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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
CAPITAL INJECTION TO ACQUIRE 49% EQUITY INTEREST IN THE TARGET COMPANY

THE CAPITAL INJECTION AGREEMENT

On 13 November 2026, Shenzhen Boton, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement with the Target Company and the Target Shareholders, pursuant to which Shenzhen Boton has conditionally agreed to inject capital to the Target Company to acquire 49% equity interest of the Target Company at the Consideration of RMB160,000,000 (equivalent to approximately HK$186,212,800).

Upon Completion, Shenzhen Boton shall hold 49% of the enlarged registered capital of the Target Company. As such, the Target Company shall be accounted as an associated company of the Company and the financial results of the Target Company will not be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Injection are greater than 5% but all are less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Capital Injection constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 13 November 2026, Shenzhen Boton, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement to acquire 49% equity interest of the Target Company at the Consideration of RMB160,000,000 (equivalent to approximately HK$186,212,800).

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are as follows:

Date: 13 November 2026

Parties:

(i) Shenzhen Boton, an indirect wholly owned subsidiary of the Company;

(ii) the Target Company; and

(iii) the Target Shareholders

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Shareholders, the Target Company and their ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

Capital Injection

As at the date of this announcement, the registered capital of the Target Company was RMB5,000,000, among which RMB1,000,000 has been fully paid up by the Target Shareholders in proportion to their equity interest in the Target Company. Pursuant to the Capital Injection Agreement, Shenzhen Boton has conditionally agreed to acquire the equity interest in the Target Company at the Consideration of RMB160,000,000 (equivalent to approximately HK$186,212,800), where the amount of RMB4,803,922 (equivalent to approximately HK$5,590,949) out of the Consideration will be injected into the Target Company as registered capital, and the balance of RMB155,196,078 (equivalent to approximately HK$180,621,851) will be accounted for as capital reserves of the Target Company. After the Capital Injection, the new registered capital of the Target Company will be RMB9,803,922.

The Consideration of RMB160,000,000 was determined on normal commercial terms after arm's length negotiation between Shenzhen Boton, the Target Company and the Target Shareholders with reference to: (i) the Profit Guarantee; and (ii) the valuation of the Target Group as at 31 August 2026 based on the valuation report prepared by an independent professional valuer.

The Consideration is payable by stages to the Target Company as follows:

1. RMB32,000,000 within 10 business days from the date of signing of the Capital Injection Agreement provided that the Target Company having obtained shareholders' approval in relation to the Capital Injection and the warranties made by the Target Company and Target Shareholders remain true, accurate and complete;

2. RMB64,000,000 within 10 business days after Shenzhen Boton has completed due diligence on the Target Company and is satisfied with the result and provided that no material adverse change has occurred; and

3. RMB64,000,000 within 10 business days from the Completion of the Capital Injection provided that, inter alia, the business registration of the Target Company has been changed to include Shenzhen Boton as a shareholder of the Target Company and the articles of association of the Target Company have been updated.

Shenzhen Boton shall be entitled to delay the payment of Consideration if the relevant conditions are not fulfilled. The Consideration will be satisfied by internal resources of the Group.

Completion

The Target Company and the Target Shareholders shall complete all closing matters within 60 days from the first stage payment made by Shenzhen Boton and no later than 8 January 2027.

Upon Completion, the Target Shareholders will together be interested in 51% and Shenzhen Boton will be interested in 49% of the enlarged registered capital of the Target Company. As such, the Target Company shall be accounted as an associated company of the Company and the financial results of the Target Company will not be consolidated into the consolidated financial statements of the Group.

Right of Appointment

The board of directors of the Target Company consists of three members. The Target Shareholders are entitled to appoint two (2) directors while Shenzhen Boton is entitled to appoint one (1) director. Chairman of the board of directors of the Target Company shall be elected according to the articles of association of the Target Company.

Profit Guarantee

Pursuant to the Capital Injection Agreement, the Target Shareholders jointly and severally guarantee in respect of the Target Company's audited consolidated net profit after deduction of non-operating gain and loss (the "**Net Profit**") for each of the two financial years (the "**Guarantee Period**"). The Target Shareholders guarantee that the aggregate Net Profit for the Guarantee Period shall not be less than RMB44,000,000 ("**Accumulated Guarantee**") and for each financial year during the Guarantee Period shall not be less than the following amounts:

For the financial year of 2027:	RMB22,000,000
For the financial year of 2028:	RMB22,000,000

The Target Shareholders shall procure the audit on the Target Company to be conducted by an auditor approved by Shenzhen Boton and the audit shall be completed within 4 months from the year end of each financial year in the Guarantee Period. In the event the audited actual Net Profit is less than the guaranteed Net Profit in the relevant financial year, the Target Shareholders shall pay cash compensation in respect of the shortfall within 30 days after the audited consolidated accounts of the Target Company are issued. The cash compensation in the relevant year shall be calculated in the formula below:

$$\left[\begin{array}{c}\text{guaranteed}\\ \text{Net Profit in the}\\ \text{relevant year}\end{array} - \begin{array}{c}\text{actual Net Profit}\\ \text{in the same}\\ \text{relevant year}\end{array}\right] \times 49\%$$

If the Target Company records a loss in any financial year in the Guarantee Period, the amount of loss for that financial year shall be added on top of the guaranteed Net Profit (i.e. not set-off) and times 49% to calculate the cash compensation payable.

In relation to the Accumulated Guarantee, if the aggregate Net Profit of the Target Company for the Guarantee Period is less than RMB44,000,000, then the Target Shareholders shall pay Shenzhen Boton cash compensation in the amount to be calculated as follows (the "**Accumulated Compensation Formula**"):

$$\left[\begin{array}{c}\text{Accumulated}\\ \text{Guarantee Net}\\ \text{Profit}\end{array} - \begin{array}{c}\text{accumulated}\\ \text{actual Net Profit}\\ \text{during Guarantee}\\ \text{Period}\end{array}\right] \times 49\%$$

The compensation payable for the shortfall of the Accumulated Guarantee shall be off-set by the cash compensation already paid in respect of the shortfall for each financial year. Shenzhen Boton shall not be obliged to return any of the cash compensation received if the total compensation received exceeds the amount of compensation as calculated under the Accumulated Compensation Formula.

VALUATION

The valuation on the Target Group was conducted by an independent valuer. The assessed value of 49% equity interest in the Target Group as at 31 August 2026 was approximately RMB161,058,000 (approximately HK$187,444,132).

Qualification and Independence of the Valuer

BMI Appraisals Limited has been engaged by the Company as the valuer. To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, the valuer is an Independent Third Party. The valuer's deliverables are prepared and signed off by professionals holding relevant qualifications, including but not limited to holders of Chartered Financial Analyst (CFA), Certified Public Accountants (CPA), certified Financial Risk Managers (FRM), Royal Institution of Chartered Surveyors (RICS) Registered Valuers, who collectively possess over 20 years of experience in the valuation and finance fields.

Basis of Valuation

The valuer has prepared the valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

The valuation has been carried out on the basis of market value. Market value is defined as "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 where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Approach

General Valuation Approaches

The valuer has considered the following generally accepted valuation approaches in the course of valuation: (1) the income approach; (2) the market approach; and (3) the cost approach.

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the free cash flows of the subject asset in future years were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and investment in net working capital.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the guideline company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The sales comparison method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing the same or a substitute asset with equal utility as the subject asset.

Under the cost approach, the historical cost method measures the cost incurred throughout the development of the subject asset at the time it was developed. The replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset. The replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

Selected Valuation Approach

The selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise.

The valuer considered that market approach was the most appropriate valuation approach in the valuation of the Target Group, as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be.

The income approach was considered inappropriate by the valuer as it heavily relies on subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value.

The cost approach was also considered inappropriate by the valuer as the replication cost of the Target Group may not represent the value of the Target Group.

Valuation Methodology

In the valuation of the Target Group, the valuer has adopted the guideline publicly company method (referred to as the "**GPC Method**") under the market approach. The GPC Method computes the price multiples of the publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset, with adjustments of control premium and discount for lack of marketability if applicable. In applying the GPC Method, price multiples for publicly listed companies that are considered to be comparable to the Target Group were calculated. The price multiples are ratios that relate business value to some measure of the company's financial performance.

Valuation Assumptions

Due to the changing economic and market conditions, the valuer has adopted a number of assumptions in the valuation. The major assumptions adopted in the valuation are as follows:

General Market Assumptions

- There will be no material change in the existing political, legal, fiscal, technological, economic and market conditions in the jurisdiction where the Target Group is currently or will be situated;

- There will be no material change in the taxation laws and regulations in the jurisdiction where the Target Group is currently or will be situated, that the tax rates will remain unchanged and that all applicable laws and regulations will be complied with;

- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;

- The supply and demand, both domestically and internationally, of the products and/or services of the Target Group or similar products and/or services will not differ materially from those of present or expected;

- The market prices and the relevant costs, both domestically and internationally, of the products and/or services of the Target Group or similar products and/or services will not differ materially from those of present or expected;

- The products and/or services of the Target Group or similar products and/or services are marketable and liquid, that there are active markets for the exchange of the products and/or services of the Target Group or similar products and/or services; and

- The market data, industry information and statistical figures obtained from publicly available sources are true and accurate.

Company-specific Assumptions

- All licenses, permits, certificates and consents issued by any local, provincial or national government or other authorized entity or organization that will affect the operation of the Target Group have been obtained or can be obtained upon request with an immaterial cost;

- The core operation of the Target Group will not differ materially from those of present or expected;

- The financial and operational information in respect of the Target Group have been prepared on a reasonable basis that have been arrived at after due and careful consideration by the senior management of the Company;

- The Target Group currently has, or will have, adequate human capital and capacity required for the production and/or provision of the products and/or services of the Target Group, and the required human capital and capacity will be acquired in a timely manner that will not affect the operation of the Target Group;

- The Target Group has acquired, or will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time;

- The senior management of the Target Group will implement only those prospective financial and operational strategies that will maximize the efficiency of the operation of the Target Group;

- The senior management of the Target Group has sufficient knowledge and experience in respect of the operation of the Target Group, and the turnover of any director, management or key person will not affect the operation of the Target Group;

- The senior management of the Target Group has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of the Target Group; and

- The senior management of the Target Group has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of the Target Group.

Valuation Parameters

Comparable Companies

For the purpose of valuation, the valuer has referred to the information in respect of publicly listed companies that are considered to be comparable to the Target Group (referred to as the "**Comparable Companies**").

Selection Criteria of the Comparable Companies

The selection of the Comparable Companies was based on the comparability of the overall industry sector and geographical location. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The selection criteria of the Comparable Companies are as follows:

- The principal activities of the Comparable Companies are located in the PRC;
- The Comparable Companies are principally engaged in the research & development, manufacturing and sale of chemicals and materials for pharmaceutical and the related operation;
- Shares of the Comparable Companies are listed in a major stock exchange and are being actively traded in a reasonable period of time;
- Estimated earnings for 2027 of the Comparable Companies are available at publicly available source; and
- Detailed financial and operational information in respect of the Comparable Companies are available at publicly available sources.

Selected Comparable Companies

Given the above-mentioned selection criteria, the valuer considered the Comparable Companies to be fair and representative samples. The forward P/E (2027) multiples of the Comparable Companies as at 31 August 2026 are as follows:

Stock Code	Company Name	Forward P/E (2027)
000403 CH	Pacific Shuanglin Bio-pharmacy Co., Ltd.	16.58
002019 CH	Yifan Pharmaceutical Co., Ltd	15.71
002262 CH	Jiangsu Nhwa Pharmaceutical Co., Ltd.	11.32
600771 CH	GuangYuYuan Chinese Herbal Medicine Co., Ltd.	23.20
603087 CH	Gan & Lee Pharmaceuticals Co., Ltd.	15.33
603590 CH	Beijing Konruns Pharmaceutical Co., Ltd.	22.28
603739 CH	Qingdao Vland Biotech Inc.	35.10*
605116 CH	Aurisco Pharmaceutical Co., Ltd.	11.41
688105 CH	Nanjing Vazyme Biotech Co., Ltd.	30.80
688136 CH	Kexing Biopharm Co., Ltd.	21.55
688799 CH	Hunan Warrant Pharmaceutical Co., Ltd.	19.58
	Average (excluded outlier with*):	**18.78**

Discount for Lack of Marketability (DLOM)

The discount for lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell.

The discount for lack of marketability reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

As the Target Group is unlikely to undergo public offering and shares of the Target Group are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, with reference to the Stout Restricted Stock Study published by Business Valuation Resources, LLC, an average discount for lack of marketability of 20.43% has been adopted in the valuation.

Adopted Parameters of Valuation

The market value of 49.00% equity interest in the Target Group calculated using forward P/E multiple is determined as follows:

	(RMB)
Profit guarantee of the Target Group for the 12-month period ending 31 December 2027	22,000,000
Average of forward P/E (2027) multiples of the Comparable Companies	18.78
Market value of 100% equity interest in the Target Group (before adjusting the DLOM)	**413,082,787**
Less: Discount for lack of marketability (20.43%)	(84,392,813)
Market value of 100% equity interest in the Target Group	**328,689,973**
Interest under valuation	49.00%
Market value of 49.00% equity interest in the Target Group	**161,058,087**

INFORMATION ON THE TARGET GROUP

The Target Company is a company established in the PRC with limited liability in 2013. The Target Shareholders are Mr. Wei Jie(衛潔)and his mother, Ms. Song Chuanlan(宋傳蘭), who are beneficial owners of the equity interest of the Target Company as to 75% and 25% respectively. Mr. Wei Jie is the sole director of the Target Company.

The Target Group is principally engaged in the research and development, production and sale of Active Pharmaceutical Ingredients ("**API**") intermediates for pharmaceuticals, pesticides and veterinary drugs, aromatic products and other fine chemicals. The Target Company has been granted 61 authorized invention patents (including one patent under Patent Cooperation Treaty that allows protection in more than 150 places) and 11 utility model patents. Its analytical center has obtained accreditation from the China National Accreditation Service for Conformity Assessment ("**CNAS**"). Set out below is a summary of the consolidated financial information of the Target Group for the two financial years ended 31 December 2024 and 31 December 2025 respectively prepared under the accounting principles generally accepted in the PRC:

	For the year ended 31 December	
	2025	**2024**
	Approximately RMB'000	*Approximately RMB'000*
Net profit/(loss) before taxation	(4,638)	4,308
Net profit/(loss) after taxation	(4,638)	4,308

The consolidated net assets of the Target Group as at 31 December 2025 was approximately RMB16.99 million.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Company is an investment holding company and the principal activities of the Group are principally engaged in manufacturing and selling of extracts, flavors and fragrances. It also engaged in design and manufacturing of high-quality electronic cigarettes and the related products as well.

Shenzhen Boton is an indirect wholly-owned subsidiary of the Company and is a certified National High-Tech Enterprise. Integrating proprietary R&D, production, and sales, it produces varieties of products, including tobacco flavors, natural flavors, synthetic fragrances and biotechnology-derived fragrances, with tobacco flavors serving as its core product line. Shenzhen Boton features dedicated research centers for plant extracts and novel materials, equipped with world-class analytical testing instruments alongside conventional and modern extraction and separation equipment. The company has established a comprehensive raw material analysis database and operates the first laboratory in China's flavor and fragrance industry to earn CNAS accreditation. Additionally, Shenzhen Boton has three municipal-level facilities: an Engineering Technology Research Center, an Engineering Laboratory, and a Technology Center, as well as a provincial-level Engineering Technology Research Center.

The Group has been proactively seeking potential business opportunities to increase the Group's competitiveness. Following the acquisition of a 49% interest in the Target Company, the Group is strategically strengthening its core flavors and fragrances business by securing a stable upstream supply of essential chemical intermediates and leveraging advanced research and development capabilities of the Target Group. By integrating the Target Group's modern laboratories, CNAS-certified analysis center, and technical expertise in microchannel reactions, the Group can significantly optimize its existing flavor manufacturing processes, improve pilot scale-up efficiency, and accelerate the development of innovative flavor and fragrance products. Furthermore, aligning with the Target Group's regional infrastructure allows the Group to expand the reach of its product portfolio by tapping into high-potential pharmaceutical and agricultural chemical customer segments across North and East China.

In light of the above synergies together with the Profit Guarantee and the valuation of the Target Group, the Directors (including the independent non-executive Directors) consider that the Capital Injection and the terms of the Capital Injection Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Capital Injection are greater than 5% but all are less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Capital Injection constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITION

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

"Board"	the board of Directors
"Capital Injection"	the injection of capital into the Target Company by Shenzhen Boton in accordance with the Capital Injection Agreement to acquire 49% interest in the Target Company as enlarged by the injected capital
"Capital Injection Agreement"	the capital injection agreement dated 13 November 2026 entered into among Shenzhen Boton, the Target Company and the Target Shareholders
"Company"	China Boton Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	means the Target Company has completed the business registration changes for the Capital Injection and updated the articles of association, with Shenzhen Boton duly entered into the register of shareholders and issued a capital contribution certificate, establishing it as a validly registered shareholder
"Consideration"	the price payable by Shenzhen Boton for the Capital Injection, being RMB160,000,000 (equivalent to approximately HK$186,212,800)
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	directors 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, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Profit Guarantee"	the profit guarantee on the Target Company provided by the Target Shareholders in favour of Shenzhen Boton pursuant to the terms and conditions of the Capital Injection Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholders"	holders of the Shares
"Shenzhen Boton"	Shenzhen Boton Flavors & Fragrances Co., Ltd.*(深圳波頓香料有限公司), an indirect wholly owned subsidiary of the Company
"Target Company"	Shandong Ganghong Biotechnology Co., Ltd.*(山東港鴻生物科技有限公司), a company established in the PRC with limited liability
"Target Group"	the Target Company and its subsidiaries
"Target Shareholders"	the shareholders of the Target Company, namely Wei Jie(衛潔)and Song Chuanlan(宋傳蘭), who hold 75% and 25% of the Target Company respectively as at the date of this announcement
"%"	per cent.

* *For identification purposes only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK$1.16383 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

Hong Kong, 13 November 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.