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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)

## VOLUNTARY ANNOUNCEMENT LEGAL PROCEEDINGS COMMENCED BY THE COMPANY

This voluntary announcement is made by China Boton Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis in relation to legal proceedings (the “**Legal Proceedings**”) commenced by the Company against Mr. Liu Qiuming (劉秋明) (“**Liu**”) and Mr. Xiang Zhiyong (向智勇) (“**Xiang**”) in respect of a share purchase agreement in which the Group is involved.

The Company’s claims in the Legal Proceedings arise from a share purchase agreement dated 26 January 2016 (the “**Share Purchase Agreement**”) and entered into between the Company as purchaser, corporate entities (among others) wholly owned by Liu and Xiang as the vendors (the “**Vendors**”), and Liu and Xiang (among others) as warrantors. Pursuant to the Share Purchase Agreement, the entire share capital in Kimree, Inc. (the “**Target Company**” together with its subsidiaries (collectively the “**Target Group**”) were sold by the Vendors to the Company at a consideration of RMB750,000,000.00 (the “**Transaction**”). Details of the Transaction were disclosed in the Company’s announcements dated 11 November 2015, 17 December 2015, 25 January 2016 and 19 February 2016 respectively and in the Company’s circular dated 18 April 2016.

Pursuant to non-competition clauses (the “**Non-competition Clauses**”) under the Share Purchase Agreement, Liu and Xiang must not, and must ensure that any other persons in connection with them and the Vendors not to, compete with the Target Group within a prescribed timeframe after the completion of the Transaction.

On 10 August 2020, the Company has commenced legal proceedings in Hong Kong by issuing a Writ of Summons for claiming against Liu and Xiang for breach of the Non-competition Clauses and based on which the Company claims, *inter alia*, for injunction order to restrain Liu from committing acts in breach of the Non-competition Clauses and damages against Liu and Xiang.

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

Hong Kong, 13 August 2020

*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.*