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Crown International Corporation Limited
皇冠環球集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 727)

SUPPLEMENTAL ANNOUNCEMENT TO DISCLOSEABLE TRANSACTION – ACQUISITION OF 100% EQUITY INTERESTS IN THE TARGET COMPANY

Reference is made to the announcements of discloseable transaction – Acquisition of 100% equity interests in the Target Company on 27 March 2025 (the "**Announcement**"). Unless the context requires otherwise, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Board would like to provide the following additional information in respect of the Premium white spirit business and the valuation and financial information of the Target Company and the production plant and equipment as follows:

BACKGROUND OF PREMIUM WHITE SPIRIT BUSINESS

The Company entered the premium white spirit since 2022 and began generating sales in 2023. This strategic shift was driven by their assessment that China's property market was poised for a prolonged downturn based on industry experience, with recovery expected to take years. Consequently, the Directors halted investments in property development until clearer positive signals emerge. The decision to venture into premium white spirit was motivated by the sector's vast market potential and attractive returns.

The Company collaborated with Sichuan Jinpendi Group Company Limited ("**Sichuan Jinpendi**") to rebrand the brand "Yi Pin Jiang Shan" (一品江山), in 2022/2023. The Company owned the sole distribution right from 1 May 2023 to 30 April 2033 for a term of 10 years and subsequent to the completion of the first 10 years of sole distribution right, the Company has rights to further extend the terms.

The Company exploring the sales networks in the PRC and distribute the white spirit to the distributors. Since 2023, the Company had already developed over 100 sales points in the PRC through its distributors.

The Company's Development and Quality controls Team involved over 20 experts and staffs to manage the premium white spirit business.

BASIS OF USING THE ASSET-BASED APPROACH

a. Background of valuation methods

According to the Asset Valuation Practice Standards – Asset Valuation Methods (Zhong Ping Xie [2019] No. 35), when the conditions for adopting different valuation methods are met, the asset valuation professionals should choose two or more valuation methods and form a reasonable valuation conclusion through comprehensive analysis.

According to the Valuation Report, the valuer analyzed the applicability of three valuation methods, namely asset-based approach, income approach, and market approach. Income approach refers to the approach that capitalizes or discounts the expected income of the appraised entity to determine its value. Market approach refers to the approach that determines the value of the appraised entity based on the market price of comparable objects by comparing the appraised entity with comparable objects. Asset-based approach refers to the approach of evaluating the value of various assets and liabilities on and off the balance sheet of the appraised entity based on the balance sheet of the appraised entity on the valuation benchmark date to determine its value.

b. Selection of valuation method for Steel Scrap – Asset-based approach

Due to the fact that company's asset-intensive operations, including significant tangible assets, the asset-based approach is used for the Valuation.

c. Reasons for the selection of asset-based approach

The Target Company did not commence its business and the evaluation results using the income approach were not selected. The evaluation conclusion from the asset-based approach is adopted in the Valuation Report.

INPUTS AND ASSUMPTIONS USED IN THE VALUATION

The Valuation is conducted based on the following general assumptions:

Land:	Adjusted to Fair Market Value using market comparables and land valuation models, considering location, accessibility, land use rights term, and PRC land-use regulations. The valuation of the Land Use Rights is define as intended to mean 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The fair market value of the assets are also estimated without regard to costs of sale and purchase, and without offset for any associated taxes. The valuation has been carried out in accordance with 'HKIS Valuation Standards 2024' issued by The Hong Kong Institute of Surveyors and the 'International Valuation Standards (IVS)' published by the International Valuation Standards Council effective on 31 January 2025. The valuation is carried out by Direct Comparison Method with reference to the comparable sales evidence as available in the relevant market as at the Date of Valuation.
Production Equipment:	Revalued to replacement cost or liquidation value, accounting for technological relevance and depreciation. The valuation is performed by using its cost and estimating the new replacement cost, adjusted for physical depreciation, functional obsolescence, and economic obsolescence. The valuation applied the replacement cost method with adjustments: (1) Straight-line depreciation over 10-15 years for distilling equipment (PRC tax guidelines); (2) Obsolescence: Deduct 20-30% for outdated bottling lines versus modern automated systems. All equipment values cross-checked and reference to China Alcoholic Drinks Association data. The valuation procedures align with international valuation standards (IVS 300) while incorporating PRC-specific factors like land use rights and alcohol production regulations.

Contingent Liabilities:	Includes potential environmental compliance costs (e.g., wastewater management under PRC regulations) and probabilistic settlement of contractual disputes.
Debt Obligations:	Adjusted to reflect current market interest rates and repayment terms.
Regulatory Considerations:	PRC-specific factors, such as land ownership laws (e.g., state-owned land leases) and excise tax policies, are incorporated into asset adjustments. No control premium or discount for lack of marketability is applied, as the valuation reflects a 100% controlling interest with authority to liquidate or reposition assets.

Special Assumptions

The Valuation is conducted based on the following special assumptions:

(1) The valuation assumes the company will continue operations without forced liquidation.

(2) Real estate and equipment values are based on current PRC market data as of 27 March 2025.

(3) No unforeseen changes in PRC food safety or alcohol production regulations are anticipated.

(4) Historical legal, tax filings, and financial records are complete, accurate and reliable.

(5) Tax authorities will not retroactively challenge historical tax calculations and tax rates remain stable under current PRC fiscal policies.

(6) PRC tax and legal frameworks remain unchanged during the valuation period.

(7) No significant off-balance-sheet prepayments or contingent liabilities exist.

(8) Supplier creditworthiness remains stable, and contractual obligations will be fulfilled as agreed.

(9) Workforce value and customer relationships are excluded per the ANAV method.

Inputs and computation process for value of assets and liabilities

A. Fixed assets, the replacement cost method with adjustments: (1) Straight-line depreciation over 10-15 years for distilling equipment (PRC tax guidelines); (2) Obsolescence: Deduct 20-30% for outdated bottling lines versus modern automated systems. All equipment values cross-checked and reference to China Alcoholic Drinks Association data.

B. Intangible assets, including land use rights, the market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The fair market value of the assets are also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

   The land use rights acquired valued at RMB544 per square meter as compared to recent market transactions with amounts ranging from RMB1,200 to RMB2,250 per square meter.

C. The liabilities include current liabilities. Current liabilities include other payables. The appraised value for liabilities is determined by the actual liabilities that should bear.

Analysis of the reasons of the difference between appraised value and book value

There are no material difference between the appraised value and the book value.

Target Company	**Based on Valuation**	**Based on Book Value**
Date of valuation/Book value	27 March 2025	27 March 2025
Land use rights	RMB15,000,000	RMB14,840,000
Premium white spirit production plant and equipment and others	RMB54,000,000	RMB53,722,000
Liability	(RMB27,802,000)	(RMB27,802,000)

ADDITIONAL INFORMATION AND FINANCIAL INFORMATION OF THE TARGET COMPANY

The Target Company has not commenced its business with zero net profits (both before and after taxation) attributable to the Target Company and the production plant and equipment for the two financial years preceding the Acquisition.

ADDITIONAL INFORMATION AND ACQUIRED ASSETS OF THE TARGET COMPANY

The land use right and production plant and equipment held by the Target Company were situated at No. 95, Group 13, Chunfeng Village, Liaojia Town, Chongzhou City, PRC, area 27,595 square meters with Comprehensive land usage.

The Board does not have a details plan of the development of the land use rights currently, details of the development will be disclosed when available, if any.

The production plant and equipment acquired with an annual production capacity of 780,000 bottles equivalent to 300 tons of premium white spirit. The production plant and equipment included Brewing equipment, Sky-High Wine Pillar, Gas brewing boiler, Natural gas engineering facilities, Red grain block crushing machine etc. to produce premium white spirit.

The Company rebrand the brand "Yi Pin Jiang Shan" (一品江山) in 2022/2023. The Company exploring the sales networks in the PRC and distribute the white spirit to the distributors. Since 2023, the Company had already developed over 100 sales points in the PRC through its distributors. The Company had already recorded trading revenue from Yi Pin Jiang Shan of HK$111 million in 2024/2025 and HK$183 million in 2023/2024, with the enormous PRC market, the Company is about to commence its own production to maximize shareholder returns through the acquisition of the Target.

ADDITIONAL INFORMATION OF THE SELLERS

The Sellers are individual business persons in the PRC.

The principal business activities of China Liquor Group Holdings Limited (中國白酒集團控股有限公司) was production and development of white spirit in the PRC and has not commenced its business since incorporation and Yu Guobin (余國斌) and Yu Qiang (余強) are PRC residents.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Sellers and its ultimate beneficial owner, is an Independent Third Party.

REASONS FOR THE PROPOSED ACQUISITION

The Board sees potential in the premium white spirit business in the PRC and views the Acquisition as a valuable opportunity to bring in future capital income with immediately production capacity and facility and land use rights at a discounted price.

Further, the Group, with trading and developing of premium white spirit in the PRC anticipates and remains open to exploring more in-depth and valuable investment to create value and further integrate the Group's capabilities on current business. In view of the aforesaid, the Group believes that the investment in the Target Company enable the Group to further tap into the rapidly growing premium white spirit market and generate a satisfactory return for the Group.

DEFINITIONS

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

"ANAV method"	the adjusted net asset value method
"Development and Quality controls Team"	the elite team of experts in the white spirit industry, bringing unmatched technical and strategic insight into product quality, production processes, and industry development

By Order of the Board
Crown International Corporation Limited
Wei Zhenming
Executive Director

Hong Kong, 21 August 2025

As at the date of this announcement, the executive Directors are Mr Wei Zhenming and Mr Deng Jianguo; and the independent non-executive Directors are Ms Lo Lai Lai Samantha, Ms Hu Ruixuan and Mr Wong Wai Kit.