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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board of Directors (the "**Board**" or "**Directors**") of China Boton Group Company Limited (the "**Company**") approved the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 together with the unaudited comparative figures for the corresponding period in 2024. These unaudited interim condensed consolidated financial statements have been reviewed by the Company's Audit Committee.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in Renminbi thousands unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**2,164,053**	1,993,623
Right-of-use assets	*7*	**156,771**	152,934
Investment properties		**631,400**	631,800
Intangible assets	*6*	**1,597,156**	1,615,432
Investment in an associate		**1,745**	1,768
Deferred income tax assets		**34,466**	32,495
Prepayments for property, plant and equipment	*8*	**5,369**	6,162
		4,590,960	4,434,214
Current assets			
Inventories		**283,153**	337,053
Trade and other receivables	*8*	**875,808**	938,946
Pledged deposits for bank borrowings	*12*	**183,500**	183,500
Financial assets at fair value through profit or loss		**140,577**	121,491
Cash and cash equivalents		**236,668**	282,721
		1,719,706	1,863,711
Total assets		**6,310,666**	6,297,925
EQUITY			
Attributable to owners of the Company			
Share capital	*9*	**101,522**	101,522
Share premium	*9*	**1,292,432**	1,292,432
Shares held under the share award scheme	*10*	**(979)**	(979)
Retained earnings		**1,235,057**	1,245,431
Other reserves		**505,822**	502,549
		3,133,854	3,140,955
Non-controlling interests		**277,609**	268,323
Total equity		**3,411,463**	3,409,278

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred government grants		**34,389**	34,724
Deferred income tax liabilities		**67,430**	73,896
Borrowings	*12*	**1,133,013**	955,904
Lease liabilities	*7*	**11,697**	7,121
		1,246,529	1,071,645
Current liabilities			
Trade and other payables	*11*	**629,461**	807,141
Contract liabilities		**41,531**	38,454
Lease liabilities	*7*	**3,659**	2,758
Current income tax liabilities		**71,375**	74,563
Borrowings	*12*	**906,648**	894,086
		1,652,674	1,817,002
Total liabilities		**2,899,203**	2,888,647
Total equity and liabilities		**6,310,666**	6,297,925

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(All amounts in Renminbi thousands unless otherwise stated)

		(Unaudited)	
		Six months ended 30 June	
	Note	**2025**	2024
Revenue	*5,13*	**637,753**	750,975
Cost of sales	*16*	**(438,894)**	(445,344)
Gross profit		**198,859**	305,631
Selling and marketing expenses	*16*	**(24,891)**	(23,591)
Administrative expenses	*16*	**(146,265)**	(168,533)
Reversal of net impairment losses/(net impairment losses) on financial assets		**4,379**	(9,052)
Other income	*14*	**1,460**	2,244
Other gains – net	*15*	**183**	2,538
Operating profit		**33,725**	109,237
Finance income	*17*	**621**	2,306
Finance costs	*17*	**(23,506)**	(30,313)
Finance costs – net		**(22,885)**	(28,007)
Profit before income tax		**10,840**	81,230
Income tax expense	*18*	**(2,133)**	(18,548)
Profit for the period		**8,707**	62,682
Attributable to:			
Owners of the Company		**(8,119)**	44,332
Non-controlling interests		**16,826**	18,350
		8,707	62,682
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted (losses)/earnings per share	*19*	**(0.01)**	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi thousands unless otherwise stated)

	(Unaudited) Six months ended 30 June	
	2025	2024
Profit for the period	**8,707**	62,682
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**2,604**	(3,292)
Total comprehensive income for the period	**11,311**	59,390
Attributable to:		
Owners of the Company	**(4,875)**	42,461
Non-controlling interests	**16,186**	16,929
Total comprehensive income for the period	**11,311**	59,390

Notes:

1. GENERAL INFORMATION

China Boton Group Company Limited (the "Company") and its subsidiaries (together the "Group") manufacture and sell flavors, fragrances and e-Cigarettes products mainly in the People's Republic of China (the "PRC") and Asia. The Company was incorporated in the Cayman Islands on 9 March 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.

On 9 December 2005, shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements (the "Interim Financial Information") are presented in Renminbi ("RMB"), unless otherwise stated.

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 22 August 2025.

These interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 (the "Period") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024 (the "2024 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in this Interim Financial Information.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5. REVENUE AND SEGMENT INFORMATION

The Group considers the business from product perspective. The Group is organised into five segments: flavor enhancers, food flavors, fine fragrances, e-Cigarette products and investment properties. The Group assesses the performance of the segments based on profit for the period.

The segment information for the six months ended 30 June 2025 is presented below.

	Flavor enhancers	Food flavors	Fine fragrances	e-Cigarette products	Investment properties	Unallocated	Total segments
Segment revenue	179,879	93,051	73,115	267,233	25,009	—	638,287
Inter-segment revenue	(416)	—	—	—	(118)	—	(534)
Revenue from external customers	179,463	93,051	73,115	267,233	24,891	—	637,753
Other income	759	393	231	77	—	—	1,460
Other gains/(losses) - net	(127)	793	898	(981)	(400)	—	183
Operating profit/(loss)	(7,363)	25,694	17,037	(20,027)	24,491	(6,107)	33,725
Finance income	117	279	168	42	—	15	621
Finance costs	(27,908)	(7)	(8)	(196)	—	4,613	(23,506)
Finance costs – net	(27,791)	272	160	(154)	—	4,628	(22,885)
Profit/(loss) before income tax	(35,154)	25,966	17,197	(20,181)	24,491	(1,479)	10,840
Income tax (expense)/credit	5,482	(3,002)	(2,348)	1,409	(3,674)	—	(2,133)
Profit/(loss) for the period	(29,672)	22,964	14,849	(18,772)	20,817	(1,479)	8,707
Depreciation and amortisation	41,793	3,675	4,083	8,656	—	—	58,207
(Reversal of net impairment losses)/ net impairment losses on financial assets	1,221	(719)	238	(5,119)	—	—	(4,379)
(Reversal of write-down)/write-down of inventories to net realisable value	54	(94)	(104)	(4,501)	—	—	(4,645)
Capital expenditures	33,244	219	244	180,644	—	—	214,351

The segment information for the six months ended 30 June 2024 is presented below.

	Flavor enhancers	Food flavors	Fine fragrances	e-Cigarette products	Investment properties	Unallocated	Total segments
Segment revenue	313,993	90,286	69,567	256,132	26,933	—	756,911
Inter-segment revenue	(5,936)	—	—	—	—	—	(5,936)
Revenue from external customers	308,057	90,286	69,567	256,132	26,933	—	750,975
Other income	731	306	351	856	—	—	2,244
Other gains/(losses) - net	(888)	224	1,565	(2)	(400)	2,039	2,538
Operating profit/(loss)	88,014	34,207	15,260	(15,034)	27,351	(40,561)	109,237
Finance income	1,486	293	310	108	—	109	2,306
Finance costs	(22,399)	(145)	—	(1,173)	—	(6,596)	(30,313)
Finance costs – net	(20,913)	148	310	(1,065)	—	(6,487)	(28,007)
Profit/(loss) before income tax	67,101	34,355	15,570	(16,099)	27,351	(47,048)	81,230
Income tax (expense)/credit	(6,782)	(6,002)	(4,897)	6,701	(4,102)	(3,466)	(18,548)
Profit/(loss) for the period	60,319	28,353	10,673	(9,398)	23,249	(50,514)	62,682
Depreciation and amortisation	38,112	4,664	3,452	10,098	—	—	56,326
Net impairment losses on financial assets	87	1,648	1,464	2,997	—	2,856	9,052
(Reversal of write-down)/write-down of inventories to net realisable value	257	(2,661)	(3,059)	1	—	—	(5,462)
Capital expenditures	55,411	1,357	313	18,396	—	—	75,477

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Intangible assets
Six months ended 30 June 2024 (Unaudited)		
Opening net book amount as at 1 January 2024	1,528,866	1,721,629
Additions	72,496	166
Other disposals	(40)	—
Depreciation and amortisation	(30,902)	(21,197)
Closing net book amount as at 30 June 2024	1,570,420	1,700,598
Six months ended 30 June 2025 (Unaudited)		
Opening net book amount as at 1 January 2025	**1,993,623**	**1,615,432**
Additions	**204,622**	**262**
Other disposals	**(153)**	**—**
Depreciation and amortisation	**(34,039)**	**(18,538)**
Closing net book amount as at 30 June 2025	**2,164,053**	**1,597,156**

7. LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	As at	
	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Right-of-use assets		
Land use rights	**142,078**	143,981
Buildings	**14,693**	8,953
	156,771	152,934
Lease liabilities		
Current	**3,659**	2,758
Non-current	**11,697**	7,121
	15,356	9,879

(b) Amounts recognised in the interim condensed consolidated income statement

The interim condensed consolidated income statement shows the following amounts relating to leases:

	(Unaudited) Six months ended 30 June	
	2025	2024
Depreciation charge of right-of-use assets:		
Land use rights	**1,903**	2,167
Buildings	**3,727**	2,060
	5,630	4,227
Interest expenses (included in finance costs — net)	**445**	195
Expenses relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expenses) (Note 16)	**5,460**	4,953

8. TRADE AND OTHER RECEIVABLES

		As at	
	Note	**30 June 2025 (Unaudited)**	31 December 2024 (Audited)
Trade receivables	*(a)*	**629,156**	714,933
Less: provision for expected credit loss		**(243,645)**	(248,092)
Trade receivables – net		**385,511**	466,841
Bills receivable	*(b)*	**6,013**	5,045
		391,524	471,886
Other receivables:			
– Prepayments	*(c)*	**346,297**	334,197
– Other deposits	*(d)*	**95,258**	72,671
– Excess of input over output value added tax		**31,251**	30,530
– Advances to staff		**5,082**	4,166
– Others		**14,273**	34,098
		492,161	475,662
Less: provision for expected credit loss		**(2,508)**	(2,440)
Other receivables – net		**489,653**	473,222
		881,177	945,108
Less: non-current prepayments for property, plant and equipment		**(5,369)**	(6,162)
Current		**875,808**	938,946

(a) The credit period granted to customers is between 30 to 360 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Less than 3 months	**208,247**	300,331
More than 3 months but not exceeding 1 year	**153,163**	149,314
More than 1 year	**267,746**	265,288
	629,156	714,933

(b) Bills receivable are with maturity up to 6 months.

The carrying amounts of trade and other receivables are mainly demonstrated in RMB and approximate their fair value.

(c) The amount mainly represents prepayments for raw materials.

(d) The amount mainly represents deposits for suppliers and rental deposits.

9. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	**Share capital**	**Share premium**	**Total**
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	1,080,512	101,522	1,292,432	1,393,954

10. SHARES HELD UNDER THE SHARE AWARD SCHEME

On 11 December 2023, the Company adopted the share award scheme (the “Share Award Scheme”). The adoption of the Share Award Scheme provides for the award of ordinary share(s) of HK$0.10 each in the share capital of the Company to any employee participant or service provider which the Company considers, in their sole discretion, to have contributed or will contribute to the Company and its subsidiaries, who are not required to pay for those shares either on grant or on vesting of the award. The Trustee, namely Tricor Trust (Hong Kong) Limited, is a professional institution appointed by the Company as such to operate and administer the Share Award Scheme in accordance with the terms of the Share Award Scheme.

No share was awarded under the Share Award Scheme during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

As at 30 June 2025, 500,000 shares were held by the Trustee and have yet to be awarded (31 December 2024: 500,000 shares).

11. TRADE AND OTHER PAYABLES

		As at	
		30 June	31 December
		2025	2024
	Note	**(Unaudited)**	(Audited)
Trade payables	*(a)*	**292,667**	432,587
Payables for business combinations		**150,000**	150,000
Interest payable		**988**	1,604
Salaries payable		**14,720**	44,447
Other taxes payable		**27,543**	35,136
Accrued expenses		**12,444**	17,238
Amount due to the directors and employees of Dongguan Boton		**36,491**	36,491
Bills payable		**20,000**	1,141
Amount due to a related party	*(b)*	**27,470**	—
Others		**47,138**	88,497
		629,461	807,141

The carrying amounts of trade and other payables are mainly denominated in RMB.

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
Less than 3 months	**133,881**	290,632
More than 3 months but not exceeding 1 year	**87,834**	64,980
More than 1 year	**70,952**	76,975
	292,667	432,587

(b) The above amount due to a related party represents amount due to Mr. Wang Ming Fan, the ultimate controlling shareholder of the Company, which is unsecured, repayable on demand and interest-free.

12. BORROWINGS

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Non-current		
Bank borrowings		
– secured (b)	**1,145,848**	701,240
– unsecured	**412,033**	456,948
Other borrowings		
– secured	**93,707**	72,000
	1,651,588	1,230,188
Less: current portion of non-current borrowings	**(518,575)**	(274,284)
	1,133,013	955,904
Current		
Bank borrowings		
– secured (b)	**227,653**	231,192
– unsecured	**160,420**	388,610
	388,073	619,802
Current portion of non-current borrowings	**518,575**	274,284
	906,648	894,086
Total borrowings	**2,039,661**	1,849,990

(a) The Group's borrowings are denominated in the following currencies:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
RMB	**1,804,455**	1,605,911
HKD	**235,206**	244,079
Total	**2,039,661**	1,849,990

(b) As at 30 June 2025, bank borrowings were secured by:

- Property, plant and machinery of RMB1,349,164,000 (31 December 2024: RMB1,186,918,000);
- Investment properties of RMB631,400,000 (31 December 2024: RMB631,800,000);
- Bank deposits of RMB183,500,000 (31 December 2024: RMB183,500,000);
- Land use rights of RMB64,227,000 (31 December 2024: RMB64,926,000);
- 100% equity pledge of Shenzhen Boton Flavors & Fragrances Co., Ltd. ("Shenzhen Boton") (31 December 2024: same);
- Personal guarantee by Wang Ming Fan, Chairman of the Group (31 December 2024: same);
- Corporate guarantee by the Company and Shenzhen Boton (31 December 2024: same).

13. REVENUE

The Group is principally engaged in trading, manufacturing and selling of extracts, flavors and fragrances. It also engaged in design and manufacturing of high quality electronic cigarettes and the related products as well. Revenue consists of sales of extracts, flavors, fragrances, e-Cigarette products and rental on investment properties. Revenue for the six months ended 30 June 2025 was as follows:

	(Unaudited) Six months ended 30 June	
	2025	2024
Revenue from contracts with customers		
Recognized at a point in time:		
Sales of goods	**612,862**	724,042
Revenue from other sources:		
Rental income	**24,891**	26,933
	637,753	750,975

14. OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2025	2024
Government grants	**1,239**	1,306
Others	**221**	938
	1,460	2,244

15. OTHER GAINS - NET

	(Unaudited) Six months ended 30 June	
	2025	2024
Fair value losses on investment properties	**(400)**	(400)
Others	**583**	2,938
	183	2,538

16. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	(Unaudited) Six months ended 30 June	
	2025	2024
Depreciation and amortisation	**58,207**	56,326
Employee benefit expenses	**91,466**	96,929
Changes in inventories of finished goods and work in progress	**43,410**	8,622
Raw materials and consumables used	**348,588**	405,999
Reversal of write-downs of inventories to net realisable value	**(4,645)**	(5,462)
Other taxes and levies	**11,333**	7,671
Operating lease payments	**5,460**	4,953
Transportation and traveling	**6,188**	7,075
Advertising costs	**6,951**	2,448
Consulting expenses	**15,583**	24,107
Entertainment	**7,372**	5,769
Office expenses	**6,447**	7,824
Others	**13,690**	15,207
Total of cost of sales, selling and marketing expenses and administrative expenses	**610,050**	637,468

17. FINANCE INCOME AND COSTS

	(Unaudited) Six months ended 30 June	
	2025	2024
Finance income		
– Interest income	**621**	2,306
Finance costs		
– Interest expenses	**(34,879)**	(34,456)
– Exchange gains	**3,582**	737
	(31,297)	(33,719)
Less: amounts capitalised on qualifying assets	**7,791**	3,406
Finance costs expensed	**(23,506)**	(30,313)
Finance costs – net	**(22,885)**	(28,007)

18. INCOME TAX EXPENSE

The amount of tax charged to the interim condensed consolidated income statement represents:

	(Unaudited) Six months ended 30 June	
	2025	2024
Current income tax	**10,570**	31,464
Deferred income tax	**(8,437)**	(12,916)
	2,133	18,548

(a) No provision for profits tax in the British Virgin Islands and the Cayman Islands has been made as the Group has no income assessable for profits tax for the period in these jurisdictions.

(b) Pursuant to the corporate income tax law effective from 1 January 2008, the subsidiaries of the Group established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable.

Certain subsidiaries of the Group, Shenzhen Boton, Boton Flavors and Fragrances Co., Ltd. (波頓香料股份有限公司) (previously known as "Dongguan Boton Flavors and Fragrances Company Limited (東莞波頓香料有限公司)") ("Dongguan Boton"), Kimsun Technology (Huizhou) Co., Ltd., Hubei Boton Biological Technology Co., Ltd. and Huizhou Babo Technology Co., Ltd. are qualified as High/New Technology Enterprises, and accordingly it is entitled to the preferential rate of 15% for the period.

19. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) Six months ended 30 June	
	2025	2024
(Loss)/profit attributable to owners of the Company	**(8,119)**	44,332
Weighted average number of ordinary shares in issue (thousands)	**1,080,012**	1,080,493
Basic (lossess)/earnings per share (RMB per share)	**(0.01)**	0.04

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Diluted earnings per share is the same as basic earnings per share due to there is no potential dilutive effect on the earnings per share for both the six months ended 30 June 2025 and the six months ended 30 June 2024.

20. DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

21. CONTINGENT LIABILITIES

During the year ended 31 December 2024, there was a legal proceeding between the Company and one of the sellers (the "Plaintiff") under the share purchase agreement ("SPA") for the acquisition of Kimree (the "Kimree Acquisition") for an alleged RMB150 million as the remaining payment of the consideration under the SPA in respect of the Kimree Acquisition. The pleading stage of this case had been closed and since then, no further step has been taken by the Plaintiff up to the date of these consolidated financial statements. As of the date of this announcement, the above case is still at an early stage and thus management cannot reasonably estimate the outcome of this case at this stage. As of 30 June 2025, the RMB150 million of the remaining payment of the consideration has been accrued and included in "Trade and other payables" (Note 11).

22. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group at the balance sheet date but not yet incurred is as follows:

	As at	
	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
Property, plant and equipment contracted but not provided for	**21,724**	188,898

(b) Commitments related to short-term leases

The future aggregate minimum lease payments under non-cancellable short-term leases contracted for at the end of period but not recognised as liabilities, are as follows:

	As at	
	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
Not later than 1 year	**174**	412

23. RELATED PARTY TRANSACTION

There was no significant transaction with related parties during the six months ended 30 June 2025 (2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL BUSINESSES OF THE GROUP

The Group was principally engaged in design and manufacturing of high quality electronic cigarettes and the related products and manufacturing, trading and selling of extracts, flavors and fragrances as well.

For our electronic cigarette ("e-Cigarette") products, such as disposable e-Cigarettes, re-chargeable e-Cigarettes and e-Cigarette accessories, they are sold to the tobacco companies, independent e-Cigarette makers and other customers under various brands, covering end users from different countries globally. In addition, our flavors products are sold to wide range of manufacturers of different industries in China and overseas, such as tobacco, beverages, daily foods, preserved food, savory and confectionery industries, and our fragrances products are sold to the manufacturers of cosmetics, perfumes, soaps, toiletries, hair care products, deodorant, detergent and air fresheners industries.

BUSINESS REVIEW

During the reporting period, the global economy was complex and full of challenge and uncertainty under the shadow of economic nationalism. The international trades were seriously affected by the prolonged wars and geopolitical tensions and affected the consumption pattern. The business segments of the Group came across a series of difficult challenges in domestic market and when expanding businesses towards international. Production costs of e-Cigarette products rose after the tightening of regulations in the PRC and various oversea countries and the increase of labour costs. Tariffs were uncertain and challenging hurdles to the expansion of the existing business segments internationally. The Group continued its stringent cost control and strived to reduce the production costs by automation in the production plants and to streamline internal procedures by corporate restructures.

For the six months ended 30 June 2025, the Group's total revenue was approximately RMB637.8 million (2024: RMB751.0 million), representing a decrease of 15.1% when compared to the same period of last year. The Group's gross profit decreased to approximately RMB198.9 million (2024: RMB305.6 million), representing a decrease of 34.9% when compared to the same period of last year. The Group's net profit for the period was approximately RMB8.7 million (2024: approximately RMB62.7 million), representing a significant decrease of 86.1% when compared to the same period of last year.

Revenue

The breakdowns of the total revenue of the Group for the six months period ended 30 June 2025 (excluding inter-segment revenue) were as follows:

	For the six months ended 30 June				
	2025		2024		
	Revenue RMB (m)	**% of total revenue**	Revenue RMB (m)	% of total revenue	% change
Flavor enhancers	**179.5**	**28.1%**	308.1	41.0%	-41.7%
Food flavors	**93.1**	**14.6%**	90.3	12.0%	+3.1%
Fine fragrances	**73.1**	**11.5%**	69.6	9.3%	+5.0%
e-Cigarette products	**267.2**	**41.9%**	256.1	34.1%	+4.3%
Investment properties	**24.9**	**3.9%**	26.9	3.6%	-7.4%
Total	**637.8**	**100.0%**	751.0	100.0%	-15.1%

Flavor enhancers

Revenue of flavor enhancers amounted approximately RMB179.5 million during the reporting period, representing a significant decrease of 41.7% from approximately RMB308.1 million of the corresponding period last year. During the reporting period, this segment had faced various challenges, including severe competition of the industry, increase of natural raw material costs, tightening of safety requirement and control of the government of different countries, changing of consumer demands and also the evolving needs of different consumers towards natural and green flavors used in cigarette products whose ingredients are derived from natural extracts or synthesized through green chemical methods. These increased the production costs, reduced the profit margin and affected the revenue and profit of this segment. In addition, the Group would continue to deploy sufficient resources to enhance the quality of flavor enhance products in order to increase the competitiveness of the products and to diversify the oversea market to attract more oversea customers.

Food flavors

Revenue of food flavors amounted approximately RMB93.1 million during the reporting period, representing a mild increase of 3.1% from approximately RMB90.3 million of the corresponding period last year. The Group continued to develop new flavors in the competitive food market and maintained stable revenue by this segment.

Fine fragrances

Revenue of fine fragrances amounted approximately RMB73.1 million during the reporting period, representing an increase of 5.0% from approximately RMB69.6 million of the corresponding period last year. The increase in the revenue of the fine fragrance segment was due to the increase of new customers and the continuous support of long relationship customers.

e-Cigarette products

Revenue of sales of e-Cigarettes (which comprised disposable e-Cigarettes and rechargeable e-Cigarettes) and its accessories was approximately RMB267.2 million during the reporting period, representing a mild increase of 4.3% from approximately RMB256.1 million of the corresponding period last year. The mild increase was due to the diversification of local customers and the extensive marketing network of the Group.

The management is recently negotiating cooperation with several significant companies. With the Group's research and development ability and all supporting facilities advantages, it is expected that the cooperation will strengthen the synergies and improve the Group's business in the second half of the year.

Investment properties

Revenue of this segment was approximately RMB24.9 million, representing a decrease of 7.4% from approximately RMB26.9 million last year. The decrease was due to end of tenancy of certain tenants under the severe property market in Shenzhen, the PRC.

Gross Profit

The Group recorded a gross profit of approximately RMB198.9 million, representing a decrease of 34.9% for the six months ended 30 June 2025 (2024: RMB305.6 million).

Net Profit for the Period

The Group's net profit for the period was approximately RMB8.7 million (2024: RMB62.7 million), representing a significant decrease of 86.1% from the corresponding period last year. Net profit margin for the reporting period had diminished to approximately 1.4% (2024: 8.3%).

Other Income

Other income was RMB1.5 million for the six months ended 30 June 2025 (2024: RMB2.2 million), representing a decrease of 34.9%. The decrease was due to decrease of income of other auxiliary businesses which were not classified under the five major business segments during the reporting period.

Other Gains – Net

Other gains – net was approximately RMB0.2 million for the six months ended 30 June 2025 (2024: gain of RMB2.5 million). The decrease of gain was mainly due to cease of a gain on deregistration of a PRC subsidiary during the reporting period when compared to same period of last year.

Expenses

Selling and marketing expenses was approximately RMB24.9 million for the six months ended 30 June 2025 (2024: RMB23.6 million), representing approximately 3.9% (2024: 3.1%) of the total revenue of the reporting period and also representing an increase of 5.5% when compared to the corresponding period of last year. The increase in selling and marketing expenses was mainly due to the increase of advertising costs.

Administrative expenses amounted to approximately RMB146.3 million for the six months ended 30 June 2025 (2024: RMB168.5 million), representing approximately 22.9% (2024: 22.4%) of the total revenue of the reporting period and also representing a decrease of 13.2% when compared to the corresponding period of last year. The decrease of the administrative expenses was mainly due to the decreases of employee benefit expenses, consulting expenses and office expenses during the reporting period.

Finance Costs – Net

Net finance costs was approximately RMB22.9 million for the six months ended 30 June 2025 (2024: RMB28.0 million). The decrease in net finance costs for the reporting period was mainly attributable to the reduction of loan interest rates on borrowings.

Corporate Culture

The corporate culture of the Group consists of “Four Transforms and Five Attitudes”. Four Transforms mean: “new brand, new culture, new strength, new image” while Five Attitudes include: “attentive, concentration, carefulness, sincerity, care”. The Group proposes “high technology, high quality, high outset and high standard” as core values and sets ambitious goals periodically in order to improve its competitiveness in the ever-changing market environment and to go forward to the international markets in the foreseeable future.

Prospects

The global economy in the second half year of 2025 is expected recovering slowly and unevenly under the disruptions of economic fragmentation and geopolitical tensions. Emerging economies, particularly countries in Asia (e.g., India, Southeast Asia), are driving the global growth. Artificial intelligence, automation, and digitalization will continue to be important and shall transform the industries by boosting productivity and reducing direct labor cost.

In 2025, the Group has proactively been restoring and strengthening its domestic market shares while accelerating the pace of globalization, especially in the developing countries. It will promote sustainable and steady growth of the existing business segments in the oversea markets through localization and technical cooperation. The Group will also continue to deploy enhanced production technology in its production plants and to seize high value-added markets. The new marketing team of the Group has implemented extensive sales strategies to expand the sales channels and net-works and also has enhanced customer service support to promote e-Cigarette products, including e-Liquid and e-Cigarette device, to different countries.

In conclusion, the Group strives to work align with our long-term objectives, including green economy, decarbonization and resilience to maintain a sustainable growth of the Group and to carry on the Group's vision of "the commitment to improve the quality of your life and becomes a symbol of quality".

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2025, the Group had net current assets of approximately RMB67.0 million (31 December 2024: RMB46.7 million). As at 30 June 2025, the Group's cash and deposit for bank borrowings were approximately RMB420.2 million (31 December 2024: RMB466.2 million). The current ratio of the Group was approximately 1.04 as at 30 June 2025 (31 December 2024: 1.03). The increase in net current assets in the reporting period was mainly attributable to the decrease in trade and other payables.

The equity attributable to shareholders of the Company as at 30 June 2025 amounted to approximately RMB3,411.5 million (31 December 2024: RMB3,409.3 million). As at 30 June 2025, the Group had a total borrowings of approximately RMB2,039.7 million (31 December 2024: RMB1,850.0 million) therefore a debt gearing ratio of 59.8% (total borrowings over total equity) (31 December 2024: 54.3%). The debt gearing ratio was increased in the reporting period when compared to last year. During the reporting period, interest rates of the short-term borrowings range from 3.4% to 5.2% while those of the long-term borrowings range from 2.8% to 6.1%. The Group adopts a central management of its financial resources and always maintain a prudent approach for a steady financial position.

Financing

The Group has secured financing for its acquisitions, either by bank borrowings or fund raising by equity. Together with funds generated from business operations, the Group is confident of sufficient funding to meet its operation and expansion plans.

Capital Structure

The share capital of the Company comprised ordinary shares for the reporting period. On 30 June 2025, the total number of issued shares of the Company was 1,080,512,146 ordinary shares.

Foreign Exchange Risk and Interest Rate Risk

The Group had net exchange gains of approximately RMB3.6 million for the six months ended 30 June 2025 (2024: exchange gains of RMB0.7 million). The Group's main operation was in the PRC during the reporting period. Most of its transactions are basically denominated in RMB save for some transactions and some bank borrowings in USD and HKD. The Company shall monitor the exchange rate of RMB against the USD and HKD closely.

It is looking into the possibility of currency hedging and will take appropriate action when favourable opportunities arise. As at 30 June 2025, the Group had bank borrowings of a total of RMB2,039.7 million (31 December 2024: RMB1,850.0 million) denominated in RMB and HKD. Lending rates on bank borrowings denominated in RMB fluctuate with reference to the People's Bank of China prescribed interest rate while bank borrowings denominated in HKD fluctuate with reference to the Hong Kong Inter-bank rates. The Group did not hedge its interest rate risk. The Board is of the opinion that the interest rate risk would not have material impact on the Group.

Charge on Group's Assets

As at 30 June 2025, the Group had charged: (i) its equity interests in some subsidiaries; (ii) certain buildings, warehouses and investment properties located at Shenzhen City owned by Shenzhen Boton (together with personal guarantee of Mr. Wang Ming Fan); (iii) the land use right of a PRC subsidiary in Hubei, PRC; (iv) certain bank deposits; (v) a property located in Hong Kong and (vi) the land use right and construction in progress of a PRC subsidiary in Huizhou, PRC as pledge for borrowings .

Capital Expenditure

During the six months ended 30 June 2025, the Group invested approximately RMB241.6 million (2024: RMB75.3 million) in fixed assets and construction in progress. At 30 June 2025, the Group had capital commitments of approximately RMB21.7 million (31 December 2024: RMB188.9 million) in respect of fixed assets, which are to be funded by internal resources and financing.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2025 (2024: nil).

STAFF POLICY

The Group had 1,112 employees in the PRC, Hong Kong and Indonesia as at 30 June 2025 (2024: 1,259 employees). The Group offers a comprehensive and competitive remuneration, retirement schemes, a share option scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are each required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant PRC laws and regulations. In addition, the Group has adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

MATERIAL INVESTMENT

During the six months ended 30 June 2025, the Group had material investment in a construction project on a land located at Huizhou Zhongkai Hi-tech Industrial Development Zone, Guangdong Province, the PRC (the "Land").

The Group had entered into an agreement with the vendor to obtain the land use right of the Land at the consideration of RMB40,490,000 on 7 April 2023. Pursuant to the agreement, the Group agreed that the fixed asset investment, included but not limited to the consideration for that acquisition, investment for the construction of buildings and machinery costs, on the Land would be approximately RMB400,000,000. The Group planned to construct the construction project and planned to expand the e-Cigarette Products Segment of the Company. Details of the aforesaid acquisition were disclosed in the Company's announcements dated 9 December 2022 and 7 April 2023 respectively.

CONTINGENT LIABILITIES

At 30 June 2025, saved for the litigation cases disclosed under the paragraph of "Legal Proceeding against Vendors of an Acquisition" in the Management Discussion and Analysis section, the Group did not have any significant contingent liabilities.

LAND RESUMPTION IN SHENZHEN

On 17 April 2024, the Company announced that Shenzhen Boton Flavors and Fragrances Co., Ltd. ("Shenzhen Boton"), a wholly-owned subsidiary of the Company, had received a letter from the government authority of Nanshan District of Shenzhen (深圳南山區) (the "Relevant Authority") in relation to the proposed resumption of a plot of land in Shenzhen owned by Shenzhen Boton. The relevant plot was proposed to be resumed for public interest for the purpose of constructing high speed railway hub and related works (the "Project"). The Relevant Authority provided a compensation proposal setting out the proposed calculation of compensation but no exact compensation amount was stated (the "Compensation Proposal").

Shenzhen Boton has been discussing with the Relevant Authority in relation to the Compensation Proposal but detailed information on the Project, including but not limited to a statutory layout plan (法定圖則), has not been provided despite the repeated requests of Shenzhen Boton. Based on the preliminary discussion with the Relevant Authority, the statutory layout plan (法定圖則) would only include the land owned by Shenzhen Boton which will be developed by Shenzhen Boton at a later stage. The land resumption, if materialise, would not have material impact on the operation of Shenzhen Boton.

LEGAL PROCEEDINGS AGAINST VENDORS OF AN ACQUISITION

As at 30 June 2025, the Group had 4 legal proceedings involving Mr. Liu Qiuming ("Mr. Liu") and Mr. Xiang Zhiyong ("Mr. Xiang"), and the remaining four vendors in the acquisition of Kimree, Inc. and its subsidiaries by the Company in 2016 (the "Kimree Acquisition").

As Mr. Liu and Mr. Xiang had breached the non-competition clauses of a share purchase agreement ("SPA") entered into between the Company and corporate entities wholly owned by Mr. Liu and Mr. Xiang in the Kimree Acquisition (the "Non-competition Clauses"), on 10 August 2020, the Company commenced legal proceedings in Hong Kong by issuing a Writ of Summons for claiming against the Mr. Liu and Mr. Xiang for, inter alia, an injunction order to restrain Mr. Liu Qiuming from committing acts in breach of the Non-competition Clauses and damages against the Vendors. Details of the legal proceedings were disclosed in the announcement of the Company dated 13 August 2020.

Kimree Technology (HK) Company Limited, an indirectly wholly-owned subsidiary ("Kimree Tech"), has commenced legal proceedings against Mr. Liu, Mr. Xiang, Mr. Zhang Jian, Mr. Ai Jianjie, Mr. Jiang Lingfan, and Ms. Yu Dafeng (collectively, the "Defendants") for, inter alias, breach of fiduciary duties as former directors of Kimree Tech. On 22 September 2023, the Company had issued a writ of summons against the Defendants. The proceedings are still on-going.

There was a legal proceeding between the Company and one of the sellers under the SPA for the Kimree Acquisition for an alleged RMB150 million as the remaining payment under the SPA in respect of the Kimree Acquisition. The pleading stage of this case had been closed and since then, no further step has been taken by the plaintiff up to the date of this announcement. This case is still at an early stage and thus it is not appropriate to estimate the outcome at this stage. That said, the Company is seeking advice from its legal counsel, amongst others, as to whether the claim mentioned herein is time barred, and if so, such claim is in valid.

There was a legal proceeding between the Company and the Defendants in the PRC during the reporting period in respect of the misrepresentation of the Defendants, as vendor and guarantors, to the terms of the agreement of the Kimree Acquisition. The first court hearing was held on 21 March 2025 and as at the date of this announcement, the proceedings are still on-going and there is no judgement yet.

POST BALANCE SHEET EVENT

Supplemental Agreement - Extension of Profit Guarantee

In 2020, the Group had executed an equity transfer agreement ("the **Equity Transfer Agreement**") in relation to the disposal of certain equity interest in Boton Flavors and Fragrances Co., Ltd. 波頓香料股份有限公司 (formerly known as Dongguan Boton Flavors and Fragrances Company Limited 東莞波頓香料有限公司) ("**Boton Flavors**" and together with its subsidiaries, the "**Boton Flavors Group**").

Pursuant to the Equity Transfer Agreement, profit guarantee (including revenue guarantee and net profit guarantee) was made by the purchasers and two limited partnerships that Boton Flavors Group would maintain an annual growth of not less than 10% of its revenue and net profit excluding extraordinary items in the relevant period of five financial years after the completion date, subject to the automatic termination in the event of the proposed spin-off and the proposed A-Share listing are successfully completed during the relevant period. The aforesaid relevant period expired on 31 December 2024. The guarantee on the revenue could not be fulfilled but the guarantee on the net profit was well fulfilled. The net profit of Boton Flavors Group significantly increased by approximately 81.5% from the financial year of 2020 to 2024.

On 1 August 2025, both parties entered into a supplemental agreement to the Equity Transfer Agreement (the "**Supplemental Agreement**") to have an extended guarantee arrangement ("**New Guarantee**") on Boton Flavors Group. Pursuant to the Supplemental Agreement, each of the purchasers guaranteed that the net profit of Boton Flavors Group from 1 January 2025 to 31 March 2026 should grow by not less than 5%. In the event that the New Guarantee cannot be met (save and except due to the occurrence of the aforesaid force majeure events), the purchasers should 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. The Supplemental Agreement will take retrospective effect from 1 January 2025. Save as disclosed above, all other principal terms and conditions of the Equity Transfer Agreement shall remain unchanged and continue to be in full force and effect in all respects.

The Purchasers were connected persons of the Company and hence the New Guarantee constituted a connected transaction under the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the Supplemental Agreement and the New Guarantee are 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.

Details of the corporate guarantee and New Guarantee could refer to the announcements dated 12 June 2020 and 1 August 2025 respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

AUDIT COMMITTEE

The committee was established with written terms of reference which has been adopted for the purpose of reviewing and providing supervision on the financial reporting process and risk management and internal control systems of the Group. The Audit Committee comprises four members, all being independent non-executive directors of the Company, namely, Mr. Ng Kwun Wan (Chairman), Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong and Mr. Yau How Boa. The committee has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025.

REMUNERATION COMMITTEE

The committee was set up to consider and approve the remuneration packages of the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The committee comprises four independent non-executive directors of the Company, namely, Mr. Ng Kwun Wan (Chairman), Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong, Mr. Yau How Boa and one executive director, Mr. Wang Ming Fan.

NOMINATION COMMITTEE

The committee reviews the structure, size and diversity (including but not limited to gender, age, cultural and educational background, or professional experience) of the Board from time to time and recommends to the Board on appointments of Directors and the succession plan for Directors. The committee comprises four independent non-executive directors of the Company, namely, Mr. Leung Wai Man, Roger (Chairman), Mr. Ng Kwun Wan, Mr. Zhou Xiao Xiong, Mr. Yau How Boa and two executive directors, Mr. Wang Ming Fan and Ms. Wang Xinyi.

CORPORATE GOVERNANCE

The Board of the Company recognises the importance of and is committed to maintaining high standards of corporate governance so as to enhance corporate transparency and safeguard the interests of the Company and its shareholders, customers, staff and other stakeholders. It strives to maintain effective accountability systems through well-developed corporate policies and procedures, risk management and internal systems and controls. The Company has complied with all the code provisions and, where applicable, adopted the recommended best practices, as set out in the Corporate Governance Code of Appendix C1 of the Listing Rules throughout the six-month period ended 30 June 2025, except code provision C.2.1.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing, to ensure a balance of power and authority. Mr. Wang Ming Fan, who is an executive director and chief executive of the Company, is also the Chairman of the Company. The Board considers that the present structure is more suitable for the Company for it provides strong and consistent leadership in the planning and execution of long-term business plans and strategies of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the model code set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have compiled with the required standard set out in the model code throughout the six-month period ended 30 June 2025.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.boton.com.hk). The 2025 interim report containing all the information required by the Listing Rules will be dispatched to shareholders and will be published on the aforementioned websites in due course.

By Order of the Board
China Boton Group Company Limited
WANG Ming Fan
Chairman

Hong Kong, 22 August 2025

As at the date of this announcement, the executive directors are Mr. Wang Ming Fan, Mr. Li Qing Long and Ms. Wang Xinyi. The non-executive director is Ms. Wan Shuk Ching, Candy. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong and Mr. Yau How Boa.