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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)

## SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF 100% EQUITY INTERESTS OF A PRC COMPANY

Reference is made to the announcement of the Company dated 30 June 2026 (the “**Announcement**”) in relation to the Acquisition. Unless otherwise specified, capitalised terms herein shall have the same meanings as those defined in the Announcement. The Company wishes to provide additional information in relation to the Acquisition in the Announcement as follows:

### INFORMATION OF THE VENDOR

As disclosed in the Announcement, the Vendor and its ultimate beneficial owner are Independent Third Parties. The ultimate beneficial owner of the Vendor is Li Hou (李厚) who is a merchant of PRC nationality with extensive investment experience.

### THE VALUATION

As disclosed in the Announcement, the Consideration was arrived at between the Vendor and the Purchaser on an arm’s length basis, taking into account the valuation of the Target Company conducted by an independent valuer (the “**Valuer**”) engaged by the Target Company (the “**Valuation Report**”).

### VALUATION METHODOLOGY

According to the Valuation Report, the Valuer adopted asset-based approach for the purpose of determining the value of the Target Company as at 31 May 2026. In selecting the appropriate valuation approach, the Valuer considered the appropriateness of the market approach, income approach and asset-based approach. The market approach was not applicable because of the entity being appraised is rarely traded in the open market, and the necessary information regarding such transactions is difficult to obtain. The income approach was not adopted due to the uncertainty of the future operating revenue and cost expenses of the entity being appraised after the report date.

Considering that the asset ownership of the entity being appraised is clear and its financial information is complete, all assets and liabilities can be identified. The assets under appraisal can have their quantities determined not only based on financial and construction information but also verified through on-site inspection. Their values can be assessed through the reacquisition approach, so the asset-based approach can be applied in this appraisal.

## **BASIS OF THE ASSET-BASED APPROACH**

The asset-based approach refers to a method of determining the value of shareholders' equity by separately calculating the appraised value of each asset of the enterprise and summing them, then deducting the appraised value of liabilities.

Basic calculation formula: Appraised Value of All Shareholders' Equity = Sum of Appraised Values of All Assets - Sum of Appraised Values of All Liabilities

For more details, please refer to the section headed "Key Inputs and Computation Process of the Valuation" in this announcement.

## **MAJOR ASSUMPTIONS**

### **(a) Basic assumptions**

1. Transaction assumption: The transaction assumption presupposes that all assets to be appraised are already in the process of being transacted, and the Valuer estimates the value by simulating market conditions based on the transaction conditions of the assets to be appraised.
2. Open market assumption: The open market assumption is an explanation or limitation of the market conditions under which assets enter the market and the effects of such market conditions on assets. The open market assumption describes a fully competitive market condition under which the exchange value of assets is governed by market mechanisms and determined by market conditions, rather than by individual transactions.
3. Going concern assumption for assets: The going concern assumption for assets means that, in conducting the appraisal, the appraiser shall determine the appraisal methods, parameters, and basis according to the continued use of the assets being appraised at their current use, manner of use, scale, frequency, and environment, or with modifications thereto.
4. Going concern assumption for the enterprise: The going concern assumption for the enterprise means that the entity being appraised will continue its operations in a manner consistent with the current mode of operation.

**(b) General assumptions**

1. The entity being appraised continues its operations after the valuation base date;
2. The political, economic, and social environment of the country and region where the entity being appraised operates will not undergo material changes after the valuation base date;
3. National macroeconomic policies, industrial policies, and regional development policies will not undergo material changes after the valuation base date;
4. Interest rates, exchange rates, tax bases, tax rates, and policy-related charges applicable to the entity being appraised will not undergo material changes after the valuation base date;
5. The management of the entity being appraised is responsible, stable, and capable of performing their duties after the valuation base date;
6. The entity being appraised fully complies with all applicable laws and regulations;
7. No force majeure events will have material adverse effects on the entity being appraised after the valuation base date.

**KEY INPUTS AND COMPUTATION PROCESS OF THE VALUATION**

**Financial information of the Target Company**

Set out below is the financial information of the Target Company as at 31 May 2026:

	<b>As at 31 May 2026</b>	
	<i>Book Value</i>	<i>Appraised Value</i>
	<i>(Approximately</i>	<i>(Approximately</i>
	<i>RMB'000)</i>	<i>RMB' 000)</i>
Current assets	27,993	27,993
Non-current assets	348,783	417,967
– Fixed assets	314,742	417,967
– Intangible assets	34,041	–
Total assets	<u>376,776</u>	<u>445,960</u>
Current liabilities	3,749	3,749
Non-current liabilities	<u>177,320</u>	<u>177,320</u>
Total Liabilities	<u>181,069</u>	<u>181,069</u>
Net Assets (Owners' Equity)	<u>195,707</u>	<u>264,891</u>

## **Current Assets**

As at 31 May 2026, the book value and the appraised value of the current assets of the Target Company were approximately RMB28.0 million, respectively.

## **Non-current Assets**

The major non-current asset of the Target Company is the Property. As at 31 May 2026, the book value of the non-current assets of the Target Company was approximately RMB348.8 million, while the appraised non-current assets value was approximately RMB418.0 million.

As the Property was self-constructed by the Target Company, the book value comprises (i) fixed assets, being the Property and certain minor machinery; and (ii) intangible assets, being the value attributable to the parcel of land. The appraised value of the fixed assets comprises the Property, the valuation of which already takes into account the value attributable to the parcel of land, therefore no value has been attributed to intangible assets.

The reasons for the difference between the appraised value and the book value of the fixed assets under the non-current assets was mainly because the Property is compared with representative transaction instances selected from similar properties that have been recently transacted on a standalone basis. Based on the known transaction prices of the Property, adjustments are made for differences in transaction conditions, transaction date, location factors, physical conditions, and rights factors to arrive at the property value of the subject at the value date.

The Valuer is of the view that such market approach for the Property in a standalone basis is validated by actual market transactions and thus provides a more rational reflection of the properties' market value.

## **Total Liabilities**

As at 31 May 2026, the book value and the appraised value of the total liabilities of the Target Company were about the same, which was approximately RMB181.1 million.

## **Total Equity**

According to the Valuation Report and based on the abovementioned asset-based approach, the appraised value of the Target Company was approximately RMB264.9 million.

## **THE BOARD'S VIEW ON THE FAIRNESS AND REASONABLENESS OF THE CONSIDERATION**

The Board has reviewed the Valuation Report, focusing on the methodology adopted, its key assumptions and the financial information of the Target Company. After consideration that (i) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (ii) the valuation assumptions and methodology adopted by the Valuer for the relevant assessments are fair and reasonable, the Board is of the view that the valuation that formed the basis of the Consideration is fair and reasonable.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Hong Kong, 8 July 2026

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