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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)

**DISCLOSEABLE TRANSACTION RELATING TO
ACQUISITION OF LAND USE RIGHT
IN GUANGDONG PROVINCE, THE PRC**

THE ACQUISITION

Reference is made to the Company's announcement dated 9 December 2022 in relation to the bidding of the land use right of the Land. The Board is pleased to announce that the bidding was successful and in relation to the Acquisition, the Vendor and the Project Company entered into the Grant Contract which took effect from 7 April 2023.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and the Acquisition is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 9 December 2022 in relation to the bidding of the land use right of the Land. The Board is pleased to announce that the bidding was successful. The Project Company entered into the Grant Contract with the Vendor to obtain the land use right of the Land at the consideration of RMB40,490,000 (equivalent to approximately HK\$46,232,016). The Grant Contract took effect from 7 April 2023.

THE GRANT CONTRACT

The principal terms of the Grant Contract are as follows:

- Parties:**
- (1) the Vendor; and
 - (2) the Project Company

Consideration

The land use right of the Land is granted to the Project Company at a total consideration of RMB40,490,000 (equivalent to approximately HK\$46,232,016). A deposit in the amount of RMB8,100,000 (equivalent to approximately HK\$9,248,687) has been paid and the balance of the consideration will be paid within 30 days from the date of the Grant Contract.

The consideration represents the base price of bidding of the land use right of the Land as set by the Vendor. In making the bid, the Board has taken into account the base price of the bidding, the market conditions, location of the Land and land price(s) in the vicinity. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole. The consideration is expected to be financed by the Group's internal resources.

Pursuant to the Grant Contract, the Project Company agreed that the fixed asset investment on the Land shall be approximately RMB400,000,000 (equivalent to approximately HK\$456,725,280). The fixed asset investment includes but not limited to the consideration for the Acquisition, investment for the construction of buildings and machinery costs.

Information of the Land

The Land is located at Huizhou Tonghu Ecological Smart Zone International Co-operation Industrial Park Central Area ZKD-002-54-02* (惠州潼湖生態智慧區國際合作產業園中區 ZKD-002-54-02地塊) in the PRC. The Land has an aggregate gross site area of 54,533 square meters. The land use right of the Land is granted to the Project Company for 50 years for industrial use.

Information of the parties

The Vendor is a local authority under the municipal government of Huizhou City, Guangdong Province, the PRC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected person as at the date of this announcement.

The Project Company is a limited liability company established under the laws of the PRC on 3 January 2023 and is an indirect wholly owned subsidiary of the Company. It was established for the purpose of, inter alia, holding the land use right of the Land.

REASONS AND BENEFITS FOR THE ACQUISITION

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

The Group currently has rented a manufacturing plant in Huizhou for the manufacture and sale of electronic cigarette products and the said plant is located near the Land. The Group intends to construct on the Land a headquarter and phase 2 of the manufacturing base of electronic vaporizer of the Group (the “**Construction Project**”). The Group intends to devote more resources on the development of electronic vaporizer to increase the return to the shareholders of the Company. The Construction Project serves to be a strategic move of the Group to expand the business in this aspect.

The Directors believe that the Acquisition is on normal commercial terms, its terms are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and the Acquisition is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Acquisition”	the acquisition of the land use right of the Land as contemplated under the Grant Contract
“Board”	the board of Directors
“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 with its securities listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Grant Contract”	the grant contract in respect of the land use right of the Land (國有建設用地使用權出讓合同) dated 15 February 2023 (as supplemented by an agreement dated 7 April 2023) entered into between the Vendor and the Project Company which took effect on 7 April 2023
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	a parcel of land located at Huizhou Tonghu Ecological Smart Zone International Co-operation Industrial Park Central Area ZKD-002-54-02* (惠州潼湖生態智慧區國際合作產業園中區 ZKD-002-54-02地塊) in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Boton Technology (Huizhou) Company Limited* 波頓科技(惠州)有限公司, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Natural Resources Bureau of Huizhou City* (惠州市自然資源局), a local authority under the municipal government of Huizhou City, Guangdong Province, the PRC
“%”	per cent

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.8758. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

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

Hong Kong, 7 April 2023

As at the date of this announcement, the executive directors are Mr. Wang Ming Fan, Mr. Li Qing Long and Mr. Yang Ying Chun. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong and Mr. Yau How Boa.

* *For identification purpose only*