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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
IN RELATION TO
ACQUISITION OF PROPERTY

THE ACQUISITION

The Board is pleased to announce that on 9 October 2021, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Provisional Agreement to acquire the Property at the Consideration of HK\$156,335,000 in cash.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 9 October 2021, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Provisional Agreement to acquire the Property at the Consideration of HK\$156,335,000 in cash. The Property will be the headquarter of the Group in Hong Kong.

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarised as follows:

Date:

9 October 2021

Parties:

- (1) Vendor: Profit Realty Development Limited
- (2) Purchaser: Best Fortune International Investment Limited, (an indirect wholly-owned subsidiary of the Company)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Property to be acquired

Pursuant to the Provisional Agreement, the Vendor shall sell and the Purchaser shall acquire the Property and the naming right of the Development. The Property is situated at office A (with flat roof on the roof floor), 37th Floor, 368 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, with an estimated saleable area of approximately 6,869 square feet for office A and approximately 1,025 square feet on the roof floor.

A formal sale and purchase agreement in respect of the Provisional Agreement is expected to be signed by the Vendor and the Purchaser within 14 workings days from the date of the Provisional Agreement.

Consideration

The Consideration for acquiring the Property is HK\$156,335,000, which shall be paid by way of cash in accordance with the following manner:

- (i) a preliminary deposit of HK\$15,633,500 has been paid by the Purchaser to the Vendor upon signing of the Provisional Agreement; and
- (ii) a balance of Consideration of HK\$140,701,500 shall be payable by the Purchaser to the Vendor on the Completion Date.

The Consideration of HK\$156,335,000 was determined after arm's length negotiations between the Purchaser and the Vendor by reference to, inter alia, the market price of comparable properties in the vicinity. The Board considers that the terms of the acquisition of the Property, including the Consideration, are fair and reasonable and are in the interest of the Company and its Shareholders as a whole. It is expected that the acquisition of the Property will be financed by way of combination of internal resources of the Group and bank mortgage financing to the extent where available.

Completion

Completion will take place within fourteen (14) days from the date of the Purchaser being notified in writing that the occupation permit has been issued and the Vendor is in a position validly to assign the Property to the Purchaser or that the occupation permit and the certificate of compliance have been issued.

INFORMATION ON THE PARTIES

The Company

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.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, it is principally engaged in investment holding.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Billion Real Estate Holdings Limited. As at the date of this announcement, it is principally engaged in property development.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been renting its office in Hong Kong since the listing of the Company in 2005. The Property will be the Group's headquarter, which serves to be the Group's permanent establishment and principal place of the business in Hong Kong. The Board believes that by acquiring the Property through the Acquisition, the Group can save rental expenses and may also enjoy potential capital appreciation in the future.

Having considered that the Provisional Agreement was entered into on normal commercial terms with the Consideration being determined with reference to the aforesaid reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	acquisition of the Property
“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, the issued shares of which are listed on the Stock Exchange (stock code: 3318)
“Completion”	completion of the Acquisition
“Completion Date”	within fourteen (14) days from the date of the Purchaser being notified in writing that the occupation permit has been issued and the Vendor is in a position validly to assign the Property to the Purchaser or that the occupation permit and the certificate of compliance have been issued
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$156,335,000, being the consideration for the Acquisition
“Development”	the building to be erected on all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Kwun Tong Inland Lot No. 435
“Director(s)”	director(s) of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Property”	all those office A (with flat roof on the roof floor), 37th Floor, No. 368 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
“Provisional Agreement”	a provisional agreement for sale and purchase dated 9 October 2021 entered into between the Vendor and the Purchaser in relation to the acquisition of the Property
“Purchaser”	Best Fortune International Investment Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Profit Realty Development Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 11 October 2021

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, and Mr. Zhou Xiao Xiong.