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If you are in any doubt as to any aspect about this circular or as to what action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Precious Dragon Technology Holdings Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(1) CONTINUING CONNECTED TRANSACTIONS AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Alliance Capital Partners Limited
同人融資有限公司

Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening the EGM to be held at Room Gold, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Friday, 28 January 2022 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend and vote in person at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

10 January 2022

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Annual Caps”	the proposed annual maximum aggregate value for the purchase of the Products by the Group from the China Aluminum Cans Group under the New Master Supply Agreement for three years from 1 January 2022 to 31 December 2024 (both days inclusive)
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Aluminum Cans”	China Aluminum Cans Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6898)
“China Aluminum Cans Group”	China Aluminum Cans and its subsidiaries
“Company”	Precious Dragon Technology Holdings Limited, a 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)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the New Master Supply Agreement (including the Annual Caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Aluminum Cans”	Hong Kong Aluminum Cans Limited (香港鋁罐有限公司), a company incorporated in Hong Kong with limited liability on 6 September 2012 and a wholly-owned subsidiary of China Aluminum Cans
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Independent Board Committee”	an independent board committee, comprising the three independent non-executive Directors, namely Mr. Lee Yiu Pui, Mr. Poon Tak Ching and Mr. Pang Cheung Wai Thomas, formed to advise the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser” or “Alliance Capital”	Alliance Capital Partners Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders, other than Mr. Lin and his associates, who are entitled to vote at the EGM in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) pursuant to the Listing Rules and all applicable laws
“Latest Practicable Date”	3 January 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the master supply agreement dated 17 April 2019
“Mr. Lin”	Mr. Lin Wan Tsang, the controlling Shareholder
“New Master Supply Agreement”	the master supply agreement dated 8 December 2021 (after trading hours) entered into between Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and the Company (for itself and on behalf of its subsidiaries) in relation to the purchase of the Products by the Group from the China Aluminum Cans Group for a term of three years from 1 January 2022 to 31 December 2024
“Products”	certain monobloc aluminum aerosol cans
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares

DEFINITIONS

“Supplemental Agreement”	the supplemental agreement to the Master Supply Agreement dated 7 May 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

Ms. Ko Sau Mee

(Chairlady and Chief Executive)

Ms. Lin Hing Lei

Mr. Lin Hing Lung

Mr. Yang Xiaoye

Registered office:

Windard 3, Regatta Office Park,

P.O. Box 1350,

Grand Cayman KY1-1108,

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit G, 20/F., Golden Sun Centre,

Nos. 59/67 Bonham Strand West,

Sheung Wan,

Hong Kong

Independent Non-executive Directors:

Mr. Lee Yiu Pui

Mr. Poon Tak Ching

Mr. Pang Cheung Wai, Thomas, GBS, JP

10 January 2022

To the Shareholders,

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 December 2021 in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

The purpose of this circular is to provide you with further information in relation to, among other things, (i) details of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules.

LETTER FROM THE BOARD

BACKGROUND

On 17 April 2019 (after trading hours), Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and the Company (for itself and on behalf of its subsidiaries) entered into the Master Supply Agreement in relation to the purchase of the Products by the Group from the China Aluminum Cans Group, which was subsequently amended and supplemented by the Supplemental Agreement.

The Master Supply Agreement expired on 31 December 2021. As the Group will continue to purchase the Products from the China Aluminum Cans Group after 31 December 2021 during its ordinary and usual course of business, on 8 December 2021, Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and the Company (for itself and on behalf of its subsidiaries) entered into the New Master Supply Agreement in relation to the purchase of the Products by the Group from the China Aluminum Cans Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive).

NEW MASTER SUPPLY AGREEMENT

1. Principal terms

The principal terms of the New Master Supply Agreement are as follows:

- Date:** 8 December 2021 (after trading hours)
- Parties:** Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies); and
The Company (for itself and on behalf of its subsidiaries)
- Term:** From the 1 January 2022 to 31 December 2024 (both days inclusive)

Pursuant to the terms of the New Master Supply Agreement and subject to the terms and conditions of each relevant purchase order, the China Aluminum Cans Group agreed to sell the Products to the Group, and the Group agreed to purchase the Products from the China Aluminum Cans Group during the term of the New Master Supply Agreement.

2. Pricing basis

Pursuant to the New Master Supply Agreement, the Group and the China Aluminum Cans Group agreed to enter into separate purchase orders in respect of each purchase of the Products to specify the details of each purchase including but not limited to the types and/or specifications of the Products, quantity, purchase prices, payment terms, date and mode of delivery and other relevant terms in relation to that purchase. The terms of such purchase orders shall be consistent with the terms under the New Master Supply Agreement and shall comply with the principles of the New Master Supply Agreement.

LETTER FROM THE BOARD

The purchase price of each and every purchase shall be separately determined on order-by-order basis by the parties to the New Master Supply Agreement according to the following principles: (i) the purchase price shall be determined on normal commercial terms which shall be fair and reasonable after arm's length negotiation between the parties to the New Master Supply Agreement; (ii) the purchase price shall be at prevailing market price; and (iii) the purchase price shall be the same as the prices offered by the China Aluminum Cans Group to its other independent customers or payable by the Group to its other independent suppliers.

To ensure the Group's future purchase prices are fair and reasonable and in accordance with the principles set out above, the Group will request the China Aluminum Cans Group to provide at least two quotations it provided to its other independent customers in relation to the same type of the Products and the China Aluminum Cans Group undertakes to provide such information without unreasonably delay. The Board shall review the pricing policy and the reasonableness and fairness of the Group's purchase prices on regular basis.

3. Condition precedent

The New Master Supply Agreement is conditional upon the Independent Shareholders' approval having been obtained in accordance with the Listing Rules in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

4. Renewal

Subject to the compliance with the requirements of the Listing Rules, the parties to the New Master Supply Agreement may negotiate for extension of the term of the New Master Supply Agreement upon expiry.

5. Termination

Unless otherwise specified in the New Master Supply Agreement, either party to the New Master Supply Agreement has a right to terminate the New Master Supply Agreement by giving the other party a 30-day prior written notice.

6. Historical transaction amounts

For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group's purchase of the Products from the China Aluminum Cans Group amounted to approximately HK\$27.2 million, HK\$13.6 million, HK\$36.3 million and HK\$11.4 million, respectively.

LETTER FROM THE BOARD

7. Annual Caps

The New Master Supply Agreement shall be subject to the following Annual Caps:

	Annual Caps <i>(HK\$'000)</i>
For the year ending 31 December 2022	39,000
For the year ending 31 December 2023	41,000
For the year ending 31 December 2024	43,000

The computation of the Annual Caps is set out below:

	For the year ending 31 December		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Expected demand based on organic growth (A)	31,427	32,998	34,648
Additional demand arising from the United States and the Southeast Asia (B)	4,500	4,500	4,500
Buffer (C)	10%	10%	10%
Estimated transaction amount (A + B) x (1 + C)	39,520	41,248	43,063
The Annual Caps	39,000	41,000	43,000

In respect of the expected demand based on organic growth

The expected demand based on organic growth of approximately HK\$31.4 million, HK\$33.0 million and HK\$34.6 million for the three years ending 31 December 2024, respectively, are determined with reference to (i) the actual transaction amount of approximately HK\$36.3 million for the year ended 31 December 2020 (the “**2020 Purchase**”); (ii) the actual transaction amount of approximately HK\$21.6 million for the eleven months ended 30 November 2021, which translates into an annualised amount of approximately HK\$23.6 million (the “**2021 Annualised Purchase**”); and (iii) an annual growth of 5% from the average of the 2020 Purchase and the 2021 Annualised Purchase in the amount of approximately HK\$30.0 million, as a result of the organic growth of the personal care product market.

According to a report published by Technavio in September 2021, the personal care market has the potential to grow by US\$148.89 billion during 2021-2025, and the market’s growth momentum will accelerate at a CAGR of 5.68%. Technavio is one of the leading market research companies with over 500 analysts around the world. It has published more than 17,000 reports and its reports are often quoted by various well-known media including BBC, Reuters and Bloomberg.

LETTER FROM THE BOARD

In respect of the additional demand arising from the United States and the Southeast Asia

The Group's sales of personal care products in the United States have been significantly affected since the Sino-US trade war escalated in 2019. The Group's purchase of the Products for sales to the United States decreased from approximately RMB13.7 million for the year ended 31 December 2018 to approximately RMB8.9 million for the year ended 31 December 2020, representing a decrease of approximately RMB4.8 million (equivalent to approximately HK\$5.7 million) (the "**Impact of Trade War**").

The Directors consider that there is a potential growth in sales generated from the United States and the Southeast Asia following commencement of the operation of the new production plant in Thailand which is expected to be operated in the first quarter of 2022, as the new overseas manufacturing plant allows the Group to (i) ease the impact resulting from the Sino-US trade war and other international trade barriers and benefit from the lower cost of raw materials from the surrounding area, enhancing the competitiveness of the Group's products in Asia; and (ii) expand the local market in the Southeast Asia. Such growth potential will in turn increase the Group's demand for the Products.

The additional demand arising from the United States and the Southeast Asia was estimated to be HK\$4.5 million for each of the three years ending 31 December 2024, which the Directors consider prudent after taking into account the Impact of Trade War.

In respect of the Annual Caps

Based on the above and a buffer of 10%, the Annual Caps are estimated to be HK\$39.0 million, HK\$41.0 million and HK\$43.0 million for the three years ending 31 December 2024. The Directors consider a buffer of 10% appropriate as the Group would have flexibility to cope with different conditions including unexpected business growth, fluctuation in aluminum price and exchange rate fluctuation.

Although the Annual Caps represent a significant growth over the historical transaction amounts for the year ended 31 December 2018 and 2019, respectively, the Directors consider the Annual Caps to be fair and reasonable after considering that (i) the COVID-19 pandemic since early 2020 has given rise to growing consumer preference on health and wellness as well as rising awareness about health and hygiene which has increased and is expected to increase the market demand for the Group's personal care products (including sanitizer products) and therefore the Group's demand for the Products; (ii) the Annual Caps are determined based on the 2020 Purchase and the 2021 Annualised Purchase which have fully reflected the impact of COVID-19; and (iii) a certain buffer has been accounted for in the Annual Caps for any unexpected demand for the Products.

LETTER FROM THE BOARD

8. Internal control

The Company has an internal control system in place to ensure (i) the terms of the transactions contemplated under the New Master Supply Agreement (including the pricing term) are on normal commercial terms which are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (ii) the actual transaction amounts will not exceed the Annual Caps. Relevant internal control measures include:

- (i) the purchasing department of the Company will request the China Aluminum Cans Group to provide at least two quotations it provided to its other independent customers in relation to the same type of the Products procured by the Group;
- (ii) the finance manager of the Group is responsible for (a) collecting each signed purchase order under the New Master Supply Agreement which contains, among other things, the types and/or specifications of the Products, quantity, purchase prices, payment terms, date and mode of delivery; (b) reporting the actual transaction amounts to the connected transaction officer of the Group on a monthly basis; and (c) reporting to the connected transaction officer of the Group when the utilisation rate of the Annual Caps exceeds 90%;
- (iii) the finance manager of the Group shall assist in monitoring the major terms specified in individual purchase orders. If there is any change to the major terms of individual purchase orders, the finance manager shall report to the connected transaction officer of the Group; and
- (iv) the independent non-executive Directors will annually review the transactions contemplated under the New Master Supply Agreement to ensure that they have been entered into on normal commercial terms which are fair and reasonable, and have been conducted in accordance with the New Master Supply Agreement. The auditors of the Company will also conduct an annual review on the transactions contemplated under the New Master Supply Agreement to ensure that they have been carried out in accordance with the pricing policies of the Group and the New Master Supply Agreement and have not exceeded the Annual Caps.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW MASTER SUPPLY AGREEMENT

The Group is principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products, and also personal care products and other products including household products. The Group has established a relatively long business relationship with the China Aluminum Cans Group as the Group has been sourcing and purchasing the Products from the China Aluminum Cans Group in the previous years during its ordinary and usual course of business. The Group is expected to continue to purchase the Products for manufacturing of its products. The Group would benefit from the New Master Supply Agreement in different ways including (i) the Group could secure a stable supply of the Products and better cope with the fluctuation of aluminum price as the China Aluminum Group is one of the largest manufacturers of aluminum aerosol cans in the PRC, which is important to the development and growth of the Group's business; and (ii) the Group could continue to maintain a business relationship with the China Aluminum Cans Group.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the view that the New Master Supply Agreement and the transactions contemplated thereunder (including Annual Caps) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE CHINA ALUMINUM CANS GROUP

Information of the Group

The Group is principally engaged in the design, development, manufacturing and sale of automotive beauty and maintenance products, and also personal care products and other products including household products.

Information of the China Aluminum Cans Group

China Aluminum Cans Group is principally engaged in the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as sanitizer products, body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain-relieving spray, spray dressing and antiseptic spray.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Lin, the controlling Shareholder, was beneficially interested in 174,788,500 Shares of the Company, representing approximately 74.72% of the issued share capital of the Company, and was therefore a connected person of the Company. On the other hand, Mr. Lin was beneficially interested in 660,546,000 shares of China Aluminum Cans, representing approximately 73.25% of the issued share capital of China Aluminum Cans as at the Latest Practicable Date. As Hong Kong Aluminum Cans is a wholly-owned subsidiary of China Aluminum Cans, Hong Kong Aluminum Cans is an associate of Mr. Lin and therefore a connected person of the Company. Accordingly, the entering into of the New Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules for the Annual Caps exceeds 5%, the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as Ms. Ko Sau Mee, Ms. Lin Hing Lei and Mr. Lin Hing Lung who are the spouse, daughter and son of Mr. Lin, respectively, no Director is required to abstain from voting on the board resolution in relation to the approval of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

LETTER FROM THE BOARD

GENERAL

As Mr. Lin has a material interest in the New Master Supply Agreement and the transactions contemplated thereunder, Mr. Lin and his associates are required under the Listing Rules to abstain from voting on the relevant resolution at the EGM in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Yiu Pui, Mr. Poon Tak Ching and Mr. Pang Cheung Wai Thomas, has been established by the Company to advise the Independent Shareholders on the terms of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps). Alliance Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be held at Room Gold, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Friday, 28 January 2022 at 2:30 p.m. to consider and, if thought fit, approve the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 14 to 22 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) and the principal factors and reasons taken into account in arriving at its recommendation.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) consider that the transactions contemplated under the New Master Supply Agreement (including the Annual Caps) are conducted in the ordinary and usual course of business of the Group and the terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of advice from the Independent Board Committee, prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps):

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)

10 January 2022

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 10 January 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein will have the same meanings as defined in the Circular, unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps). Alliance Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 14 to 22 of this circular. Your attention is also drawn to the “Letter from the Board” in this circular and the additional information set out in the appendix thereto.

Having considered the terms of the New Master Supply Agreement and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendations as set out in their letter, we consider that the terms of the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the New Master Supply Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
the Independent Board Committee

Mr. Lee Yiu Pui

Mr. Poon Tak Ching

Mr. Pang Cheung Wai Thomas

Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in connection with the proposed continuing connected transactions under the New Master Supply Agreement for the purpose of inclusion in the Circular:



Alliance Capital Partners Limited
同人融資有限公司

Room 1502-1503A,
Wing On House,
71 Des Voeux Road Central,
Central, Hong Kong

10 January 2022

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

A. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company on whether the terms of the continuing connected transactions contemplated under the New Master Supply Agreement and the relevant Annual Caps are fair and reasonable, and on a normal commercial terms and in the interests of the Company and its shareholders as a whole. Details of which are set out in the “Letter from the Board” contained in the Circular, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 December 2021, the Company announced that the Company and Hong Kong Aluminum Cans entered into the New Master Supply Agreement in relation to the purchase of the Products by the Group from the China Aluminum Cans Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive).

As at the Latest Practicable Date, Mr. Lin, the controlling Shareholder, was beneficially interested in 174,788,500 Shares of the Company, representing approximately 74.72% of the issued share capital of the Company, and was therefore a connected person of the Company. On the other hand, Mr. Lin was beneficially interested in 660,546,000 shares of China Aluminum Cans, representing approximately 73.25% of the issued share capital of China Aluminum Cans as at the Latest Practicable Date. As Hong Kong Aluminum Cans is a wholly-owned subsidiary of China Aluminum Cans, Hong Kong Aluminum Cans is an associate of Mr. Lin and therefore a connected person of the Company. Accordingly, the entering into of the New Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Save as Ms. Ko Sau Mee, Ms. Lin Hing Lei and Mr. Lin Hing Lung who are the spouse, daughter and son of Mr. Lin, respectively, no Director is required to abstain from voting on the board resolution in relation to the approval of the New Master Supply Agreement and the transactions contemplated thereunder, including the Annual Caps.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Yiu Pui, Mr. Poon Tak Ching and Mr. Pang Cheung Wai Thomas, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the terms of the New Master Supply Agreement and the transactions contemplated thereunder (including the relevant Annual Caps).

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we are independent from, and not associated with the Company or any other party to the New Master Supply Agreement, or their respective substantial shareholder(s) or other connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the terms of the New Master Supply Agreement and the relevant Annual Caps. There was no engagement between the Company and Alliance Capital in the past two years. Apart from this normal professional fee for our services to the Company in connection with the engagement as the Independent Financial Adviser, no other arrangements exist whereby we will receive any fees and/or benefits from the Company or any other party to the New Master Supply Agreement or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

B. BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the annual report of the Company for the year ended 31 December 2020;
- (ii) the annual report of the China Aluminum Cans for the year ended 31 December 2020;
- (iii) the interim report of the Company for the six months ended 30 June 2021;
- (iv) the interim report of the China Aluminum Cans for the six months ended 30 June 2021;
- (v) the prospectus of the Company dated 3 June 2019;
- (vi) the circular dated 9 May 2019 issued by the China Aluminum Cans;
- (vii) the New Master Supply Agreement; and
- (viii) other information as set out in the Circular.

We have relied on (i) the information contained or referred to in the Circular and/or the information and representations as provided to us by the Directors and/or the management of the Company (the “**Management**”); (ii) the information and facts supplied by the Company and its advisers; and (iii) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly

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responsible, are true, complete, and accurate in all material respects at the time when they were made and continue to be so as at the date of the dispatch of the Circular. We have also assumed that all statements of belief, opinion, expectation, and intention made by the Management in the Circular are reasonably made after due enquiries and careful considerations.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquires, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us.

We consider that we have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation in compliance with Rule 13.80 of the Listing Rules. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or its respective subsidiaries or associates.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the continuing connected transactions under the New Master Supply Agreement, we have considered the following principal factors and reasons:

1. Information of the China Aluminum Cans Group and the Group

China Aluminum Cans Group is principally engaged in the manufacturing and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products, as well as pharmaceutical products.

The Group is principally engaged in the design, development, manufacturing and sale of automotive beauty and maintenance products, personal care products and other products including household products.

As per our discussion with the Management, the monobloc aluminum aerosol cans are the major raw materials for the manufacturing business, while China Aluminum Cans Group is principally engaged in the manufacturing and sale of monobloc aluminum aerosol cans. Therefore, we are of the view that the Company entering into the New Master Supply Agreement in relation to the purchase of the Products is in its ordinary course of business.

2. Reasons for and benefits of the continuing connected transactions

As mentioned in the Letter from the Board, the Management is of the view that the Group would benefit from the New Master Supply Agreement as they can secure a stable supply of the Products and better cope with the fluctuation of aluminum price.

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In this regard, we have reviewed the aluminum price listed on the website of the National Bureau of Statistics of China, from which we noted the aluminum price has increased from approximately RMB15,668 per tonne in early January 2021 to approximately RMB23,448 per tonne in mid-October 2021, which represents an increment of approximately 49.7%. As discussed with the Management, such increment was mainly attributable to the supply shortage of aluminum. In order to avoid the possibility of being adversely affected by aluminum supply shortage and price fluctuation, we have discussed with the Management, and they are of the view that it is crucial for the Group to cooperate with a reliable supplier so as to secure stable supply and ease the chances for unnecessary urgency cost and lack of production component, which might in turn cause the Group failing to meet the delivery commitment. Therefore, the Company decided to enter into New Master Supply Agreement with Hong Kong Aluminum Cans, considered the Group has been in a business relationship with China Aluminum Cans Group for more than 12 years, during which there were no disputes and China Aluminum Cans Group had never failed to meet the order demands from the Group.

In light of the above, the Management is of the view and we concur that it is beneficial to continue its long-term relationship with China Aluminum Cans Group with an aim to secure a stable supply of Products and entering into the New Master Supply Agreement is in the interests of the Company and its Shareholders as a whole.

3. Principal terms of the New Master Supply Agreement

Details of the terms of the New Master Supply Agreement are set out in the section headed “NEW MASTER SUPPLY AGREEMENT” in the “Letter from the Board” in the Circular.

(a) Annual Caps

	Annual Caps <i>(HK\$'000)</i>
For the year ending 31 December 2022	39,000
For the year ending 31 December 2023	41,000
For the year ending 31 December 2024	43,000

Despite the proposed Annual Caps are greater than the historical purchase amounts of the Products from the China Aluminum Cans Group during each of the two years ended 31 December 2020 and the six months ended 30 June 2021, the Management is of the view that it is important to maintain higher annual caps in order to allow greater flexibility to capture different business opportunities which may arise in the future after taking into account of several factors, including (i) the market demand for the Group’s personal care products after the outbreak of COVID-19 since 2020 and (ii) the potential growth in sales generated from the United States and the Southeast Asia.

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In order to assess whether the basis of determining the proposed Annual Caps are fair and reasonable, we have reviewed the historical usage of the annual caps under the Master Supply Agreement that were approximately HK\$13.6 million, HK\$36.3 million, HK\$11.4 million, representing approximately 54.2%, 92.6% and 24.3% of the respective annual caps during each of the two years ended 31 December 2020 and the six months ended 30 June 2021, respectively. The historical corresponding usage for the year ended 31 December 2020 was about to hit the ceiling of the corresponding annual cap during the outbreak of COVID-19, but decreased in 2021. We noted that the proposed Annual Caps are greater than the historical purchase amounts of the Products from the China Aluminum Cans Group, so we discussed with the Management for the rationale behind. The Management advised that having considered the development of COVID-19 pandemic still remains volatile, and if the COVID-19 pandemic situation worsened, but the Company did not take into account the ad hoc demand on personal care products, similar to the situation in 2020, which represents a historical usage of approximately 92.6%, when determining the proposed Annual Caps, the Group may not be able to capture the potential ad hoc market demand for the Group's personal care products in 2020 as discussed above. Moreover, it will be burdensome to revise the annual caps subsequently. Therefore, after considering the aforementioned reason, together with (i) aluminum being one of the major production components for the Group's production, its price soars since early 2021 leading to an increase in procurement cost, and (ii) the Company's expectation on the increase of purchase demand after the operation commencement of the Thailand production plant in the first quarter of 2022 generated from the potential growth in sales from the United States and the Southeast Asia, the Management is of the view that the proposed Annual Caps should be at least similar to the annual cap for the year ended 31 December 2020 which was approximately HK\$39.2 million and hence, the annual caps are determined at HK\$39.0 million, for the year ending 31 December 2022, and further increased to HK\$41.0 million and HK\$43.0 million for the two years ending 31 December 2024, respectively, after taking into consideration the above business drivers. In this regard, we have discussed with the Management and obtained the quantitative analysis of the Annual Caps as below:

	For the year ending 31 December		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Projection based on the historical purchase amount from China Aluminium Cans Group and market demand for the Group's personal care products after the outbreak of COVID-19 since 2020 (the " Projection ") (A)	31,427 <i>(Note 1)</i>	32,998 <i>(Note 2)</i>	34,648 <i>(Note 2)</i>
Additional demand arising from the United States and the Southeast Asia (B) <i>(Note 3)</i>	4,500	4,500	4,500
Buffer (C) <i>(Note 4)</i>	10%	10%	10%
Estimated transaction amount (A + B) x (1 + C)	39,520	41,248	43,063
The Annual Caps	39,000	41,000	43,000

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Notes:

- (1) The amount is calculated by taking the average of (i) the actual purchase amount for the year ended 31 December 2020 of approximately HK\$36.3 million and (ii) the annualised purchase amount for the year ending 31 December 2021 of approximately HK\$23.6 million, based on the actual purchase amount for the eleven months ended 30 November 2021 of approximately HK\$21.6 million, and then multiplied by one plus the Management's expected growth in personal care products market of 5%. (i.e. $(\text{HK\$}36.3 \text{ million} + \text{HK\$}23.6 \text{ million}) / 2 \times (1 + 5\%)$).
- (2) The amount represents the Management's expected growth in personal care products market of 5% as compared to the prior year.
- (3) This amount mainly represents the Management's expectation of growth in demand after the operation commencement of the Thailand production plant in the first quarter of 2022 that could ease the impact resulting from the Sino-US trade war, as the Group's purchase of the Products for sales to the United States decreased from approximately RMB13.7 million for the year ended 31 December 2018 to approximately RMB8.9 million for the year ended 31 December 2020, representing a decrease of approximately RMB4.8 million (equivalent to approximately HK\$5.7 million).
- (4) A buffer of 10% takes into account of (i) the flexibility in conducting and expanding its business if the Annual Caps are tailored to future business growth; (ii) the fluctuation of aluminum price; and (iii) exchange rate fluctuation.

In regard to the Projection, we have (i) reviewed the historical purchase amount from China Aluminum Cans Group for the year ended 31 December 2020 and eleven months ended 30 November 2021; (ii) discussed with the Management that the basis for using average purchase amount would cater for volatile COVID-19 development and unexpected ad hoc demand that the Group experienced since 2020; and (iii) reviewed a market research report issued by China Insights Industry Consultancy Limited, which indicated that the market size of China's personal care market is expected to grow from approximately RMB458.7 billion in 2019 to approximately RMB701.4 billion in 2024 at a CAGR of approximately 8.9%, of which the market size of China's hand sanitizer market is expected to increase from approximately RMB2.6 billion in 2019 to approximately RMB7.8 billion in 2024 at a CAGR of approximately 24.6%, while the growth rate adopted in the Projection is 5% per year during each of the three years ending 31 December 2024. In this connection, the Management is of the view and we concur that the basis and assumption for the Projection are fair and reasonable.

On the other hand, with reference to the potential growth in sales generated from the United States and the Southeast Asia market, we have discussed with the Management and noted that the historical purchase amount of Products for sales to the United States decreased from approximately RMB13.7 million for the year ended 31 December 2018 to approximately RMB8.9 million for the year ended 31 December 2020, the Management is of the view that the new production plant in Thailand could ease the impact resulting from the Sino-US trade war and benefit from the lower cost of raw materials from the surrounding area, thereby, enhancing the competitiveness of the Group's products in Asia. Therefore, the sales amount from the United States could be recovered and improved, and the Southeast Asia market could bring additional demand in personal care products to the Group.

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In respect of the 10% buffer, the Management is of the view and we concur that the Group would have flexibility to cope with different conditions including unexpected business growth, fluctuation in aluminum price and exchange rate, after considering that (i) the aluminum price has increased by approximately 49.7% from early January 2021 to mid-October 2021 as discussed above, which may incur additional production cost that lead to an increase in transaction amount, and (ii) other potential business opportunities may arise in the future.

In light of the above, we concur with the view of the Management that the proposed Annual Caps have taken into account, among other things, both the historical sales amount and the additional demand arising from the United States and the Southeast Asia over the next three years to (i) cope with latest market development under the outbreak of COVID-19 and Sino-US trade war, and (ii) for the sake of flexibility to capture the aforementioned business opportunities are fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

(b) Pricing policy

In assessing the fairness and reasonableness of the pricing policy under the New Master Supply Agreement, we have reviewed (i) the latest full transaction list with China Aluminum Cans Group (the “**Full List**”) and (ii) reviewed selected samples which covered around 15% of the total purchase amount of Products for the nine months ended 30 September 2021, including purchase orders of the products provided by China Aluminum Cans Group to the Group and their corresponding comparable quotations (the “**Selected Samples**”).

Per review of the Full List and Selected Samples, we noted that the Group has implemented the pricing policy and the transactions between the China Aluminum Cans Group and the Group are in line with prevailing market price as we noted that each of the Selected Samples are supported by either a corresponding comparable quotation from the independent suppliers of the Group or two corresponding comparable quotations from the independent customers of the China Aluminum Cans Group, which serves the purpose of ascertaining the prices in the transactions are in line with that of the market. Therefore, we concur with the Management’s view that the pricing policy of the New Master Supply Agreement was fair and reasonable.

(c) Periodic review and internal control

To ensure the Group’s conformity with the above pricing policy in relation to the transactions contemplated under the New Master Supply Agreement and the proposed Annual Caps will not be exceeded, we have discussed with the Group and understood that the Company has adopted certain internal control procedures. For instance, (i) the purchasing department will request the China Aluminum Cans Group to provide at least two quotations to its independent customers in relation to the same type of the Products procured by the Group, (ii) the finance department of the Group will prepare a monthly report containing the transaction details, including but not limited to the types and specifications of the products, quantity, purchase price of connected transactions entered into during the month (the “**Monthly CT report**”) for the

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purpose of monitoring whether (1) the transactions with the China Aluminum Cans Group is in line with the pricing policy stated in the New Master Supply Agreement; (2) the major terms of the transactions have any changes; and (3) the actual amount of the connected transaction has exceeded the amount of the proposed Annual Cap. If the actual transaction amount reaches approximately 90% of the proposed Annual Caps or the major terms of the transactions have any changes at any time during the year, the finance department will report to the connected transaction officer of the Company, who will seek advice from the audit committee of the Company, and the Board will consider taking appropriate measures, including but not limited to revisiting and determining if the changes on the major terms are on normal commercial terms, further revisiting the Annual Caps amounts and complying with the relevant announcement and shareholders' approval requirements in accordance with the Listing Rules. In addition, the Company advised that the independent non-executive Directors will review the continuing connected transactions contemplated under the New Master Supply Agreement to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable, and are carried out pursuant to the terms of such agreement on an annual basis, while the auditors of the Company will also conduct an annual review on the transactions contemplated under such agreement to ensure that they have been carried out in accordance with the pricing policies of such agreement and have not exceeded the Annual Caps.

Per review of the compliance manual for connected transactions adopted by the Group, based on the procedures listed, we have selected (i) two Monthly CT reports for the connected transactions during March 2021 and August 2021, and (ii) the meeting minutes of the independent non-executive Directors dated 23 March 2021 for the connected transactions with the China Aluminum Cans Group during the year ended 31 December 2020 of which the independent non-executive Directors were of the opinion that the continuing connected transactions are (1) in the ordinary and usual course of business of the Company; (2) on normal commercial terms or better; and (3) in accordance to the agreement governing them, on fair and reasonable terms and in the interests of the shareholders of the Company, which are in line with the protocol stated in the compliance manual and the pricing policy stated in the Master Supply Agreement, which is the same as the New Master Supply Agreement. Therefore, we are of the view that the Company has sufficient and effective internal control policy to ensure the proposed Annual Caps will not be exceed and the price of the Product are on normal commercial terms, fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

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D. RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the entering into the New Master Supply Agreement is in ordinary course of business of the Company, and is on normal commercial terms, which are fair and reasonable so far as the Company's Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Company's Independent Board Committee to advise the Company's Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the relevant continuing connected transactions and the Annual Caps under the New Master Supply Agreement.

Yours faithfully,
For and on behalf of
Alliance Capital Partners Limited

Ray Chan
Executive Director

Mr. Ray Chan is a licensed person under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and have participated in various initial public offerings and transactions involving companies listed in Hong Kong, including the provision of independent financial advisory services.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules are as follows:

Long positions in the Shares and underlying Shares of the share options granted under the pre-IPO share option scheme of the Company adopted on 12 April 2019

Name of Directors	Number of ordinary Shares			Interests in underlying Shares	Total	Approximate percentage of the issued Shares (Note 2)
	Beneficial owner	Interest of family	Interests in a controlled corporation	Share Options (Note 1)		
Ms. Ko Sau Mee (“Mrs. Lin”)	—	107,788,500 (Note 3)	67,000,000 (Note 4)	500,000	175,288,500	74.94%
Ms. Lin Hing Lei	200,500	—	—	277,500	478,000	0.20%
Mr. Lin Hing Lung	—	—	—	500,000	500,000	0.21%
Mr. Yang Xiaoye	—	—	—	300,000	300,000	0.13%
Mr. Poon Tak Ching	368,000	—	—	—	368,000	0.16%

Notes:

- (1) These share options represent the awarded underlying Shares granted to the Directors under a pre-IPO share option scheme of the Company which was adopted on 12 April 2019.
- (2) These percentages have been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 233,917,250 Shares).

- (3) These Shares are held by Mr. Lin Wan Tsang, as Mrs. Lin is the spouse of Mr. Lin Wan Tsang, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin Wan Tsang by virtue of the SFO.
- (4) These Shares are held by Wellmass International Limited (“*Wellmass*”), which is wholly and beneficially owned by Mr. Lin Wan Tsang. As Mrs. Lin is the spouse of Mr. Lin Wan Tsang, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin Wan Tsang (through Wellmass) by virtue of the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at the Latest Practicable Date, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

(b) Substantial Shareholder

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

Name of shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares <i>(Note 1)</i>
Mr. Lin Wan Tsang	Beneficial Owner	107,788,500	46.08%
	Interest of spouse	500,000 <i>(Note 2)</i>	0.21%
	Interests in a controlled corporation	67,000,000 <i>(Note 3)</i>	28.64%
Wellmass	Beneficial Owner	67,000,000 <i>(Note 3)</i>	28.64%

Notes:

- (1) These percentages have been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 233,917,250 Shares).
- (2) These underlying Shares are held by Mrs. Lin, as Mr. Lin Wan Tsang is the spouse of Mrs. Lin, Mr. Lin Wan Tsang is deemed to be interested in all the Shares held by Mrs. Lin by virtue of the SFO.
- (3) These Shares are held by Wellmass, a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin Wan Tsang.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors or chief executive of the Company, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, all Directors have entered service contracts with the Company. None of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

6. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which had been, since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any transaction, contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. CONSENT AND QUALIFICATION OF THE EXPERT

The following are the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualification
Alliance Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO

As at the Latest Practicable Date, Alliance Capital had (i) no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no direct or indirect interest in any assets which had been, since 31 December 2020 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

Alliance Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which it appears.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lee Kam Fai;
- (b) The registered office of the Company is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands;
- (c) The head office and principal place of business in Hong Kong is at Unit G, 20/F., Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong;
- (d) The principal registrar and transfer office of the Company in the Cayman Islands is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands;
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistencies.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.botny.com>) for a period of 14 days from the date of this circular:

- (a) the New Master Supply Agreement;
- (b) the letter of recommendation from the Independent Board Committee in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps), the text of which is set out on page 13 of this circular;

- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps), the text of which is set out on pages 14 to 22 of this circular;
- (d) written consent of Alliance Capital as mentioned in the paragraph 7 in this Appendix; and
- (e) this circular

NOTICE OF THE EGM

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Precious Dragon Technology Holdings Limited (the “**Company**”) will be held at Room Gold, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Friday, 28 January 2022 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the New Master Supply Agreement (as defined and described in the circular to the shareholders of the Company dated 10 January 2022 (the “**Circular**”), a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the annual caps of the transactions contemplated under the New Master Supply Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (c) the directors of the Company or any other person authorized by the directors of the Company be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the New Master Supply Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the New Master Supply Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

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

Hong Kong, 10 January 2022

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person at his/her/its proxy to attend and vote in his/her/its stead in accordance with the articles of association of the Company. A proxy need not be a member of the Company.

NOTICE OF THE EGM

2. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. The register of members of the Company will be closed from Tuesday, 25 January 2022 to Friday, 28 January 2022, both days inclusive, during which period no transfers of shares shall be registered. The holder of shares whose name appears on the register of members of the Company on Friday, 28 January 2022 will be entitled to attend and vote at the EGM. In order to qualify for attending and voting at the forthcoming EGM, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 January 2022.

As at the date of this notice, 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.