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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board of Directors (the “Board” or “Directors”) of China Boton Group Company Limited (the “Company”) approved the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2026 together with the unaudited comparative figures for the corresponding period in 2025. These unaudited interim condensed consolidated financial statements have been reviewed by the Company’s Audit Committee.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in Renminbi thousands unless otherwise stated)

		30 June 2026 (Unaudited)	31 December 2025 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,233,416	2,265,358
Right-of-use assets	7	146,186	150,872
Investment properties		521,070	522,100
Intangible assets	6	718,117	733,833
Investment in an associate		4,947	4,311
Deferred income tax assets		47,346	47,763
Prepayments	9	81,761	18,725
		<u>3,752,843</u>	<u>3,742,962</u>
Current assets			
Inventories		213,000	250,442
Trade and other receivables	9	880,641	883,945
Restricted cash		118,500	1,277,457
Financial assets at fair value through profit or loss		243,281	205,553
Assets classified as held for sale	8	113,926	113,926
Cash and cash equivalents		1,452,187	324,614
		<u>3,021,535</u>	<u>3,055,937</u>
Total assets		<u>6,774,378</u>	<u>6,798,899</u>
EQUITY			
Attributable to owners of the Company			
Share capital	10	101,522	101,522
Share premium	10	1,292,432	1,292,432
Shares held under the share award scheme	11	(979)	(979)
Treasury shares		(11,310)	—
Retained earnings		165,951	205,608
Other reserves		473,979	504,093
		<u>2,021,595</u>	<u>2,102,676</u>
Non-controlling interests		<u>391,536</u>	<u>288,614</u>
Total equity		<u>2,413,131</u>	<u>2,391,290</u>

		30 June 2026	31 December 2025
	<i>Note</i>	(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred government grants		33,558	33,930
Deferred income tax liabilities		38,492	52,551
Borrowings	<i>13</i>	914,266	1,258,988
Lease liabilities	<i>7</i>	31,260	33,347
		<u>1,017,576</u>	<u>1,378,816</u>
Current liabilities			
Trade and other payables	<i>12</i>	2,981,456	1,956,875
Contract liabilities		30,480	44,565
Lease liabilities	<i>7</i>	9,550	10,761
Current income tax liabilities		71,708	73,320
Borrowings	<i>13</i>	250,477	943,272
		<u>3,343,671</u>	<u>3,028,793</u>
Total liabilities		<u>4,361,247</u>	<u>4,407,609</u>
Total equity and liabilities		<u>6,774,378</u>	<u>6,798,899</u>

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(All amounts in Renminbi thousands unless otherwise stated)

		(Unaudited)	
		Six months ended 30 June	
	Note	2026	2025
Revenue	5,14	798,838	637,753
Cost of sales	17	<u>(565,698)</u>	<u>(438,894)</u>
Gross profit		233,140	198,859
Selling and marketing expenses	17	(33,507)	(24,891)
Administrative expenses	17	(167,770)	(146,265)
Net reversal of impairment losses on financial assets		1,986	4,379
Other income	15	5,085	1,460
Other (losses)/gains – net	16	<u>(727)</u>	<u>183</u>
Operating profit		38,207	33,725
Finance income	18	8,394	621
Finance costs	18	<u>(35,302)</u>	<u>(23,506)</u>
Finance costs – net		<u>(26,908)</u>	<u>(22,885)</u>
Share of net profit of investment in an associate		<u>1,092</u>	<u>–</u>
Profit before income tax		12,391	10,840
Income tax expense	19	<u>(10,167)</u>	<u>(2,133)</u>
Profit for the period		<u>2,224</u>	<u>8,707</u>
Attributable to:			
Owners of the Company		(29,963)	(8,119)
Non-controlling interests		<u>32,187</u>	<u>16,826</u>
		<u>2,224</u>	<u>8,707</u>
Losses per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted losses per share	20	<u>(0.03)</u>	<u>(0.01)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi thousands unless otherwise stated)

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Profit for the period	2,224	8,707
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>6,790</u>	<u>2,604</u>
Total comprehensive income for the period	<u>9,014</u>	<u>11,311</u>
Attributable to:		
Owners of the Company	(15,915)	(4,875)
Non-controlling interests	<u>24,929</u>	<u>16,186</u>
Total comprehensive income for the period	<u>9,014</u>	<u>11,311</u>

1. GENERAL INFORMATION

China Boton Group Company Limited (the “Company”) and its subsidiaries (together the “Group”) manufacture and sell extracts, flavors, fragrances and electronic cigarette (“e-Cigarette”) products mainly in the People’s Republic of China (the “PRC”) and overseas. The Company was incorporated in the Cayman Islands on 9 March 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.

On 9 December 2005, shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements (the “Interim Financial Information”) are presented in Renminbi (“RMB”), unless otherwise stated.

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 28 August 2026.

These interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026 (the “Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025 (the “2025 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2.2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The directors of the Company (the “Directors”) consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and on the disclosures set out in this Interim Financial Information.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5. REVENUE AND SEGMENT INFORMATION

The Group considers the business from product perspective. The Group is organised into five segments: e-Cigarette products, tobacco flavors, food flavors, fine fragrances and investment properties. The Group assesses the performance of the segments based on the profit before income tax and profit for the period.

The segment information for the six months ended 30 June 2026 is presented below.

	e-Cigarette products	Tobacco flavors	Food flavors	Fine fragrances	Investment properties	Unallocated	Total segments
Segment revenue	422,717	166,563	115,636	77,150	18,485	–	800,551
Inter-segment revenue	(263)	(1,326)	–	–	(124)	–	(1,713)
Revenue from external customers	<u>422,454</u>	<u>165,237</u>	<u>115,636</u>	<u>77,150</u>	<u>18,361</u>	<u>–</u>	<u>798,838</u>
Other income	132	4,185	363	405	–	–	5,085
Other (losses)/gains - net	97	(540)	345	401	(1,030)	–	(727)
Operating profit/(loss)	(13,421)	(8,656)	35,714	21,055	13,545	(10,030)	38,207
Finance income	101	7,492	505	296	–	–	8,394
Finance costs	(7,514)	(20,618)	(907)	(461)	–	(5,802)	(35,302)
Finance costs – net	<u>(7,413)</u>	<u>(13,126)</u>	<u>(402)</u>	<u>(165)</u>	<u>–</u>	<u>(5,802)</u>	<u>(26,908)</u>
Share of net profit of investment in an associate	–	–	1,092	–	–	–	1,092
Profit/(loss) before income tax	(20,834)	(21,782)	36,404	20,890	13,545	(15,832)	12,391
Income tax (expense)/credit	<u>(2,414)</u>	<u>1,781</u>	<u>(4,231)</u>	<u>(3,203)</u>	<u>(2,100)</u>	<u>–</u>	<u>(10,167)</u>
Profit/(loss) for the period	<u>(23,248)</u>	<u>(20,001)</u>	<u>32,173</u>	<u>17,687</u>	<u>11,445</u>	<u>(15,832)</u>	<u>2,224</u>
Depreciation and amortisation	23,992	50,074	4,542	5,070	–	–	83,678
(Net reversal of impairment losses)/net impairment losses on financial assets	(2,066)	904	(318)	(506)	–	–	(1,986)
Reversal of write-down of inventories to net realisable value	(900)	(44)	(420)	(469)	–	–	(1,833)
Capital expenditures	<u>13,518</u>	<u>17,603</u>	<u>385</u>	<u>429</u>	<u>–</u>	<u>–</u>	<u>31,935</u>

The segment information for the six months ended 30 June 2025 is presented below.

	e-Cigarette products	Tobacco flavors	Food flavors	Fine fragrances	Investment properties	Unallocated	Total segments
Segment revenue	267,233	179,879	93,051	73,115	25,009	–	638,287
Inter-segment revenue	–	(416)	–	–	(118)	–	(534)
Revenue from external customers	<u>267,233</u>	<u>179,463</u>	<u>93,051</u>	<u>73,115</u>	<u>24,891</u>	<u>–</u>	<u>637,753</u>
Other income	77	759	393	231	–	–	1,460
Other gains/(losses) - net	(981)	(127)	793	898	(400)	–	183
Operating profit/(loss)	(20,027)	(7,363)	25,694	17,037	24,491	(6,107)	33,725
Finance income	42	117	279	168	–	15	621
Finance costs	(196)	(27,908)	(7)	(8)	–	4,613	(23,506)
Finance costs – net	<u>(154)</u>	<u>(27,791)</u>	<u>272</u>	<u>160</u>	<u>–</u>	<u>4,628</u>	<u>(22,885)</u>
Profit/(loss) before income tax	(20,181)	(35,154)	25,966	17,197	24,491	(1,479)	10,840
Income tax (expense)/credit	<u>1,409</u>	<u>5,482</u>	<u>(3,002)</u>	<u>(2,348)</u>	<u>(3,674)</u>	<u>–</u>	<u>(2,133)</u>
Profit/(loss) for the period	<u>(18,772)</u>	<u>(29,672)</u>	<u>22,964</u>	<u>14,849</u>	<u>20,817</u>	<u>(1,479)</u>	<u>8,707</u>
Depreciation and amortisation	8,656	41,793	3,675	4,083	–	–	58,207
(Net reversal of impairment losses)/ net impairment losses							
on financial assets	(5,119)	1,221	(719)	238	–	–	(4,379)
(Reversal of write-down)/write-down of inventories to net realisable value	(4,501)	54	(94)	(104)	–	–	(4,645)
Capital expenditures	<u>180,644</u>	<u>33,244</u>	<u>219</u>	<u>244</u>	<u>–</u>	<u>–</u>	<u>214,351</u>

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Intangible assets
Six months ended 30 June 2025 (Unaudited)		
Opening net book amount as at 1 January 2025	1,993,623	1,615,432
Additions	204,622	262
Other disposals	(153)	—
Depreciation and amortisation	(34,039)	(18,538)
Closing net book amount as at 30 June 2025	2,164,053	1,597,156
Six months ended 30 June 2026 (Unaudited)		
Opening net book amount as at 1 January 2026	2,265,358	733,833
Additions	28,570	347
Other disposals	(567)	(33)
Depreciation and amortisation	(59,945)	(16,030)
Closing net book amount as at 30 June 2026	2,233,416	718,117

7. LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	As at 30 June 2026 (Unaudited)	31 December 2025 (Audited)
Right-of-use assets		
Land use rights	106,690	109,296
Buildings	39,496	41,576
	146,186	150,872
Lease liabilities		
Current	9,550	10,761
Non-current	31,260	33,347
	40,810	44,108

(b) Amounts recognised in the interim condensed consolidated income statement

The interim condensed consolidated income statement shows the following amounts relating to leases:

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Depreciation charge of right-of-use assets:		
Land use rights	2,606	1,903
Buildings	5,097	3,727
	7,703	5,630
Interest expenses (included in finance costs – net)	778	445
Expenses relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expenses) (Note 17)	3,734	5,460

8. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 December 2025, an indirect wholly-owned subsidiary of the group, Shenzhen Boton Flavors and Fragrances Co., Ltd. (“Shenzhen Boton”), entered into a land resumption agreement with Xili Residential District Office in Nanshan District of Shenzhen (深圳市南山區西麗街道辦事處)(the “Local Authority”) (the “Land Resumption Agreement”). Pursuant to the Land Resumption Agreement, Shenzhen Boton shall surrender a parcel of land located at Le Li Road, Nanshan District, Shenzhen, Guangdong Province, the PRC (the “Proposed Land”) and its land use rights to the Local Authority in return for a total compensation of RMB2,271,913,552 and an early completion bonus of RMB222,472,334 (the “Land Resumption”).

The Proposed Land, comprising certain land use rights and buildings and structures, was classified as assets held for sale, which includes the following:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Right-of-use assets	30,524	30,524
Investment properties	71,500	71,500
Property, plant and equipment	11,902	11,902
	113,926	113,926

The above compensation and early completion bonus, in the aggregate amount of RMB2,494,385,886 was received in full by Shenzhen Boton as of 30 June 2026, of which an installment payment of RMB1,135,956,776 was received in December 2025 under a jointly managed bank account and the remaining amount of RMB1,358,429,110 was received during the six months ended 30 June 2026.

Pursuant to the terms and conditions of the Land Resumption Agreement, Shenzhen Boton should (a) surrender the land use rights of the Proposed Land and procure the amendment of the land use rights granting agreement of the Proposed Land with the Nanshan Administration Bureau of the Shenzhen Municipal Planning and Natural Resources Bureau (深圳市規劃和自然資源局南山管理局); and (b) arrange for the de-registration of the land title certificate of the Proposed Land under its name.

Shenzhen Boton has fulfilled all contractual obligations under the Land Resumption Agreement in July 2026, and the Land Resumption transaction has been completed in July 2026. As at 30 June 2026, the above cash receipts of RMB2,494,385,886 relating to the Land Resumption were recorded in ‘Other payables’. In addition, Shenzhen Boton has paid RMB10,807,000 of compensation to certain tenants as a result of the Land Resumption as of 30 June 2026, which was recorded in ‘Other receivables’.

9. TRADE AND OTHER RECEIVABLES

		As at	
		30 June 2026 (Unaudited)	31 December 2025 (Audited)
	Note		
Trade receivables	(a)	677,080	730,450
Less: provision for expected credit loss		<u>(242,217)</u>	<u>(243,945)</u>
Trade receivables – net		434,863	486,505
Bills receivable	(b)	<u>3,657</u>	<u>16,322</u>
		<u>438,520</u>	<u>502,827</u>
Other receivables:			
– Prepayments	(c)	284,633	255,431
– Other deposits	(d)	72,287	86,793
– Excess of input over output value added tax		68,643	73,525
– Advances to independent third-party companies	(e)	65,200	–
– Deposits for share repurchase	(f)	38,394	–
– Payment for compensation related to the Land Resumption (Note 8)		10,807	–
– Advances to staff		5,230	4,566
– Others		<u>6,669</u>	<u>7,767</u>
		551,863	428,082
Less: provision for expected credit loss		<u>(27,981)</u>	<u>(28,239)</u>
Other receivables – net		<u>523,882</u>	<u>399,843</u>
		962,402	902,670
Less: non-current portion			
– Prepayments for acquisition of a subsidiary (Note 26)		(75,000)	–
– Prepayments for other long-term assets		<u>(6,761)</u>	<u>(18,725)</u>
		<u>(81,761)</u>	<u>(18,725)</u>
Current		<u><u>880,641</u></u>	<u><u>883,945</u></u>

The carrying amounts of trade and other receivables are mainly demonstrated in RMB and approximate their fair value.

- (a) The credit period granted to customers is between 30 to 360 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June	31 December
	2026	2025
	(Unaudited)	(Audited)
Less than 3 months	363,391	364,119
More than 3 months but not exceeding 1 year	44,537	90,767
More than 1 year	269,152	275,564
	677,080	730,450

- (b) Bills receivable are with maturity up to 6 months.
- (c) The amount mainly represents prepayments for raw materials.
- (d) The amount mainly represents deposits for suppliers and rental deposits.
- (e) The advances to independent third-party companies bear a fixed annual interest rate of 4.8% and will mature in 12 months from the respective borrowing dates.
- (f) The amount mainly represents deposits held with licensed securities brokers for the purpose of share repurchase.

10. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital	Share premium	Total
As at 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	1,080,512	101,522	1,292,432	1,393,954

11. SHARES HELD UNDER THE SHARE AWARD SCHEME

On 11 December 2023, the Company adopted the share award scheme (the “Share Award Scheme”). The adoption of the Share Award Scheme provides for the award of ordinary share(s) of HK\$0.10 each in the share capital of the Company to any employee participant or service provider which the Company considers, in their sole discretion, to have contributed or will contribute to the Company and its subsidiaries, who are not required to pay for those shares either on grant or on vesting of the award. The Trustee, namely Tricor Trust (Hong Kong) Limited, is a professional institution appointed by the Company as such to operate and administer the Share Award Scheme in accordance with the terms of the Share Award Scheme.

No share was awarded under the Share Award Scheme during the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

As at 30 June 2026, 500,000 shares were held by the Trustee and have yet to be awarded (31 December 2025: 500,000 shares).

12. TRADE AND OTHER PAYABLES

		As at	
		30 June 2026 (Unaudited)	31 December 2025 (Audited)
	Note		
Trade payables	(a)	200,516	382,219
Payables for business combinations		150,000	150,000
Salaries payable		17,097	57,366
Other taxes payable		18,325	35,144
Accrued expenses		24,630	30,444
Amount due to the directors and employees of Dongguan Boton	22	–	36,491
Compensation for the Land Resumption received	8	2,494,386	1,135,957
Advances from a related party	(b)	25,181	27,207
Others		51,321	102,047
		<u>2,981,456</u>	<u>1,956,875</u>

The carrying amounts of trade and other payables are mainly denominated in RMB.

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Less than 3 months	131,165	306,305
More than 3 months but not exceeding 1 year	570	7,361
More than 1 year	68,781	68,553
	<u>200,516</u>	<u>382,219</u>

(b) The above amount due to a related party represents amount due to Mr. Wang Ming Fan, the ultimate controlling shareholder of the Company, which is unsecured, repayable on demand and interest-free.

13. BORROWINGS

	As at 30 June 2026 (Unaudited)	31 December 2025 (Audited)
Non-current		
Bank borrowings		
– secured (b)	878,700	1,241,608
– unsecured	131,038	499,231
Other borrowings		
– secured	–	83,655
	<u>1,009,738</u>	<u>1,824,494</u>
Less: current portion of non-current borrowings	<u>(95,472)</u>	<u>(565,506)</u>
	<u>914,266</u>	<u>1,258,988</u>
Current		
Bank borrowings		
– secured (b)	–	95,889
– unsecured	155,005	281,877
	<u>155,005</u>	<u>377,766</u>
Current portion of non-current borrowings	<u>95,472</u>	<u>565,506</u>
	<u>250,477</u>	<u>943,272</u>
Total borrowings	<u><u>1,164,743</u></u>	<u><u>2,202,260</u></u>

(a) The Group's borrowings are denominated in the following currencies:

	As at 30 June 2026 (Unaudited)	31 December 2025 (Audited)
RMB	1,006,007	2,012,071
HKD	158,736	190,189
Total	<u><u>1,164,743</u></u>	<u><u>2,202,260</u></u>

(b) As at 30 June 2026, bank borrowings were secured by:

- Property, plant and machinery of RMB1,219,459,000 (31 December 2025: RMB1,245,688,000);
- Investment properties of RMB521,070,000 (31 December 2025: RMB522,100,000);
- Bank deposits of RMB118,500,000 (31 December 2025: RMB141,500,000);
- Land use rights of RMB38,855,000 (31 December 2025: RMB39,341,000);
- 100% equity pledge of Shenzhen Boton Flavors & Fragrances Co., Ltd. (“Shenzhen Boton”) (31 December 2025: same);
- Personal guarantee by Mr. Wang Ming Fan, Chairman of the Group (31 December 2025: same);
- Corporate guarantee by the Company and Shenzhen Boton (31 December 2025: same).

14. REVENUE

The Group is principally engaged in trading, 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. Revenue consists of sales of extracts, flavors, fragrances, e-Cigarette products and rental on investment properties. Revenue for the six months ended 30 June 2026 was as follows:

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Revenue from contracts with customers		
Recognized at a point in time:		
Sales of goods	780,477	612,862
Revenue from other sources:		
Rental income	18,361	24,891
	798,838	637,753

15. OTHER INCOME

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Government grants	4,899	1,239
Others	186	221
	5,085	1,460

16. OTHER (LOSSES)/GAINS – NET

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Fair value gains on investments in wealth management products	761	1,746
Losses on disposal of property, plant and equipment	(101)	(109)
Fair value losses on investment properties	(1,030)	(400)
Others	(357)	(1,054)
	(727)	183

17. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Depreciation and amortisation	83,678	58,207
Employee benefit expenses	103,606	91,466
Changes in inventories of finished goods and work in progress	52,045	43,410
Raw materials and consumables used	456,727	348,588
Reversal of write-downs of inventories to net realisable value	(1,833)	(4,645)
Other taxes and levies	6,212	11,333
Water and electricity	6,951	4,896
Transportation and traveling	6,992	6,188
Advertising costs	2,542	6,951
Consulting and commission fees	19,949	15,583
Short-term lease expenses	3,734	5,460
Entertainment	5,660	7,372
Office expenses	8,133	6,447
Others	12,579	8,794
Total of cost of sales, selling and marketing expenses and administrative expenses	<u>766,975</u>	<u>610,050</u>

18. FINANCE INCOME AND COSTS

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Finance income		
– Interest income	8,394	621
Finance costs		
– Interest expenses	(32,683)	(34,879)
– Net exchange (losses)/gains	(5,464)	3,582
	(38,147)	(31,297)
Less: amounts capitalised on qualifying assets	2,845	7,791
Finance costs expensed	(35,302)	(23,506)
Finance costs – net	<u>(26,908)</u>	<u>(22,885)</u>

19. INCOME TAX EXPENSE

The amount of tax charged to the interim condensed consolidated income statement represents:

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Current income tax	23,809	10,570
Deferred income tax	(13,642)	(8,437)
	<u>10,167</u>	<u>2,133</u>

- (a) No provision for profits tax in the British Virgin Islands and the Cayman Islands has been made as the Group has no income assessable for profits tax for the period in these jurisdictions.
- (b) Pursuant to the corporate income tax law effective from 1 January 2008, the subsidiaries of the Group established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable.

Certain subsidiaries of the Group, Shenzhen Boton, Boton Flavors and Fragrances Co., Ltd. (previously known as “Dongguan Boton Flavors and Fragrances Company Limited”) (“Dongguan Boton”), Kimsun Technology (Huizhou) Co., Ltd., Hubei Boton Biological Technology Co., Ltd. and Huizhou Babo Technology Co., Ltd. are qualified as High/New Technology Enterprises, and accordingly it is entitled to the preferential rate of 15% for the period.

20. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding the shares held under the share award scheme and the share repurchased and held as treasury shares.

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
Losses attributable to owners of the Company	<u>(29,963)</u>	<u>(8,119)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,079,801</u>	<u>1,080,012</u>
Basic losses per share (RMB per share)	<u>(0.03)</u>	<u>(0.01)</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Diluted earnings per share is the same as basic earnings per share due to there is no potential dilutive effect on the earnings per share for both the six months ended 30 June 2026 and the six months ended 30 June 2025.

21. DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

22. SHARE-BASED PAYMENTS

On 12 June 2020, Shenzhen Boton, Champion Sharp International Investment Limited (“Champion Sharp”) and the non-controlling shareholders of Dongguan Boton (collectively, as “Vendors”) entered into an equity transfer agreement in respect of the disposal of approximately 30% of equity interest of Dongguan Boton (“Sale Interest”), with a director of Dongguan Boton, a director of the Company, the spouse of the Chairman of the Company, and Shenzhen Xiangyuan Enterprise Management Partnership and Shenzhen Xiangju Enterprise Management Partnership, limited partnerships set up by the Chairman of the Company and certain employees of Dongguan Boton (collectively, as “Purchasers”) and Dongguan Boton, pursuant to which the Vendors have conditionally agreed to sell to the Purchasers and the Purchasers have conditionally agreed to purchase from the Vendors the Sale Interest at the aggregate consideration of approximately RMB68,850,000 (the “Consideration”), of which approximately RMB36,491,000 (representing 15.9% equity interests of Dongguan Boton) was paid to Shenzhen Boton and approximately RMB32,359,000 (representing 14.1% equity interests of Dongguan Boton) was paid to Champion Sharp. The above arrangement is to facilitate the proposed spin-off for initial public offering of shares of Dongguan Boton on the Shenzhen Stock Exchange of the PRC (the “A-Share listing”). Since the Company had announced the proposal to spin-off Dongguan Boton and proposed to make arrangement so that Dongguan Boton would become a joint stock limited company to qualify for the proposed A-Share listing. To, inter alia, satisfy the aforesaid requirement, the above equity transfer was taken place and the Sale Interest of Dongguan Boton were then proposed to be transferred by the Vendors to the Purchasers to facilitate its conversion to a joint stock limited company.

The completion of the above equity transfer was subject to the fulfilment of certain performance conditions of Dongguan Boton in the five financial years commencing year ended 31 December 2020 (the “Performance Guarantee”), the Performance Guarantee period was further extended to 31 March 2026 pursuant to a supplement agreement entered into by the relevant parties in August 2025. The Performance Guarantee shall be automatically terminated upon completion of the proposed spin-off for the A-Share listing.

As of 31 March 2026, the Performance Guarantee has been fully fulfilled, therefore the transfer of the 15.9% equity interests of Dongguan Boton has been duly completed. The 15.9% equity interests were recognised as non-controlling interests measured at the corresponding share of Dongguan Boton’s net asset value as of that date. The difference between the consideration paid of RMB36,491,000 and the recognised non-controlling interests amount was debited to other reserves.

23. CONTINGENT LIABILITIES

During the year ended 31 December 2025, there was a legal proceeding between the Company and one of the sellers (the “Plaintiff”) under the sales and purchase agreement (“SPA”) for the acquisition of Kimree (the “Kimree Acquisition”) for an alleged RMB150 million as the remaining payment of the consideration under the SPA in respect of the Kimree Acquisition. The pleading stage of this case had been closed and since then, no further step has been taken by the Plaintiff up to the date of these consolidated financial statements. As of the date of this announcement, the above case is still at an early stage and thus management cannot reasonably estimate the outcome of this case at this stage. That said, the company is seeking advice from its legal counsel, amongst others, as to whether the claim mentioned herein is valid from legal perspective, and the possibility that the Company will need to settle the above alleged payment.

As of 30 June 2026, the RMB150 million of the remaining payment of the consideration has been accrued and included in “Trade and other payables” (Note 12).

24. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group at the balance sheet date but not yet incurred is as follows:

	As at 30 June 2026 (Unaudited)	31 December 2025 (Audited)
Acquisition of a subsidiary	165,000	–
Property, plant and equipment	13,164	68,195
	<u>178,164</u>	<u>68,195</u>

(b) Commitments related to short-term leases

The future aggregate minimum lease payments under non-cancellable short-term leases contracted for at the end of period but not recognised as liabilities, are as follows:

	As at 30 June 2026 (Unaudited)	31 December 2025 (Audited)
Not later than 1 year	<u>113</u>	<u>99</u>

25. RELATED PARTY TRANSACTION

There were no significant transactions with related parties during the six months ended 30 June 2026 (2025: nil).

26. SUBSEQUENT EVENTS

Land Resumption

As disclosed in Note 8, the Land Resumption transaction has been completed in July 2026.

Acquisition of the 100% equity interest of a subsidiary

On 30 June 2026, Boton (Shanghai) Bio-tech Co., Ltd. (“Boton Shanghai”), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Shenzhen Xinwutong Biotechnology Co., Ltd. (the “Vendor”), pursuant to which Boton Shanghai agreed to purchase and the Vendor had agreed to sell its 100% equity interest (the “Sale Shares”) in Shanghai Longyin Biotechnology Co., Ltd. (the “Target Company”) for a total consideration of RMB240,000,000. Completion is conditional upon the fulfillment of the conditions below: (i) Boton Shanghai is satisfied with the results of its due diligence review on the Target Company; (ii) Boton Shanghai has paid the first and second installments of the consideration totaling RMB160,000,000; (iii) the registration of the Sale Shares under the name of Boton Shanghai has been completed; (iv) approval from the relevant authority of Fengxian District, Shanghai in connection with the transfer of the Sale Shares has been obtained.

During the period from June to August 2026, Boton Shanghai paid an aggregate amount of RMB160,000,000 for the acquisition. As at the date of this interim financial statement, the acquisition has not yet been completed.

MANAGEMENT DISCUSSION & ANALYSIS

PRINCIPAL BUSINESSES OF THE GROUP

The Group was principally engaged in design, manufacturing and distribution of high-quality electronic cigarettes and the related products, as well as the production and sale of tobacco flavors. It also engaged in manufacturing and selling of extracts, flavors and fragrances as well.

The electronic cigarettes (“e-Cigarettes”) business segment encompasses disposable e-Cigarettes, rechargeable e-Cigarettes, e-Liquids and a full suite of complementary accessories, which are supplied to tobacco companies, independent e-Cigarette brand owners, and other commercial partners across global markets. The Group’s strong regulatory standing in the PRC e-Cigarette industry is evidenced by its comprehensive portfolio of valid licences registered with the PRC Government. These licences affirm the Group’s full-chain operational capabilities and ensure sustained compliance with evolving domestic regulatory requirements.

In addition, as one of the major flavors and fragrances manufacturers in the PRC, the Group supplies flavor products to a wide array of manufacturers both domestically and overseas, serving the tobacco companies, beverages, daily foods, preserved food, savoury, and confectionery industries. Its fragrance products are sold to manufacturers of cosmetics, perfumes, soaps, toiletries, hair care products, deodorants, detergents, and air fresheners.

BUSINESS REVIEW

The Group has implemented a range of short-term strategic initiatives aimed at strengthening and recovering its position in the domestic market, while concurrently pursuing ongoing expansion into multiple developing economies. In parallel, the Group has upgraded the production facilities and continued to have negotiations with leading international enterprises, with the objective of accessing high-value-added markets through strategic partnerships. Furthermore, comprehensive sales plans have been executed to broaden distribution networks in support of international growth objectives and to enhance customer service capabilities on a global scale, with particular emphasis on the e-Cigarette product category, encompassing both e-liquids and hardware devices.

For the six months ended 30 June 2026, the Group’s total revenue was approximately RMB798.8 million (2025: RMB637.8 million), representing an increase of 25.3% when compared to the same period of last year. The Group’s gross profit increased to approximately RMB233.1 million (2025: RMB198.9 million), representing an increase of 17.2% when compared to the same period of last year. The Group’s net profit for the period was approximately RMB2.2 million (2025: approximately RMB8.7 million) representing a significant decrease of 74.5% when compared to the same period of last year.

Revenue

The breakdowns of the total revenue of the Group for the six months period ended 30 June 2026 (excluding inter-segment revenue) were as follows:

	For the six months ended 30 June 2026		2025		% change
	Revenue RMB (m)	% of total revenue	Revenue RMB (m)	% of total revenue	
e-Cigarette products	422.5	52.9%	267.2	41.9%	+58.1%
Tobacco flavors	165.2	20.7%	179.5	28.1%	-7.9%
Food flavors	115.6	14.5%	93.1	14.6%	+24.3%
Fine fragrances	77.1	9.6%	73.1	11.5%	+5.5%
Investment properties	18.4	2.3%	24.9	3.9%	-26.2%
Total	798.8	100.0%	637.8	100.0%	+25.3%

e-Cigarette products

Revenue of sales of e-Cigarettes (which comprised disposable e-Cigarettes and rechargeable e-Cigarettes) and its accessories was approximately RMB422.5 million during the reporting period, representing a significant increase of 58.1% from approximately RMB267.2 million of the corresponding period last year. The increase was due to the diversification of local customers and the extensive marketing network of the Group.

The management continues to negotiate cooperation with several significant companies. With the Group's research and development ability and all supporting plant facilities advantages, it is expected that the cooperation will strengthen the synergies and improve the Group's business in the coming years.

Tobacco Flavors

Revenue of the tobacco flavors segment (previously known as "flavor enhancers segment") was approximately RMB165.2 million during the reporting period, representing a decrease of 7.9% from approximately RMB179.5 million of the corresponding period last year. Due to changes in demand from major customers in the tobacco flavor industry and severe market environment, the revenue of this segment was decreased. Under tight compliance from the government, the Group would deploy stringent cost control and adopt the strategies to diversify the overseas market and attract a broader range of international customers. In addition, the Group would continue to allocate sufficient resources to enhance the product quality, thereby increasing competitiveness while strictly adhering to regulatory mandates.

Food flavors

Revenue of food flavors amounted approximately RMB115.6 million during the reporting period, representing an increase of 24.3% from approximately RMB93.1 million of the corresponding period last year. The Group continued to develop new flavors in the competitive food market and maintained stable revenue by this segment.

Fine fragrances

Revenue of fine fragrances amounted approximately RMB77.1 million during the reporting period, representing an increase of 5.5% from approximately RMB73.1 million of the corresponding period last year. The increase in the revenue of the fine fragrance segment was due to the continuous support of long relationship customers.

Investment properties

Revenue of this segment was approximately RMB18.4 million, representing a decrease of 26.2% from approximately RMB24.9 million last year. The decrease was due to end of tenancy of certain tenants under the severe property market in Shenzhen, the PRC. However, upon the successive completion and commissioning of the new MTR station and high-speed railway station adjacent to the headquarter office buildings in Shenzhen, the leasing market situation is expected to improve, which will positively support future rental income of this segment.

Gross Profit

The Group recorded a gross profit of approximately RMB233.1 million, representing an increase of 17.2% for the six months ended 30 June 2026 (2025: RMB198.9 million).

Net Profit for the Period

The Group's net profit for the period was approximately RMB2.2 million (2025: RMB8.7 million), representing a significant decrease of 74.5% from the corresponding period last year. Net profit margin for the reporting period had diminished to approximately 0.3% (2025: 1.4%).

Other Income

Other income was approximately RMB5.1 million for the six months ended 30 June 2026 (2025: RMB1.5 million), representing an increase of 248.3%. The increase was due to increase in government grants during the reporting period.

Other (Losses)/Gains – Net

Other losses – net was approximately RMB0.7 million for the six months ended 30 June 2026 (2025: gain of RMB0.2 million). The decrease of gain was mainly due to increase of revaluation loss of the investment properties of the Group during the reporting period when compared to same period of last year.

Expenses

Selling and marketing expenses was approximately RMB33.5 million for the six months ended 30 June 2026 (2025: RMB24.9 million), representing approximately 4.2% (2025: 3.9%) of the total revenue of the reporting period and also representing an increase of 34.6% when compared to the corresponding period of last year. The increase in selling and marketing expenses was mainly due to increase of consulting fees and transportation costs.

Administrative expenses amounted to approximately RMB167.8 million for the six months ended 30 June 2026 (2025: RMB146.3 million), representing approximately 21.0% (2025: 22.9%) of the total revenue of the reporting period and also representing an increase of 14.7% when compared to the corresponding period of last year. The increase of the administrative expenses was mainly due to the increase of water and electricity charges, leases expenses, office expenses and donation during the reporting period.

Finance Costs – Net

Net finance costs was approximately RMB26.9 million for the six months ended 30 June 2026 (2025: RMB22.9 million). The increase in net finance costs for the reporting period was mainly attributable to the exchange losses during the reporting period compared to exchange gains in the prior period.

Corporate Culture

The corporate culture of the Group consists of “Four Transforms and Five Attitudes”. Four Transforms mean: “new brand, new culture, new strength, new image” while Five Attitudes include: “attentive, concentration, carefulness, sincerity, care”. The Group proposes “high technology, high quality, high outset and high standard” as core values and sets ambitious goals periodically in order to improve its competitiveness in the ever-changing market environment and to go forward to the international markets in the foreseeable future.

Prospects

Looking ahead to the remainder of the financial year 2026, the e-Cigarette and tobacco flavors industries are expected to continue their trajectory towards greater regulatory rigor and market maturation. Against this backdrop, the Group has recalibrated its strategic priorities, shifting the foundational drivers of growth to: (i) strengthened regulatory compliance capabilities to address increasingly complex global legislation; (ii) sustained investment in technological innovation and product quality; and (iii) proactive market diversification to reduce dependency on any single geographic region. The Group remains committed to strengthening its competitive position in both domestic and global e-Cigarette and tobacco flavor industries, prioritising innovation and regulatory compliance as key drivers of sustainable growth.

On the financial front, the completion of the Land Resumption in 2026 has generated a new income stream, which is anticipated to enhance the Group’s liquidity and reinforce its working capital base over the forthcoming financial periods. This improved financial flexibility allows the Group to strategically evaluate potential investments, enhance its research and development capabilities, and facilitate the future expansion of its e-Cigarette products segment. The enhanced capability will enable the Group to produce higher-quality products and compete more effectively in the markets, while simultaneously identifying new client opportunities in both domestic and international markets. Collectively, these strategic measures are designed to reinforce the Group’s competitive resilience, enhance its responsiveness to market volatility, and sustain long-term value creation for shareholders in the periods ahead.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2026, the Group recorded net current liabilities of approximately RMB322.1 million (31 December 2025: net current assets of RMB27.1 million), with a current ratio of 0.9 (31 December 2025: 1.01). Included within current liabilities was approximately RMB2,494.4 million of compensation for the Land Resumption, classified under trade and other payables while included within current assets were approximately RMB10.8 million of payment for compensation related to Land Resumption and approximately RMB113.9 million as assets classified as held for sale. If excluding these items related to Land Resumption, the Group’s net current assets would be approximately RMB2,047.5 million, with the current ratio of 3.41. As at 30 June 2026, the Group’s cash and cash equivalents and restricted cash amounted to approximately RMB1,570.7 million (31 December 2025: RMB1,602.1 million).

The total equity of the Group as at 30 June 2026 amounted to approximately RMB2,413.1 million (31 December 2025: RMB2,391.3 million). As at 30 June 2026, the Group had a total borrowings of approximately RMB1,164.7 million (31 December 2025: RMB2,202.3 million) therefore a debt gearing ratio of 48.3% (total borrowings over total equity) (31 December 2025: 92.1%). The debt gearing ratio was decreased in the reporting period when compared to last year. During the reporting period, interest rates of the short-term borrowings range from 3.0% to 4.7% while those of the long-term borrowings range from 2.8% to 5.4%. The Group adopts a central management of its financial resources and always maintain a prudent approach for a steady financial position.

Financing

The Group has secured financing for its acquisitions through bank borrowings, equity fundraising and internal funds. Together with funds generated from business operations, the Group is confident of sufficient funding to meet its operation and expansion plans.

Capital Structure

The share capital of the Company comprised ordinary shares for the reporting period. On 30 June 2026, the total number of issued shares of the Company was 1,080,512,146 ordinary shares, of which 5,572,000 were held as treasury shares.

Foreign Exchange Risk and Interest Rate Risk

The Group had net exchange losses of approximately RMB5.5 million for the six months ended 30 June 2026 (2025: exchange gains of RMB3.6 million). The Group's main operation was in the PRC during the reporting period. Most of its transactions are basically denominated in RMB save for some transactions and some bank borrowings in USD and HKD. The Company shall monitor the exchange rate of RMB against the USD and HKD closely.

It is looking into the possibility of currency hedging and will take appropriate action when favourable opportunities arise. As at 30 June 2026, the Group had bank borrowings of a total of RMB1,164.7 million (31 December 2025: RMB2,202.3 million) denominated in RMB and HKD. Lending rates on bank borrowings denominated in RMB fluctuate with reference to the People's Bank of China prescribed interest rate while bank borrowings denominated in HKD fluctuate with reference to the Hong Kong Inter-bank rates. The Group did not hedge its interest rate risk. The Board is of the opinion that the interest rate risk would not have material impact on the Group.

Charge on Group's Assets

As at 30 June 2026, the Group had charged: (i) its equity interests in some subsidiaries; (ii) certain buildings and investment properties owned by Shenzhen Boton Flavor & Fragrances Co., Ltd. (深圳波頓香料有限公司) ("Shenzhen Boton") (together with personal guarantee of Mr. Wang Ming Fan); (iii) certain bank deposits; (iv) a property located in Hong Kong and (v) the land use right and properties of a PRC subsidiary in Huizhou, PRC as pledge for borrowings.

Capital Expenditure

During the six months ended 30 June 2026, the Group invested approximately RMB128.4 million (2025: RMB241.6 million) in fixed assets and construction in progress.

Capital Commitments

As at 30 June 2026, the Group had capital commitments of approximately RMB178.2 million (31 December 2025: RMB68.2 million) including an acquisition of a PRC subsidiary in Shanghai, which shall be funded by internal resources.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2026 (2025: nil).

STAFF POLICY

The Group had 1,413 employees in the PRC, Hong Kong and Indonesia as at 30 June 2026 (2025: 1,112 employees). The Group offers a comprehensive and competitive remuneration, retirement schemes, a share award scheme, a share option scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are each required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant PRC laws and regulations. In addition, the Group has adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

MATERIAL INVESTMENT

During the six months ended 30 June 2026, the Group had no material investment.

CONTINGENT LIABILITIES

At 30 June 2026, saved for the litigation cases disclosed under the paragraph of “Legal Proceeding against Vendors of an Acquisition” in the Management Discussion and Analysis Section, the Group did not have any significant contingent liabilities.

SUPPLEMENTAL AGREEMENT – EXTENSION OF PROFIT GUARANTEE

In 2020, the Group had executed an equity transfer agreement (“the Equity Transfer Agreement”) in relation to the disposal of certain equity interest in Boton Flavors and Fragrances Co., Ltd. (波頓香料股份有限公司) (formerly known as Dongguan Boton Flavors and Fragrances Company Limited 東莞波頓香料有限公司 (“Dongguan Boton” and together with its subsidiaries, the “Dongguan Boton Group”).

Pursuant to the Equity Transfer Agreement, profit guarantee (including revenue guarantee and net profit guarantee) was made by the purchasers and two limited partnerships that Dongguan Boton Group would maintain an annual growth of not less than 10% of its revenue and net profit excluding extraordinary items in the relevant period of five financial years after the completion date, subject to the automatic termination in the event of the proposed spin-off and the proposed A-Share listing are successfully completed during the relevant period. The aforesaid relevant period expired on 31 December 2024. The guarantee on the revenue could not be fulfilled but the guarantee on the net profit was well fulfilled. The net profit of Dongguan Boton Group significantly increased by approximately 81.5% from the financial year of 2020 to 2024.

On 1 August 2025, both parties entered into a supplemental agreement to the Equity Transfer Agreement (the “Supplemental Agreement”) to have an extended guarantee arrangement (“New Guarantee”) on Dongguan Boton Group. Pursuant to the Supplemental Agreement, each of the purchasers guaranteed that the net profit of Dongguan Boton Group from 1 January 2025 to 31 March 2026 should not be less than 5%. The New Guarantee was fulfilled as at 31 March 2026.

Details of the corporate guarantee and New Guarantee were disclosed in the announcements dated 12 June 2020 and 1 August 2025 respectively.

LAND RESUMPTION IN SHENZHEN

On 7 December 2025, Shenzhen Boton entered into a land resumption agreement (“Land Resumption Agreement”) with the PRC local authority (the “Local Authority”) pursuant to which Shenzhen Boton surrendered a proposed land and its land use rights to the Local Authority in return for a cash compensation of RMB2,271,913,552 (equivalent to approximately HK\$2,495,015,463) (the “Land Resumption”). If included an early completion bonus for the Land Resumption in the amount of RMB222,472,334 (equivalent to approximately HK\$244,319,117), the total compensation was RMB2,494,385,886 (equivalent to approximately HK\$2,739,334,580). The proposed land was a parcel of land with an aggregate site area of approximately 64,662.42 sq.m. located at Le Li Road, Nanshan District, Shenzhen, Guangdong Province, the PRC (the “Proposed Land”) and was part and parcel of the land lot (lot number T505-0059) that Shenzhen Boton owned with an aggregate site area of 80,167.47 sq.m. The headquarter of the Group and the Proposed Land were located in the said land lot.

On 24 December 2025, the Local Authority, Shenzhen Boton and Shenzhen Baishuo New City Investment Co., Ltd. (深圳市百碩新城投資有限公司) (“Baishuo Xincheng”) entered into a supplemental agreement (the “Supplemental Agreement”) to the Land Resumption Agreement. Baishuo Xincheng was a market entity introduced by the Local Authority through open bidding procedures. Baishuo Xincheng assumed the rights and obligations of the Local Authority specified in the agreement on Land Resumption already signed by them. The rights and obligations of Shenzhen Boton under the Land Resumption Agreement would not be affected. If the Local Authority or Baishuo Xincheng was in breach, Shenzhen Boton had the right to take action against the Local Authority and/or Baishuo Xincheng.

The Compensation was determined after arm’s length negotiation between Shenzhen Boton and the Local Authority with reference to the laws, regulations and procedures applicable to resumption of state-owned lands in Nanshan District, Shenzhen, Guangdong Province, the PRC and the valuation report in respect of the Proposed Land conducted by an independent valuer which had assessed the value of the Proposed Land in the amount of RMB155,000,000 as at 30 November 2025.

On 2 February 2026, the Land Resumption was approved by the shareholders of the Company by way of poll at an extraordinary general meeting of the Company and the Proposed Land was vacated by Shenzhen Boton in March 2026. The Local Authority had inspected the Proposed Land and confirmed the land acceptance.

The last payment has been received on 30 June 2026. The Land has been delivered in full and its title registration has been formally cancelled in end of July 2026.

Details of the Land Resumption were disclosed in the Company’s announcements dated 9 December 2025, 29 December 2025, 14 January 2026, 16 January 2026 and 2 February 2026 respectively and the circular dated 16 January 2026.

LEGAL PROCEEDINGS AGAINST VENDORS OF AN ACQUISITION

As at 30 June 2026, the Group had 4 legal proceedings involving Mr. Liu Qiuming (“Mr. Liu”) and Mr. Xiang Zhiyong (“Mr. Xiang”), and the remaining four vendors in the acquisition of Kimree, Inc. and its subsidiaries by the Company in 2016 (the “Kimree Acquisition”).

As Mr. Liu and Mr. Xiang had breached the non-competition clauses of a share purchase agreement (“SPA”) entered into between the Company and corporate entities wholly owned by Mr. Liu and Mr. Xiang in the Kimree Acquisition (the “Non-competition Clauses”), on 10 August 2020, the Company commenced legal proceedings in Hong Kong by issuing a Writ of Summons for claiming against the Mr. Liu and Mr. Xiang for, inter alia, an injunction order to restrain Mr. Liu Qiuming from committing acts in breach of the Non-competition Clauses and damages against the Vendors. The legal proceedings are still on-going. Details of the legal proceedings was disclosed in the announcement of the Company dated 13 August 2020.

Kimree Technology (HK) Company Limited, an indirectly wholly-owned subsidiary (“Kimree Tech”), has commenced legal proceedings against Mr. Liu, Mr. Xiang, Mr. Zhang Jian, Mr. Ai Jianjie, Mr. Jiang Lingfan, and Ms. Yu Dafeng (collectively, the “Defendants”) for, inter alias, breach of fiduciary duties as former directors of Kimree Tech. On 22 September 2023, the Company had issued a writ of summons against the Defendants. On 16 April 2025, the Defendants filed their Defence, and on 17 June 2025, Kimree Tech filed its Reply, and the pleading stage was closed and since then, no further step has been taken by Kimree Tech up to the date of this report. This case is still at an early stage and thus it is not appropriate to estimate the outcome at this stage. The proceedings are still on-going.

There was a legal proceeding between the Company and one of the sellers under the SPA for the Kimree Acquisition for an alleged RMB150 million as the remaining payment under the SPA in respect of the Kimree Acquisition. The pleading stage of this case had been closed and since then, no further step has been taken by the plaintiff up to the date of this report. This case is still at an early stage and thus it is not appropriate to estimate the outcome at this stage.

There was a legal proceeding between the Company and the Defendants in the People’s Republic of China (the “PRC”) arising from alleged misrepresentations made by the Defendants, in their capacities as vendor and guarantors, with respect to the terms of the agreement of the Kimree Acquisition. The initial hearing at first instance took place on 21 March 2025. Thereafter, the court of first instance delivered a judgment in favour of the Company. Dissatisfied with the quantum of damages awarded, the Company duly filed an appeal with the competent appellate court in the PRC in April 2026. As of the date of this report, the appellate proceedings remain ongoing, and no final judgment has been rendered by the appellate court.

POST BALANCE SHEET EVENT

Acquisition of the equity interest of a PRC Company

On 30 June 2026, Boton (Shanghai) Bio-tech Co., Ltd. (波頓(上海)生物技術有限公司) (“Boton Shanghai”), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Shenzhen Xinwutong Biotechnology Co., Ltd. (深圳新悟通生物科技有限公司), the vendor, pursuant to which Boton Shanghai had agreed to purchase and the vendor had agreed to sell the sale shares in Shanghai Longyin Biotechnology Co., Ltd. (上海龍殷生物科技有限公司) (“Target Company”) for a total consideration of RMB240,000,000 (equivalent to approximately HK\$276,077,850).

The Target Company is a company established in the PRC with limited liability with investment holding business and its sole asset is a property located at 88 Chenghebang Road, Fengxian District, Shanghai, PRC (the “Property”), comprising a piece of land of gross floor area 15,864.9 m² and a building thereon of total buildable floor area 61,039.08 m². The building is for industrial use, with the majority of its floor area leased out for rental income (leased area: 56,910.89 m²). Boton Shanghai is one of the existing tenants of the Property. Fengxian District is a key industrial cluster and manufacturing hub in southern Shanghai. The construction of the Property was completed and commenced for use in 2024, the Property is relatively new and of superior quality as compared to the neighbouring buildings.

The Consideration of RMB240,000,000 (equivalent to approximately HK\$276,077,850) for the sale and purchase of the Sale Shares shall be settled in cash by the Purchaser by three installments:

- (a) RMB80,000,000 paid on the date of signing of the Agreement;
- (b) RMB80,000,000 payable within 5 business days after Boton Shanghai finished conducting due diligence on the Target Company and the result of which was satisfactory;
- (c) RMB80,000,000 payable within 5 business days after the shares of the Target Company be registered under the name of Boton Shanghai.

The Consideration was determined with reference to the financial position of the Target Company. The valuation was conducted by an independent valuer who valued the Target Company at approximately RMB264.9 million (equivalent to approximately HK\$304,721,000) as at 31 May 2026 adopting asset-based approach.

The Board has reviewed a 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 were fair and reasonable, the Board was of the view that the valuation that formed the basis of the Consideration, which was determined after arm’s length negotiations between the parties to the Agreement, was fair and reasonable.

The Directors have been actively seeking and identifying investment opportunities in order to maximize the return of the shareholders of the Company. In light of the Property held by the Target Company, which was strategically situated within a key industrial cluster and manufacturing hub in southern Shanghai, the Board considered that there might be appreciable growth potential in the value of the Target Company, supported by its stable rental income stream. Boton Shanghai currently conducts its research and development operations at the Property under a tenancy. Upon completion of the Acquisition, the Target Company would become a wholly-owned subsidiary of the Group which would eliminate external rental expenses.

Furthermore, the Acquisition would facilitate future expansion and reinforce the Group's overall research and development capabilities. As the Company surrendered the land use rights in Shenzhen to the government which was previously designated for research and development and production facilities, the Acquisition enables the Group to have alternative base to carry on its expansion.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Group has made the second payment after the completion of the due diligence in August 2026. As at the date of this report, the Acquisition has not yet been completed.

Details of the Acquisition were disclosed in the Company's announcements dated 30 June 2026 and 8 July 2026 respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 5,572,000 Shares ("Shares Repurchased") on the Stock Exchange, at an aggregate consideration of HK\$12,993,960 before expenses. The share repurchases reflected the Company's long-term confidence in its operational growth outlook and financial position. Details of the Shares Repurchased are as follows:

Month	No. of Shares Repurchase	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May 2026	162,000	1.3	1.16	204,240
June 2026	<u>5,410,000</u>	2.6	1.32	<u>12,789,720</u>
Total	<u><u>5,572,000</u></u>			<u><u>12,993,960</u></u>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

As at 30 June 2026, the Company held 5,572,000 shares which have been repurchased and retained as treasury shares. The treasury shares are intended to be used for employee incentives, sale or transfer to obtain liquidity and other purposes, subject to the actual decision of the Board.

AUDIT COMMITTEE

The committee was established with written terms of reference which has been adopted for the purpose of reviewing and providing supervision on the financial reporting process and risk management and internal control systems of the Group. The Audit Committee comprises four members, all being independent non-executive directors of the Company, namely, Mr. Ng Kwun Wan (Chairman), Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong and Mr. Yau How Boa. The committee has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026.

REMUNERATION COMMITTEE

The committee was set up to consider and approve the remuneration packages of the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The committee comprises four independent non-executive directors of the Company, namely, Mr. Ng Kwun Wan (Chairman), Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong, Mr. Yau How Boa and one executive director, Mr. Wang Ming Fan.

NOMINATION COMMITTEE

The committee reviews the structure, size and diversity (including but not limited to gender, age, cultural and educational background, or professional experience) of the Board from time to time and recommends to the Board on appointments of Directors and the succession plan for Directors. The committee comprises four independent non-executive directors of the Company, namely, Mr. Leung Wai Man, Roger (Chairman), Mr. Ng Kwun Wan, Mr. Zhou Xiao Xiong, Mr. Yau How Boa and two executive directors, Mr. Wang Ming Fan and Ms. Wang Xinyi.

CORPORATE GOVERNANCE

The Board of the Company recognises the importance of and is committed to maintaining high standards of corporate governance so as to enhance corporate transparency and safeguard the interests of the Company and its shareholders, customers, staff and other stakeholders. It strives to maintain effective accountability systems through well-developed corporate policies and procedures, risk management and internal systems and controls. The Company has complied with all the code provisions and, where applicable, adopted the recommended best practices, as set out in the Corporate Governance Code of Appendix C1 of the Listing Rules throughout the six-month period ended 30 June 2026, except code provision C.2.1.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing, to ensure a balance of power and authority. Mr. Wang Ming Fan, who is an executive director and chief executive of the Company, is also the Chairman of the Company. The Board considers that the present structure is more suitable for the Company for it provides strong and consistent leadership in the planning and execution of long-term business plans and strategies of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the model code set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the model code throughout the six-month period ended 30 June 2026.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.boton.com.hk). The 2026 interim report containing all the information required by the Listing Rules will be dispatched to shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 28 August 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.