured and repayable on demand.

Scheduled delivery date : Subject to receipt in full of the Consideration, the Vendor shall deliver the Yacht built in accordance with the specification (the “**Specification**”) stated in the Agreement and the terms of the Agreement to the Buyer ex-works at the Vendor’s premises in the United Kingdom on 31 December 2019.

The Buyer shall be entitled to delay delivery and acceptance of the Yacht if at the time the Yacht is tendered for delivery, there are defects or non-conformities against the Specification, which individually or in aggregate materially and adversely affect the safety, seaworthiness or use of the Yacht for its ordinary purpose (the “**Material Defects**”).

Termination : If the Buyer becomes insolvent or goes into bankruptcy, receivership, administration or liquidation or makes default in or commits a breach of the Agreement, the Vendor may forthwith on written notice to the Buyer, terminate the Agreement without incurring liability to the Buyer and without prejudice to the Vendor’s rights which may have accrued up to the date of termination.

The Buyer shall only be able to refuse delivery and reject the Yacht upon notice in writing to the Vendor if the Material Defects have not been adequately remedied by the Vendor by 31 March 2020. Upon rejection of the Yacht, the Buyer shall be entitled as its sole remedy to a refund of all payments made by the Buyer and received by the Vendor in connection with the Yacht.

REASONS FOR AND BENEFITS OF THE PURCHASE

As part of the Group’s marketing and promotional activities with a view to exploring new business opportunities and managing existing customer and supplier relationships, the Group has been organising marketing events and social activities such as dinners and overseas trips with its customers and suppliers to maintain and foster business relationships from time to time. Such marketing events and social activities have been effective in facilitating the communication between the Group and its business partners, allowing the Group to understand more about their needs through obtaining their feedback on the Group’s products.

The Group plans to use the Yacht as venue for regular business meetings and marketing and social events with its original brand manufacturing (OBM) and contract manufacturing service (CMS) customers as well as its suppliers. The Board considers that the regular holding of such business meetings and marketing and

social events allows the Group to enhance business relationships with its business partners and to understand the latest market trends which are useful references for setting the Group's sales and marketing strategies through close interaction in a comfortable and relaxing environment. With an increase in the Group's resources in marketing and relationship development, the business of the Group will be enhanced.

The Board considers that the transactions contemplated under the Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE VENDOR

The Vendor, founded in 1969 and based in Poole, Dorset, the United Kingdom, is principally engaged in the design, manufacturing and construction of boats. It produces yachts, motoryachts and sports cruisers, and conducts business worldwide. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP

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.

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DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 23 December 2019 entered into between the Buyer and the Vendor in relation to the Purchase
“Board”	the board of the Directors
“Buyer”	Botny Corporation Limited, a company incorporated in Hong Kong with limited liability on 3 June 2013 and an indirect wholly-owned subsidiary of the Company
“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)
“Consideration”	£3,650,000 (equivalent to approximately HK\$38,000,000), being the consideration payable by the Buyer to the Vendor for the sale and purchase of the Yacht
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	persons who or company together with its ultimate beneficial owners which are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase”	the purchase of the Yacht pursuant to the terms and conditions of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Vendor”	Sunseeker International Limited
“Yacht”	Sunseeker 86 Yacht numbered 8722086
“£”	Pound Sterling, the lawful currency of the United Kingdom

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

Hong Kong, 23 December 2019

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.