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China Boton Group Company Limited **中國波頓集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3318)

CONNECTED TRANSACTION **DISPOSAL OF EQUITY INTEREST IN DONGGUAN BOTON**

Reference is made to the announcement of the Company dated 10 October 2018 in relation to the Proposed Spin-off of Dongguan Boton and the Proposed A-Share Listing of Dongguan Boton on the Shenzhen Stock Exchange.

THE DISPOSAL

The Board is pleased to announce that on 12 June 2020 (after trading hours), Shenzhen Boton (an indirect wholly-owned subsidiary of the Company) and Champion Sharp (a company directly wholly-owned by Mr. Wang) (collectively, as vendors) entered into the Equity Transfer Agreement with Mr. Qian, Mr. Li, Ms. Yang, the Limited Partnerships (collectively, as purchasers) and Dongguan Boton (an indirect non-wholly owned subsidiary of the Company) (as target company) pursuant to which the Vendors have conditionally agreed to sell to the Purchasers and the Purchasers have conditionally agreed to purchase from the Vendors the Sale Interest at the aggregate consideration of approximately RMB68,850,000 (equivalent to approximately HK\$75,576,290).

LISTING RULES IMPLICATIONS

Mr. Qian is a director of Dongguan Boton (an indirect non-wholly owned subsidiary of the Company) while Mr. Li is an executive Director of the Company, hence they are connected persons of the Company. Mr. Wang, being the chairman of the Board, the chief executive officer and an executive Director of the Company, is a connected person of the Company and his spouse, Ms. Yang, being Mr. Wang's associate, is also a connected person of the company. As for the Limited Partnerships, Mr. Wang is the general partner and is responsible for the daily operation and management of the Limited Partnerships, hence the Limited Partnerships are also connected persons of the Company.

In light of the above, the Shenzhen Boton's Disposal constitutes a connected transaction under the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the Shenzhen Boton's Disposal is subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 10 October 2018 in relation to the Proposed Spin-off of Dongguan Boton and the Proposed A-Share Listing of Dongguan Boton on the Shenzhen Stock Exchange. It is a legal requirement that Dongguan Boton must be a joint stock limited company to qualify for the Proposed A-Share Listing. To, *inter alia*, satisfy the aforesaid requirement, approximately 30% of the entire equity interest of Dongguan Boton is transferred by the Vendors to the Purchasers to facilitate its conversion to a joint stock limited company.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date:

12 June 2020 (after trading hours)

Parties:

- (1) Vendors:
 - (i) Shenzhen Boton
 - (ii) Champion Sharp

- (2) Purchasers:
 - (i) Mr. Qian
 - (ii) Mr. Li
 - (iii) Ms. Yang
 - (iv) First Limited Partnership
 - (v) Second Limited Partnership

- (3) Dongguan Boton

As at the date of this announcement, Mr. Qian is a director of Dongguan Boton while Mr. Li is an executive Director of the Company. Ms. Yang is the spouse of Mr. Wang, who is the chairman of the Board, the chief executive officer and an executive Director of the Company. Hence, Mr. Qian, Mr. Li and Ms. Yang are connected persons of the

Company. Since Mr. Wang acts as a general partner of the Limited Partnerships and is responsible for the daily operation and management of the Limited Partnerships, the Limited Partnerships are also connected persons of the Company.

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Vendors have conditionally agreed to sell to the Purchasers and the Purchasers have conditionally agreed to purchase from the Vendors the Sale Interest in accordance with the following manners:

- (i) Shenzhen Boton has conditionally agreed to transfer approximately 5.30% of the entire equity interest of Dongguan Boton to Mr. Qian;
- (ii) Shenzhen Boton has conditionally agreed to transfer approximately 0.80% of the entire equity interest of Dongguan Boton to Mr. Li;
- (iii) Shenzhen Boton has conditionally agreed to transfer approximately 5.29% of the entire equity interest of Dongguan Boton to Ms. Yang;
- (iv) Shenzhen Boton has conditionally agreed to transfer approximately 2.23% of the entire equity interest of Dongguan Boton to the First Limited Partnership;
- (v) Shenzhen Boton has conditionally agreed to transfer approximately 2.28% of the entire equity interest of Dongguan Boton to the Second Limited Partnership;
- (vi) Champion Sharp has unconditionally agreed to transfer approximately 4.70% of the entire equity interest of Dongguan Boton to Mr. Qian;
- (vii) Champion Sharp has unconditionally agreed to transfer approximately 0.70% of the entire equity interest of Dongguan Boton to Mr. Li;
- (viii) Champion Sharp has unconditionally agreed to transfer approximately 4.69% of the entire equity interest of Dongguan Boton to Ms. Yang;
- (ix) Champion Sharp has conditionally agreed to transfer approximately 1.98% of the entire equity interest of Dongguan Boton to the First Limited Partnership; and
- (x) Champion Sharp has conditionally agreed to transfer approximately 2.03% of the entire equity interest of Dongguan Boton to the Second Limited Partnership.

Consideration

Pursuant to the Equity Transfer Agreement, the aggregate consideration for acquiring the Sale Interest by the Purchasers is approximately RMB68,850,000 (equivalent to approximately HK\$75,576,290), of which approximately RMB36,490,500 (equivalent to approximately HK\$40,055,434) will be paid to Shenzhen Boton and approximately

RMB32,359,500 (equivalent to approximately HK\$35,520,856) will be paid to Champion Sharp. The consideration was determined after arm's length negotiations between the Vendors and the Purchasers with reference to (i) the audited net asset value of the Spin-off Group of RMB235,096,000 (equivalent to approximately HK\$258,063,666) as at 31 December 2019; (ii) the market value of Dongguan Boton as at 31 December 2019 of approximately RMB308,000,000 (equivalent to approximately HK\$338,090,011) as valued by an independent valuer; and (iii) the Profit Guarantee (as defined below) and undertakings warranted and undertaken by the Purchasers.

Each of the Purchasers will pay the consideration in proportion to the Sale Interest that he/she/it acquires. The consideration to be paid by Mr. Qian, Mr. Li and Ms. Yang shall be settled by their personal resources and that to be paid by the Limited Partnerships shall be contributed by the respective partners thereof in proportion to his/her respective equity interest in the Limited Partnerships.

Conditions Precedent

Completion is conditional upon the fulfillment or waiver (as the case may be) of certain conditions which include, *inter alia*:

- (a) all internal approval procedure of Dongguan Boton (including but not limited to the passing of shareholders' resolutions approving the Disposal and obtaining the waiver in relation to the right of first refusal by all existing shareholders of Dongguan Boton) in respect of the Equity Transfer Agreement and the Disposal having been completed;
- (b) due diligence investigation on Dongguan Boton having been completed to the full satisfaction of the Purchasers;
- (c) all necessary governmental approvals and third parties' consents, approvals and waivers required to be obtained in respect of the Equity Transfer Agreement and the Disposal having been obtained; and
- (d) the representations and warranties made by the Vendors remaining to be true and accurate and not misleading in material respect on the Completion Date.

Save and except conditions (a) and (c), the Purchasers may waive any or all of the conditions precedent above. If the conditions precedent are not fulfilled or waived on or before 31 December 2020 (or such other date as the parties to the Equity Transfer Agreement may agree in writing), the Equity Transfer Agreement shall be of no effect, subject to the liability of any party to the other in respect of the antecedent breaches of the terms pursuant to the Equity Transfer Agreement.

Profit Guarantee and Undertakings

Pursuant to the Equity Transfer Agreement, after taking into account of the impact of the outbreak of the coronavirus (COVID-19) disease, each of the Purchasers unconditionally and irrevocably represents and warrants to and undertakes with Shenzhen Boton while each of the Limited Partnerships unconditionally and irrevocably represents and warrants to and undertakes with Champion Sharp that Dongguan Boton Group will maintain an annual growth of not less than 10% of its revenue and net profit excluding extraordinary items (the “**Profit Guarantee**”) in the five financial years after the Completion Date (the “**Relevant Period**”). The amount of the Profit Guarantee for the first financial year ending 31 December 2020 shall be calculated based on the revenue and net profit excluding extraordinary items stated in the audited report of Dongguan Boton Group for the financial year ended 31 December 2019. If there occurs an event of force majeure relating to natural disasters including flooding which may materially and adversely affect the achievement of the Profit Guarantee, subject to the approval of Shenzhen Boton, the Profit Guarantee in the relevant financial year shall be achieved in the subsequent financial year and the Relevant Period shall be extended accordingly.

The Profit Guarantee shall survive Completion but shall be automatically terminated upon completion of the Proposed Spin-off and the Proposed A-Share Listing. The audited financial statements of Dongguan Boton Group confirming the revenue and net profit excluding extraordinary items of Dongguan Boton Group shall be final, conclusive and binding on the parties to the Equity Transfer Agreement. The parties to the Equity Transfer Agreement shall use their reasonable endeavours to procure the auditors to issue the aforesaid audited financial statements not later than three months after the end of each financial year of Dongguan Boton Group. Each of the Purchasers unconditionally and irrevocably undertakes that, if the Profit Guarantee cannot be met in any two consecutive years during the Relevant Period (save and except due to the occurrence of the aforesaid force majeure events), he/she/it must, within 30 days after the issue of the aforesaid audited financial statement, transfer the respective Sale Interest (save and except the respective Sale Interest transferred from Champion Sharp to Mr. Qian, Mr. Li and Ms. Yang under the Equity Transfer Agreement) to the Vendors at the consideration which shall be calculated in accordance with the following manner:

$$\text{Consideration} = \text{relevant equity interest} \times \text{discounted rate}^*$$

* formula of discounted rate:

- (i) if only the revenue does not meet the Profit Guarantee, the discount rate shall be the actual revenue divided by the revenue portion of the Profit Guarantee;

- (ii) if only the net profit excluding extraordinary items does not meet the Profit Guarantee, the discount rate shall be the actual net profit excluding extraordinary items divided by the net profit portion (excluding extraordinary items) of the Profit Guarantee;
- (iii) if both the revenue and the net profit excluding extraordinary items do not meet the Profit Guarantee, the discount rate shall be the sum of the actual revenue and the actual net profit (excluding extraordinary items) divided by the Profit Guarantee.

During the Relevant Period, in the event that any of the Purchasers ceases to be an employee or director of Dongguan Boton or director of the Company for any reason (the “**Cessation**”), he/she/it must transfer his/her/its respective Sale Interest (save and except the respective Sale Interest transferred from Champion Sharp to Mr. Qian, Mr. Li and Ms. Yang under the Equity Transfer Agreement) to the Vendors within 30 days following the Cessation (or such longer period as the Directors may determine) at the consideration which shall be calculated in accordance with the following manner:

$$\text{Consideration} = \text{relevant equity interest} \times \frac{\text{original transfer price under the Equity Transfer Agreement or discounted rate}^*}{100}$$

* In the event that the Cessation occurs before the end of the relevant financial year, the Profit Guarantee and the actual unaudited revenue and net profit excluding extraordinary items shall be calculated on the basis of the actual number of days elapsed and on the basis of a 365-day year. In calculating the actual number of days, the date of Cessation shall not be included. If the Profit Guarantee is fulfilled, the relevant Purchaser shall transfer his/her/it equity interest of Dongguan Boton to the Vendors at the original transfer price under the Shenzhen Boton Agreement. Otherwise, the transfer price shall be adjusted and calculated in accordance with the following manner:

- (i) if only the revenue does not meet the Profit Guarantee, the discount rate shall be the actual revenue divided by the revenue portion of the Profit Guarantee;
- (ii) if only the net profit excluding extraordinary items does not meet the Profit Guarantee, the discount rate shall be the actual net profit excluding extraordinary items divided by the net profit portion (excluding extraordinary items) of the Profit Guarantee;
- (iii) if both the revenue and the net profit excluding extraordinary items do not meet the Profit Guarantee, the discount rate shall be the sum of the actual revenue and the actual net profit (excluding extraordinary items) divided by the Profit Guarantee.

If the transfer obligations under Profit Guarantee and Cessation take place in the future, they may constitute notifiable transactions and/or connected transactions. As such, the Company shall comply with the relevant Listing Rules.

Pursuant to the Equity Transfer Agreement, save as otherwise provided in the Equity Transfer Agreement, during the Relevant Period, each of the Purchasers shall not, directly or indirectly, *inter alia*:

- (a) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any securities that are convertible into or exercisable or exchangeable for or repayable with the Sale Interest;
- (b) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the ownership of the Sale Interest, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Sale Interest or the securities, in cash or otherwise; or
- (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) and/or (b) above.

All the undertakings and warranties of the Purchasers under the Equity Transfer Agreement shall survive the Completion and shall be automatically terminated upon completion of the Proposed Spin-off and the Proposed A-Share Listing.

Completion

Completion will take place on the Completion Date after the fulfillment (or waiver, as the case may be) of all the conditions precedents as stated in the paragraph headed “Conditions precedent” above.

Effect of the Disposal

Upon completion of the Disposal, Dongguan Boton will be legally and beneficially held as to approximately 37.1% by Shenzhen Boton, approximately 32.9% by Champion Sharp, approximately 10% by Mr. Qian, approximately 1.5% by Mr. Li, approximately 9.98% by Ms. Yang and approximately 8.52% by the Limited Partnerships. Shenzhen Boton remains to be the single largest shareholder of Dongguan Boton. Upon completion of the Disposal, Shenzhen Boton, Champion Sharp, Mr. Qian, Mr. Li, Ms. Yang and the Limited Partnerships shall enter into the Deed to acknowledge and confirm, among other things, that (i) they are and will be parties acting in concert in respect of each of the members of the Spin-off Group since the completion of the Disposal and will continue to act in the same manner after completion of the Proposed Spin-off and the Proposed A-Share Listing; (ii) Dongguan Boton will remain as a subsidiary of Shenzhen Boton; and (iii) in making and

implementing key decisions regarding the finance and operation of the Spin-off Group, each of the parties to the Deed will be acting in concert with one another to exert management influence on the operation and management. Shenzhen Boton will be appointed as a voting representative of the other parties to the Deed in the general meetings of Dongguan Boton and will, through the negotiation with other parties to the Deed, reach consensus as to the voting instructions. Accordingly, the Company is able to vote for or against the shareholders' resolutions of the Spin-off Group and maintain control of Dongguan Boton and hence, Dongguan Boton will remain as a subsidiary of the Company and the financial results of the Spin-off Group will be consolidated into the Group's financial statements.

FINANCIAL EFFECT OF THE SHENZHEN BOTON'S DISPOSAL

A summary of the audited financial information of Dongguan Boton for the two years ended 31 December 2019 are set out below:

	For the year ended 31 December 2018	For the year ended 31 December 2019
Net profit/(loss) before tax	approximately RMB55,288,000 (equivalent to approximately HK\$60,689,352)	approximately RMB36,315,000 (equivalent to approximately HK\$39,862,788)
Net profit/(loss) after tax	approximately RMB47,074,000 (equivalent to HK\$51,672,887)	approximately RMB31,062,000 (equivalent to HK\$34,096,597)
Net Assets	approximately RMB271,761,000 (equivalent to approximately HK\$298,310,648)	approximately RMB235,096,000 (equivalent to approximately HK\$258,063,666)

Based on the above financial information and the aggregate consideration of the Shenzhen Boton's Disposal of approximately RMB36,490,500 (equivalent to approximately HK\$40,055,434), it is expected that the Group will record a loss of approximately RMB889,764 (equivalent to approximately HK\$976,689) from the Shenzhen Boton's Disposal at the Completion. This is calculated with reference to the difference of the consideration for the Shenzhen Boton's Disposal and 15.9% of the audited net assets value of Dongguan Boton as at 31 December 2019. The Board

intends to apply the net proceeds from the Shenzhen Boton's Disposal of approximately RMB35,500,000 (equivalent to approximately HK\$38,968,167) to be received by Shenzhen Boton for the general working capital of the Group.

INFORMATION ON THE PURCHASERS

Mr. Qian

Mr. Qian was an executive director of the Company for the period from 15 March 2007 to 5 January 2018 and has been a director of Dongguan Boton since 19 December 2014. As such, Mr. Qian is a connected person of the Company under the Listing Rules.

Mr. Li

Mr. Li has been an executive Director of the Company since April 2005. As such, he is a connected person of the Company under the Listing Rules.

Ms. Yang

Ms. Yang is the spouse of Mr. Wang, who is the chairman of the Board, the chief executive officer and an executive Director of the Company. As such, Ms. Yang is a connected person of the Company under the Listing Rules.

Limited Partnerships

The First Limited Partnership and the Second Limited Partnership were set up by Mr. Wang together with a senior management staff and certain employees of Dongguan Boton in Shenzhen, PRC both on 9 June 2020 respectively. Mr. Wang acts as a general partner and is responsible for the daily operations and management of the Limited Partnerships while the said senior management and employees act as limited partners and will not be involved in the day-to-day management of the Limited Partnerships. Each partner of the Limited Partnerships shall settle the consideration in proportion to his/her respective equity interest in the Limited Partnerships.

First Limited Partnership

Details of the First Limited Partnership are set out below:

	Name of the partners	Role in Dongguan Boton	Ownership in the First Limited Partnership
General partner:	Mr. Wang	Director	approximately 0.24%
Limited partners:	Qiu Jing* (邱京)	Senior management	approximately 45.13%
	Fu Congrui* (付從瑞)	Assistant to General Manager	approximately 30.88%
	Zhang Mingyu* (章明宇)	Assistant to General Manager	approximately 23.75%

Second Limited Partnership

Details of the Second Limited Partnership are set out below:

	Name of the partners	Role/Department in Dongguan Boton	Ownership in the Second Limited Partnership
General partner:	Mr. Wang	Director	approximately 0.24%
Limited partners:	Wang Xiaohong (王小紅)	Food flavors — Senior Flavorer	approximately 9.28%
	Zhu Hui (朱暉)	Research and development department — Supervisor	approximately 6.96%
	Yu Yongfei (于泳飛)	Research and development department — Supervisor	approximately 2.32%
	Fang Bin (方彬)	Food flavors — Senior Flavorer	approximately 6.96%
	Fu Lei (付蕾)	Fine Fragrances — Senior Flavorer	approximately 6.96%
	Li Jin (李進)	Secretary of the Board	approximately 2.32%
	Duan Xu* (段旭)	Secretarial Department — Supervisor	approximately 2.32%
	Yan Qing (嚴青)	Food Flavors — Senior Application Engineer	approximately 2.32%
	Wang Aichun (王愛春)	Food Flavors Flavorer I (Supervisor)	approximately 2.32%
	Lin Darong (林達榮)	Food Flavors Application Engineer I (Supervisor)	approximately 2.32%
	Wu Liyong (吳利勇)	Fine Fragrances Flavorer II (Supervisor)	approximately 2.32%

Name of the partners	Role/Department in Dongguan Boton	Ownership in the Second Limited Partnership
Wu Jilin (吳奇林)	Research and development department Application Engineer II (Supervisor)	approximately 2.32%
Zhang Yong (張勇)	Technical Support — Assistant Manager	approximately 2.32%
Xu Ronggui (徐榮桂)	Fine Fragrances — Technical Department — Director	approximately 9.28%
Chen Jianbo (陳建波)	Food Flavors Promotion II — Director	approximately 6.96%
Liu Xuhui (劉旭輝)	Sales department — Manager	approximately 2.32%
Xu Yuqiong (許玉琼)	Sales Department I (Fine Fragrances) — Sales	approximately 4.64%
Wang Yue (王越)	International Sales Department — Assistant Manager	approximately 2.32%
Liang Bin Xian (梁彬賢)	Sales Department I (Fine Fragrances) — Manager	approximately 2.32%
Lai Xiaoling (賴小玲)	Human Resources Department — Manager	approximately 4.64%
Ni Jianhua (倪建華)	Finance Department — Manager	approximately 4.64%
Xie Changqiang (謝常青)	Operation Assurance Department — Director	approximately 4.64%
Hu Jun (胡軍)	Production Department — Manager	approximately 2.32%
Zhang Jian Jun (張建軍)	Logistic Department — Manager	approximately 2.32%
Zi Yuting (資玉婷)	Information and Brand Administrator	approximately 2.32%

INFORMATION OF THE GROUP AND DONGGUAN BOTON

The Company is an investment holding company and the Group is principally engaged in trading, manufacturing and selling of extracts, flavors and fragrances in the PRC, and starting in 2016, penetrating into the market of e-cigarettes and e-cigarette related products.

Dongguan Boton is a company established in the PRC on 18 April 2014 and is principally engaged in the research and development, manufacturing and sale of food flavors and fine fragrances.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the announcement of the Company dated 10 October 2018, the Company was considering the feasibility of the Proposed Spin-off and the Proposed A-Share Listing. The Disposal can help to convert Dongguan Boton from a limited liability company (有限責任公司) to a joint stock limited company (股份有限公司) in preparation for the Proposed A-Share Listing. The Disposal satisfies the legal requirement of the Company Law of the PRC, which states that for joint stock limited companies, there shall be more than two and less than 200 promoters, of which more than half shall have their domicile within the territory of the PRC. Upon completion of the Disposal, all individual shareholders of Dongguan Boton (including the partners of the Limited Partnerships) are PRC residents and are domiciled in the PRC.

In addition, the Disposal is regarded as an incentive scheme to recognise and motivate the contributions that the Purchasers have made or may make to the Spin-off Group. If the Proposed Spin-off and the Proposed A-Share Listing materialise, the Disposal would allow the Purchasers to benefit from an increase in share price (if any) of the shares of the Spin-off Group, which would assist in recognising and motivating the Purchasers. On the other hand, if the Proposed A-Share Listing is not approved by the Shenzhen Stock Exchange of the PRC eventually after completion of the Disposal, the Purchasers will not be required to transfer the relevant Sale Interest back to Shenzhen Boton or Champion Sharp (as the case may be) save and except for the circumstances mentioned under the paragraph headed “Profit Guarantee and Undertakings” above. Therefore, the Disposal is not inter-conditional with the Proposed Spin-off and the Proposed A-Share Listing.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement, which are determined after arm’s length negotiations between the Vendors and the Purchasers, are on normal commercial terms and are fair and reasonable, and the Shenzhen Boton’s Disposal is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Qian is a director of Dongguan Boton (an indirect non-wholly owned subsidiary of the Company) while Mr. Li is an executive Director of the Company, hence they are connected persons of the Company. Mr. Wang, being the chairman of the Board, the chief executive officer and an executive Director of the Company, is a connected person of the Company and his spouse, Ms. Yang, being Mr. Wang’s associate, is also a connected person of the company. As for the Limited Partnerships, Mr. Wang is the

general partner and is responsible for the daily operation and management of the Limited Partnerships, hence the Limited Partnerships are also connected persons of the Company.

In light of the above, the Shenzhen Boton's Disposal constitutes a connected transaction under the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the Shenzhen Boton's Disposal is subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

Other than Mr. Wang and Mr. Li, none of the Directors has a material interest in the Shenzhen Boton's Disposal, Mr. Wang and Mr. Li have abstained from voting on the relevant Board resolutions approving the Shenzhen Boton's Disposal.

Completion of the Disposal is subject to the fulfilment of the various conditions precedent as set out under the paragraph headed "Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day(s)"	any day (excluding Saturday, Sunday and public holiday in Hong Kong) on which banks in Hong Kong and the PRC are open for business
"Champion Sharp"	Champion Sharp International Investment Limited (盛冠國際投資有限公司), a company incorporated in Hong Kong which is wholly-owned by Mr. Wang
"Company"	China Boton Group Company Limited (中國波頓集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 3318)
"Completion"	completion of the Disposal

“Completion Date”	within 5 Business Days after all conditions precedent in the Equity Transfer Agreement have been fulfilled or waived (as the case may be)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed”	the concert parties confirmatory deed to be entered into between Shenzhen Boton, Champion Sharp, Mr. Qian, Mr. Li, Ms. Yang and the Limited Partnerships upon completion of the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Vendors to the Purchasers pursuant to the Equity Transfer Agreement
“Dongguan Boton”	Dongguan Boton Flavors and Fragrances Company Limited* (東莞波頓香料有限公司) (formerly known as Dongguan Tian Cheng Fragrances Technology Company Limited (東莞天成香料科技有限公司)), a company established in the PRC which is owned as to 53% by Shenzhen Boton and 47% by Champion Sharp respectively
“Dongguan Boton Group”	Dongguan Boton and its subsidiaries from time to time
“Equity Transfer Agreement”	an equity transfer agreement dated 12 June 2020 in respect of the Disposal
“First Limited Partnership”	Shenzhen Xiangyuan Enterprise Management Partnership* (深圳香源企業管理合夥企業) the limited partnership set up by Mr. Wang, a senior management staff and two employees of Dongguan Boton, in which Mr. Wang acts as a general partner and owns approximately 0.24% of the shareholding of the limited partnership
“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 PRC
“Limited Partnerships”	collectively, the First Limited Partnership and the Second Limited Partnership

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Qing Long (李慶龍), an executive Director of the Company
“Mr. Qian”	Mr. Qian Wu (錢武), a director of Dongguan Boton
“Mr. Wang”	Mr. Wang Ming Fan (王明凡), the chairman of the Board, the chief executive officer and an executive Director of the Company and the spouse of Ms. Yang
“Ms. Yang”	Ms. Yang Yifan (楊伊帆), the spouse of Mr. Wang
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed A-Share Listing”	the proposed A shares listing of Dongguan Boton on the Shenzhen Stock Exchange of the PRC
“Proposed Spin-off”	the proposed spin-off of Dongguan Boton
“Purchasers”	collectively, Mr. Qian, Mr. Li, Ms. Yang and the Limited Partnerships
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	collectively, approximately 30% of the entire equity interest of Dongguan Boton
“Second Limited Partnership”	Shenzhen Xiangju Enterprise Management Partnership* (深圳香聚企業管理合夥企業) the limited partnership set up by Mr. Wang and 25 employees of Dongguan Boton, in which Mr. Wang acts as a general partner and owns approximately 0.24% of the shareholding of the limited partnership
“Shareholder(s)”	holder(s) of share(s) in issue
“Shenzhen Boton”	Shenzhen Boton Flavors and Fragrances Company Limited* (深圳波頓香料有限公司), a company established in the PRC which is an indirect wholly-owned subsidiary of the Company

“Shenzhen Boton’s Disposal”	the disposal of an aggregate of approximately 15.9% of the entire equity interest of Dongguan Boton by Shenzhen Boton to the Purchasers
“Spin-off Group”	the listing vehicle of the Proposed A-Share Listing together with its subsidiaries including but not limited to Dongguan Boton
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively, Shenzhen Boton and Champion Sharp
“%”	per cent

** For identification purpose only. The Chinese name has been translated in English in this announcement. In the event of any discrepancies between the Chinese name and the English translation, the Chinese name prevails.*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1 to HK\$0.911. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By Order of the Board
China Boton Group Company Limited
Wang Ming Fan, MH
Chairman and Chief Executive Officer

Hong Kong, 12 June 2020

As at the date of this announcement, the Board comprises Mr. Wang Ming Fan, Mr. Li Qing Long and Mr. Yang Ying Chun as executive Directors, and Mr. Leung Wai Man, Roger, Mr. Ng Kwun Wan and Mr. Zhou Xiao Xiong as independent non-executive Directors.