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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO OF LETTERS OF INTENT FOR CONSTRUCTION OF A NEW FACTORY IN THAILAND

Reference is made to the announcement of the Company dated 10 June 2020 (the “**Announcement**”) regarding the discloseable transaction in relation to acquisition of a land in Thailand (the “**Land**”) which was completed on 22 July 2020.

This announcement is made by the board (the “**Board**”) of directors of Precious Dragon Technology Holdings Limited (the “**Company**”) on a voluntary basis.

The Board hereby announces that on 11 November 2020 (after trading hours), Precious Dragon Technology Thai Limited (“**Precious Dragon Thai**”), a wholly-owned subsidiary of the Company, entered into a letter of intent (the “**Letter(s) of Intent**”) with each of S.P. 64 KARNCHANG Co., Ltd (“**S.P. 64**”) and State Construction Co., Ltd. (“**State Construction**”) for the construction of a new production plant (the “**Factory**”) on the Land.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, the controlling shareholders of S.P. 64 and State Construction are Mr. Chaitanawat Charoenkitworawut and Mr. Supakit Patcharaporn, respectively, which are third parties independent of the Company and its connected persons.

Pursuant to the Letters of Intent, S.P. 64 and State Construction shall be engaged as the designers and contractors (the “**Contractors**”) to perform structural and architectural work for the Factory including production lines, warehouse and office. Total contract value (including value-added tax) of the Letters of Intent amounts to approximately Baht 215,890,856 (equivalent to approximately HK\$55,181,703). Upon entering into the Letters of Intent, Precious Dragon Thai shall make an advance payment of approximately Baht 17,042,386 (equivalent to approximately HK\$4,356,034) to the Contractors. The Group is expected to finance the construction of the Factory by a combination of internal resources and external borrowings.

The construction of the Factory is in line with the Group's plan to build and develop an overseas manufacturing plant and will, upon completion and operation of the Factory, enable the Group to (i) cope with the changes and impacts that may result from the Sino-US trade war and other international trade barriers; (ii) benefit from the lower cost of raw materials from the surrounding area, enhancing the competitiveness of the Group's products in Asia; and (iii) diversify the operational risk arising from the increasingly stringent health, safety and environmental policies, laws and regulations in the PRC, as stated in the Announcement.

The Company will negotiate and enter into specific construction agreement(s) with S.P. 64 and State Construction as and when appropriate. If the transactions contemplated under the formal specific construction agreement(s) in connection with the construction of the Factory constitute a notifiable transaction, the Company will comply with applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, 11 November 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.

Amounts denominated in Baht in this announcement have been converted into HK\$ at the rate of Baht 1 = HK\$0.2556 as extracted from Bloomberg as at 10 November 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.