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 SUPPLEMENTAL AGREEMENT IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN BOTON FLAVORS

Reference is made to the Announcement dated 12 June 2020 in relation to, inter alia, the disposal of approximately 30% equity interest in Boton Flavors by the Vendors and the Profit Guarantee of the Purchasers under the Equity Transfer Agreement.

NEW GUARANTEE

On 1 August 2025, the parties entered into the Supplemental Agreement pursuant to which each of the Purchasers guarantee that the net profit of Boton Flavors Group from 1 January 2025 to 31 March 2026 shall grow by not less than 5%.

LISTING RULES IMPLICATIONS

The Purchasers are connected persons of the Company and hence the New Guarantee constitutes 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 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 China Boton Group Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") dated 12 June 2020 (the "**Announcement**") in relation to the disposal of approximately 30% 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**") by the Vendors. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

Pursuant to the Equity Transfer Agreement, Profit Guarantee (including revenue guarantee and net profit guarantee) was made by the Purchasers and the Limited Partnerships that Boton Flavors Group will 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 the Proposed Spin-off and the Proposed A-Share Listing are successfully completed during the Relevant Period. In the event that the Profit Guarantee cannot be met (save and except due to the occurrence of the aforesaid force majeure events), the Purchasers shall 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 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.

In light of the Purchasers' remarkable achievement in respect of the net profit of Boton Flavors Group which constituted partial fulfillment of the Profit Guarantee, the parties have been negotiating on the transfer of the Sale Interest back to the Vendors. The Purchasers did not transfer the Sale Interest back to the Vendors, instead the 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.

THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are as follows:

Date : 1 August 2025

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) Boton Flavors

New Guarantee

Pursuant to the Supplemental Agreement, each of the Purchasers guarantee that the net profit of Boton Flavors Group from 1 January 2025 to 31 March 2026 shall 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 shall 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.

INFORMATION ON THE PARTIES

The Vendors

Shenzhen Boton is a wholly owned subsidiary of the Company. Champion Sharp is a company wholly owned by Mr. Wang, who is the chairman of the Board, the chief executive officer and an executive Director of the Company.

The Purchasers

The Purchasers are connected persons of the Company for reason that Mr. Qian is a director of Boton Flavors, Mr. Li is a Director of the Company, Ms. Yang is the spouse of Mr. Wang and the Limited Partnerships were set up by Mr. Wang together with others whereby Mr. Wang is a general partner in the Limited Partnerships. Details of the connected relationship of the Purchasers with the Company were disclosed in the Announcement.

INFORMATION OF THE GROUP AND BOTON FLAVORS

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

Boton Flavors 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. As at 31 December 2024, the net asset of Boton Flavors Group was RMB536,274,076 (equivalent to approximately HK$587,485,158). The net profit of the Boton Flavors Group for the last two financial years were as follows:

	For the year ended 31 December 2024	**For the year ended 31 December 2023**
Net profit before tax	approximately RMB100,833,988 (equivalent to approximately HK$110,463,053)	approximately RMB86,807,170 (equivalent to approximately HK$95,096,754)
Net profit after tax	approximately RMB89,955,538 (equivalent to approximately HK$98,545,774)	approximately RMB75,855,668 (equivalent to approximately HK$83,099,446)

REASONS FOR AND BENEFITS OF THE NEW GUARANTEE

In light of the high net profit of Boton Flavors Group achieved by the Purchasers in the Relevant Period and taking into account the current global instability and economic condition, the Board considers that the New Guarantee is beneficial to the financial position of the Group. The terms of the Supplemental Agreement, which are determined after arm's length negotiations between the parties, are on normal commercials terms and are fair and reasonable. The entering into of the Supplemental Agreement is in the interests of the Company and its Shareholders as a whole.

With the Deed entered into between Shenzhen Boton, Champion Sharp, Mr. Qian, Mr. Li, Ms. Yang and the Limited Partnerships confirming their position as concert parties, Boton Flavors will continue to remain as a subsidiary of the Company and the financial results of the Boton Flavors Group will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

The Purchasers are connected persons of the Company and hence the New Guarantee constitutes 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 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.

On behalf of the Board
China Boton Group Company Limited
WANG Ming Fan
Chairman

Hong Kong, 1 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.