

SAFTOWER

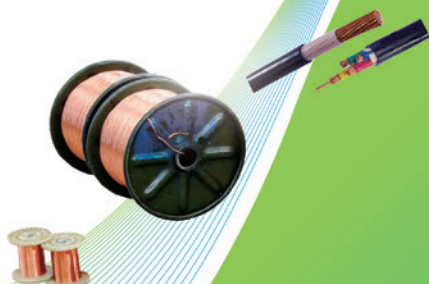
—— 蜀塔集团 ——

中國蜀塔國際控股集團有限公司

China Saftower International Holding Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8623



INTERIM REPORT
2025

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*This report, for which the directors (the “**Directors**” or individually a “**Director**”) of China Saftower International Holding Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”, “**We**”, “**our**” or “**us**”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dang Fei (*Chairman and chief executive officer*)

Mr. Wang Xiaozhong

Ms. Luo Xi

Ms. Hu Yi

Ms. Zhou Wenqi

Mr. Cheung Wai Yin Wilson

Independent non-executive Directors

Dr. Zuo Xinzhang

Mr. Ma Kaibing

Mr. Li Jian

COMPANY SECRETARY

Mr. Woo Yuen Ping

COMPLIANCE OFFICER

Mr. Wang Xiaozhong

AUTHORISED REPRESENTATIVES

Mr. Woo Yuen Ping

Mr. Dang Fei

AUDIT COMMITTEE

Mr. Ma Kaibing (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Li Jian

REMUNERATION COMMITTEE

Mr. Li Jian (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Ma Kaibing

NOMINATION COMMITTEE

Mr. Dang Fei (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Ma Kaibing

Mr. Li Jian

Ms. Luo Xi

INDEPENDENT AUDITOR

CL Partners CPA Limited

(*Certified Public Accountants*)

LEGAL ADVISER

(*As to Hong Kong law*)

Fairbairn Catley Low & Kong

REGISTERED OFFICE

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 9, Huaide Road, Sichuan-Zhejiang
Cooperation Industrial Park,
Guangyuan Economic and
Technological Development Zone,
Guangyuan, Sichuan Province,
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 913, 9/F, Chinachem Golden Plaza
No. 77 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company
Limited
Chengdu Pidun Branch
No. 178-188, Kehua Second Road,
Pitong Town
Pidun District, Chengdu
Sichuan Province
PRC

Bank of China Limited
Pidun Branch
No. 2 South Street
Pidun District, Chengdu
Sichuan Province
PRC

Chengdu Rural Commercial Bank
Company Limited
Pidun Hongxing Branch
No. 198 Wangcong East Road,
Pitong Town
Pidun District, Chengdu
Sichuan Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited
71 Fort Street, PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

8623

COMPANY'S WEBSITE

www.saftower.cn

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025, together with the unaudited comparative figures for the corresponding period in 2024 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	7	168,245	89,327
Cost of sales		(167,583)	(88,241)
Gross profit		662	1,086
Other income	8	848	4,276
Selling and distribution expenses		(900)	(1,517)
Administrative and other expenses		(13,664)	(14,893)
Finance costs	9	(2,796)	(2,844)
Loss before income tax expense	10	(15,850)	(13,892)
Income tax (expense) credit	11	(626)	2,672
Loss for the period		(16,476)	(11,220)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(29)	(37)
Total comprehensive expense for the period		(16,505)	(11,257)

	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
(Loss) Profit for the period attributable to:			
Owners of the Company		(15,023)	(11,257)
Non-controlling interests		(1,453)	37
		(16,476)	(11,220)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(15,052)	(11,294)
Non-controlling interests		(1,453)	37
		(16,505)	(11,257)
			(Restated)
Loss per share for the loss attributable to owners of the Company during the period (expressed in RMB cents per share)			
— Basic and diluted	13	(0.12)	(0.12)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	91,485	94,473
Right-of-use assets		12,766	14,158
Goodwill		—	—
Intangible assets		472	504
Deferred tax assets		1,721	2,061
Deposits and prepayments	15	441	646
		106,885	111,842
Current assets			
Inventories		26,559	10,087
Trade receivables	15	83,644	114,521
Prepayments, deposits and other receivables	15	8,693	34,303
Tax recoverables		66	66
Restricted bank deposits		—	204
Bank balances and cash		2,376	1,776
		121,338	160,957
Total assets		228,223	272,799
Current liabilities			
Contract liabilities		192	632
Trade payables	16	83,018	97,285
Accruals and other payables	16	60,363	68,939
Amount due to shareholders		1,561	5,265
Borrowings	17	53,150	49,708
Deferred income		184	2,525
Lease liabilities		2,379	368
		200,847	224,722
Net current liabilities		(79,509)	(63,765)
Total assets less current liabilities		27,376	48,077

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Non-current liabilities			
Trade payable		—	2,077
Other payable	16	2,677	1,550
Borrowings	17	16,813	22,820
Amount due to a shareholder		—	180
Deferred income		613	613
Deferred tax liabilities		2,252	2,749
Lease liabilities		4,328	5,620
		26,683	35,609
Net assets		693	12,468
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	10,345	9,913
Reserves		(20,796)	(10,042)
		(10,451)	(129)
Non-controlling interests		11,144	12,597
Total equity		693	12,468

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Equity attributable to owners of the Company								Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (Note 18)	Share premium RMB'000	Capital reserves RMB'000	Foreign exchange reserve RMB'000	Accumulated losses RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Sub-total RMB'000		
At 1 January 2025	9,913	38,393	76,896	(686)	(129,399)	7,730	(2,976)	(129)	12,597	12,468
Issue of shares	432	4,298	—	—	—	—	—	4,730	—	4,730
Loss for the period	—	—	—	—	(15,023)	—	—	(15,023)	(1,455)	(16,476)
Other comprehensive income	—	—	—	(29)	—	—	—	(29)	—	(29)
Total comprehensive income for the period	—	—	—	(29)	(15,023)	—	—	(15,052)	(1,455)	(16,505)
At 30 June 2025	10,345	42,691	76,896	(715)	(144,422)	7,730	(2,976)	(10,451)	11,144	693
At 1 January 2024	8,222	37,111	69,696	(621)	(70,563)	7,730	(2,976)	48,599	21,938	70,537
Loss for the period	—	—	—	—	(11,257)	—	—	(11,257)	37	(11,220)
Other comprehensive income	—	—	—	(37)	—	—	—	(37)	—	(37)
Total comprehensive income for the period	—	—	—	(37)	(11,257)	—	—	(11,294)	37	(11,257)
At 30 June 2024	8,222	37,111	69,696	(658)	(81,820)	7,730	(2,976)	37,305	21,975	59,280

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	1,623	9,178
Net cash generated from operating activities	1,623	9,178
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,049)	(18,800)
Net cash used in investing activities	(3,049)	(18,800)
Cash flows from financing activities		
Proceeds from borrowings	13,800	8,214
Proceeds from issue of share	4,730	—
Repayments of borrowings	(14,311)	(8,710)
Interest paid on borrowings	(693)	1,272
Repayments of lease liabilities	(1,500)	—
Advance from a shareholder	—	7,780
Net cash generated from financing activities	2,026	8,556
Net increase/(decrease) in cash and cash equivalents	600	(1,066)
Cash and cash equivalents at beginning of period	1,776	1,409
Cash and cash equivalents at end of period	2,376	343

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

China Saftower International Holding Group Limited (the “**Company**”) was incorporated in the Cayman Islands 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 on 9 October 2018. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and its principal place of business in the People’s Republic of China (the “**PRC**”) is No. 9, Huaide Road, Sichuan — Zhejiang Cooperation Industrial Park, Guangyuan Economic and Technological Development Zone, Guangyuan, Sichuan Province, the PRC. The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of wires and cables, sale of aluminium products and sales of polymeric materials in the PRC.

The shares of the Company were listed on GEM of the Stock Exchange on 10 July 2020.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rule**”).

These unaudited condensed consolidated interim financial statements and notes do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the accountants’ report included in the annual report for the year ended 31 December 2024 of the Company dated 31 March 2025 (the “**2024 Annual Report**”).

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis.

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

2. BASIS OF PREPARATION (CONTINUED)

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the preparation of the 2024 Annual Report except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2025. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised HKFRSs have no material effect on these unaudited condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)
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Except as described above, the application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Accountants' Report.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, market risks (including foreign exchange risk and interest rate risk), and liquidity risk. The Group historically has not used derivative instruments for hedging or trading purposes.

These unaudited condensed consolidated interim financial statements do not include the disclosures of the Group's financial risk management information that were required in the annual financial information, and should be read in conjunction with the Accountants' Report.

There have been no changes in the risk management policies since 31 December 2024.

6. SEGMENT REPORTING

Operating segments

During the six months ended 30 June 2025 and 30 June 2024, the Group was principally engaged in manufacturing and sales of wires and cables, sales of aluminium products and sales of polymeric materials in the PRC. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. For management purpose, the Group has only one reportable operating segment which is the manufacturing and sales of wires and cables, sales of aluminium products and sales of polymeric materials. Accordingly, no operating segment information is presented.

Geographic information

The Group's revenue during the six months ended 30 June 2025 and 30 June 2024 was all derived from customers based in the PRC and all the Group's non-current assets are located in the PRC. Therefore, no geographical segment reporting is presented.

6. SEGMENT REPORTING (CONTINUED)

Information about major customers

Revenue from customers during the period contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Customer A	108,930	70,273

(1) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. REVENUE

Revenue represents the amount received and receivable from manufacturing and sales of wires and cables and sales of aluminium products during the period.

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue from contracts with customers		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	167,023	89,327
Manufacturing and sales of aluminium products, recognised at a point in time	1,222	—
	168,245	89,327

8. OTHER INCOME

		Six months ended 30 June	
	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Other income			
Interest income		1	1,208
Government grants and subsidies	(i)	470	1,943
Rental income	(ii)	215	513
Others		162	612
		848	4,276

Notes:

- i. The Group received government grants and subsidies in relation to the support of the Group's operations, purchase of plant and machinery and the reward of the employment of disabled people in the PRC. There were no unfulfilled conditions in relation to the grants and subsidies.
- ii. During the six months ended 30 June 2025, the Group leased its machine to two independent third parties with the lease period of one year.

9. FINANCE COSTS

		Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest expenses on bank and other borrowings		2,650	2,844
Interest expenses on lease liabilities		146	–
Finance costs recognised in profit or loss		2,796	2,844

10. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Costs of inventories recognised as expense	167,583	88,241
Depreciation of property, plant and equipment	3,464	2,749
Depreciation of right-of-use assets	1,392	–
Amortisation of intangible assets	32	117
Release of deferred income	(184)	(184)
Allowance for expected credit losses (“ECLs”) on trade receivables (<i>Note 15</i>)	2,536	2
Employee costs (including directors’ remuneration, wages, salaries, allowances and other benefits)	3,885	3,637
Contributions to defined contribution retirement plan	806	754
	4,691	4,391

11. INCOME TAX EXPENSE (CREDIT)

The income tax expense (credit) in the unaudited condensed consolidated statement of profit or loss and other comprehensive income during the period represents:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current income tax expense (credit)	—	—
Deferred tax (credit)	626	(2,672)
Income tax (credit)	626	(2,672)

No Hong Kong profits tax was provided during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil) as the Group has no estimated assessable profit in Hong Kong during the period (six months ended 30 June 2024: Nil).

Provision for the Enterprise Income Tax (“EIT”) in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the income tax laws and regulations applicable to the operating subsidiaries in the PRC.

廣元同創新材料有限公司 (Guangyuan Tongchuang New Materials Company Limited*) (“**Guangyuan Tongchuang**”) is subject to an income tax concession of 10% reduction in tax rate due to preferential tax policy of the development of the western region for the six months ended 30 June 2025 and 30 June 2024. According to “Circular on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy” (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58) (財稅[2011]58號), from 1 January 2011 to 31 December 2020, and its extension policy which is effective from 1 January 2021 to 31 December 2030, EIT imposed upon any enterprise established in western regions and included among the encouraged industries shall be collected at the reduced rate of 15%.

* English translated names are for identification purpose only

12. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2025 and 30 June 2024.

13. LOSS PER SHARE

The calculation of loss per share attributable to owners of the Company for the period is based on the loss attributable to owners of the Company for the six months ended 30 June 2025 of approximately RMB15,023,000 (2024: loss attributable to owners of the Company of approximately RMB11,257,000), and the weighted average number of ordinary shares of 124,386,880 in issue (six months ended 30 June 2024: 92,000,000 shares (restated) of the Company in issue).

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2025 and 30 June 2024.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of machinery and office equipment with a cost of approximately RMB3,049,000 (six months ended 30 June 2024: RMB18,800,000).

15. TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Current:		
Trade receivables	139,930	169,834
Less: Allowance for ECLs on trade receivables	(56,286)	(55,313)
	83,644	114,521
Prepayments	198	485
Prepayments to suppliers	4,412	9,521
Loan receivables	500	—
Deposits	—	11,686
VAT recoverable	—	10,451
Others	3,583	4,263
Less: Allowance for ECLs on other receivables	—	(2,103)
	8,693	34,303
Non-current:		
Prepayments	—	12
Deposits	441	634
	441	646
	92,778	149,470

The credit period granted to customers is ranging from 0 to 365 days as at 30 June 2024 (31 December 2023: 0 to 365 days).

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

An ageing analysis of the Group's trade receivables, net of allowance for ECLs on trade receivables based on invoice date at the end of reporting period, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	21,543	14,491
61 to 180 days	3,661	22,661
181 to 365 days	84,329	3,166
Over 365 days	30,390	129,516
	139,923	169,834

16. TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Non-current:		
Trade payable	—	2,077
Other payables	2,677	1,550
Current:		
Trade payables	83,018	97,285
Accrued operating expenses	3,014	11,757
Accrued employee benefit expenses	277	2,582
Payables for purchase of property, plant and equipment	344	2,707
Other taxes payables	9,115	11,547
Interest payables	9,450	8,215
Deposits received	2,425	1,173
Other payables	35,738	30,958
	60,363	68,939

The credit period on purchases from suppliers is generally ranging from 0 to 120 days as at 30 June 2025 (31 December 2024: 0 to 120 days).

An ageing analysis of the Group's trade payables based on invoice date at the end of reporting period, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	20,996	46,632
61 to 180 days	32,148	26,504
181 to 365 days	2,953	5,386
Over 365 days	26,921	20,840
	83,018	99,362

17. BORROWINGS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year (<i>Note (i) and (ii)</i>)	25,967	37,465
Secured and guaranteed interest-bearing other borrowings repayable within one year (<i>Note (i) and (ii)</i>)	27,183	11,790
Unsecured interest-bearing other borrowings repayable within one year (<i>Note (iii)</i>)	—	453
	53,150	49,708
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year (<i>Note (i) & (ii)</i>)	9,832	9,550
Secured and guaranteed interest-bearing other borrowings repayable after one year (<i>Note (i) & (ii)</i>)	6,981	13,270
	16,813	22,820

17. BORROWINGS (CONTINUED)

Notes:

- (i) The bank borrowings and other borrowings are secured by:
 - (a) Buildings with an aggregate net carrying amount of approximately RMB39,862,000 as at 30 June 2025 (31 December 2024: RMB40,373,000);
 - (b) Land use rights with an aggregate net carrying amount of approximately RMB5,805,000 as at 30 June 2025 (31 December 2024: RMB5,901,000);
 - (c) Property of close family members of directors of the Company;
 - (d) Properties of the directors of the Company;
 - (e) Properties of the independent third parties;
 - (f) Properties of the Group's key management personnel and their close family members;
 - (g) Plant and machinery with an aggregate net carrying amount of approximately RMB6,342,000 as at 30 June 2025 (31 December 2024: RMB2,523,000); and
 - (h) Inventories of a shareholder of Bigroad Investment Limited. Bigroad Investment Limited is one of the shareholders of the Company.
- (ii) The bank borrowings and other borrowings are guaranteed by:
 - (a) directors of the Company;
 - (b) shareholders of the Company;
 - (c) close family members of directors of the Company; and
 - (d) independent third parties.
- (iii) The other borrowings are fixed interest at 12% per annum, unsecured and due to be settled on demand.
- (iv) As at 30 June 2025, the Group was in default in respect of principal amount of borrowings totaling approximately RMB6,900,000 (31 December 2024: RMB1,515,900) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 30 June 2025.

17. BORROWINGS (CONTINUED)

The Group's bank and other borrowings are scheduled to repay as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
On demand or within one year	53,150	49,708
More than one year, but not exceeding two years	16,112	7,660
More than two years, but not exceeding five years	701	10,400
More than five years	—	4,760
	69,963	72,528

18. SHARE CAPITAL

	Number	Amount RMB'000
Authorised:		
At 1 January 2024	4,000,000,000	35,994
Share consolidation (Note (a))	(3,600,000,000)	—
At 31 December 2024 and 30 June 2025	400,000,000	35,994
Issued and fully paid:		
At 1 January 2024	920,000,000	8,222
Share consolidation (Note (a))	(828,000,000)	—
Issue of shares upon subscription (Note (b))	18,400,000	1,691
At 31 December 2024	110,400,000	9,913
Issue of shares upon right issue (Note (c))	45,775,245	432
	156,175,245	10,345

18. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 10 July 2024, share consolidation of every ten (10) issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.1 each.
- (b) On 16 August 2024, the Company issued 18,400,000 ordinary shares of HK\$0.1 each at a price of HK\$0.2 per share pursuant to the subscription agreement dated 22 May 2024.
- (c) On 6 May 2025, the Company issued 45,775,245 ordinary shares of HK\$0.1 each at a price of HK\$0.11 per share pursuant to right issue arrangement dated 15 April 2025.

19. RELATED PARTY TRANSACTION

- (a) As at 30 June 2025 and 31 December 2024, close family members of the directors of the Company pledged their property as a security for the bank and other borrowings as set out in Note 17.
- (b) As at 30 June 2025 and 31 December 2024, directors of the Company pledged their properties as securities for the bank and other borrowings as set out in Note 17.
- (c) Compensation to key management personnel

Remuneration for key management personnel of the Group during the period is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries, allowances and other benefits	268	398
Contributions to defined contribution retirement plan	39	64
	307	462

- (d) As at 30 June 2025 and 31 December 2024, the Group's key management personnel and their close family members pledged their properties as securities for the bank and other borrowings as set out in Note 17.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a regional manufacturer and supplier of wires and cables and also engages in processing of aluminum cast-rolled coil and aluminum plate manufacturing of foil, with integrated production facilities situated in Chengdu, Guangyuan and Bazhong of Sichuan Province, the PRC. The Group's products can be broadly classified into four categories: (i) finished wires and cables; (ii) semi-finished wires; (iii) aluminium products; and (iv) polymeric materials. The Group's portfolio of finished wires and cables products comprises classic and special products. Apart from finished wires and cables, the Group also produce semi-finished wires comprising aluminium rods and bare copper wires to maximise the Group's market exposure and enlarge its market share.

During the six months ended 30 June 2025 (the **"Period"**), the Group continued to engage in the manufacturing and sales of wires and cables and continued to serve a large number of customers, mainly are power companies, manufacturing enterprises, construction and renovation companies as well as trading companies which purchase products from the Group for onward sale on their own accounts.

FUTURE PROSPECTS

Looking ahead to the second half of 2025 and beyond, the Group anticipates that the operating environment for wire and cable manufacturers in the PRC will remain both challenging and full of opportunities. While macroeconomic uncertainties and intensified competition continue to exert pressure on margins, several structural growth drivers are expected to support long term industry demand.

1. Infrastructure and Urbanisation Initiatives

The PRC government's continued investment in infrastructure development, including power grid upgrades, urban transportation networks, and new industrial parks, is expected to drive steady demand for high quality wires and cables. The Group intends to leverage its established production base in Sichuan Province to capture opportunities arising from regional development initiatives and urbanisation projects.

2. Transition to Renewable Energy

China's ongoing push towards renewable energy, such as solar and wind power, is expected to stimulate further demand for specialised cables and related products. These projects require extensive cabling systems for power transmission and distribution. The Group will continue to explore product innovation to align with the specific requirements of renewable energy applications.

3. Technological Advancement and 5G Development

The roll out of 5G networks and the expansion of digital infrastructure across the PRC will continue to create demand for advanced cabling solutions. The Group will monitor technological trends closely and allocate resources to develop products that meet the stringent performance standards of the telecommunications sector.

4. Domestic Market Opportunities

With rising emphasis on strengthening domestic demand and reducing reliance on exports, the PRC wire and cable industry is expected to benefit from a larger internal market. The Group will enhance its local customer network, diversify its client base, and focus on long term partnerships with power companies, manufacturers, and infrastructure contractors.

5. Operational Efficiency and Cost Management

In light of the volatility in raw material prices, elevated cost and financing constraints, the Group will maintain a disciplined approach to cost control, working capital management, and efficiency enhancement. This will include optimising production processes, outsourcing certain products, exploring and expanding new scope of business, tightening procurement practices, and further digitalising internal operations.

In summary, while the Group is mindful of the near term challenges in financing and profitability, management remains confident that by focusing on product quality, innovation, and prudent financial management, the Group will be able to strengthen its competitive position and capture opportunities arising from the long term growth of China's wire and cable industry.

FINANCIAL REVIEW

Revenue

The follow table sets forth the breakdown of our revenue derived from our major operating subsidiaries by key product types after elimination of intra-group transactions during the review periods:

For the six month
ended 30 June

	Revenue		Gross profit (loss)		Gross profit (loss) margin	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2025	2024
Classic finished wires and cables						
Copper wires and cables	58	–	17	–	29.3%	–
Aluminium wires and cables	146,305	88,804	577	1,080	0.4%	1.2%
Semi-finished wires						
Aluminium rods	19,856	523	58	6	0.3%	1.1%
Polymeric materials	2,026	–	10	–	0.5%	–
	168,245	89,327	662	1,086	0.4%	1.2%

During the six months ended 30 June 2025, the Group generated its revenue mainly from the manufacturing and sales of wires and cables and polymeric materials in the PRC. The Group recorded a turnover of approximately RMB168.2 million for the six months ended 30 June 2025, representing an increase of approximately 88.3% as compared with that in 2024. The increase in revenue was mainly due to demand from the market increase.

Cost of sales

Our cost of sales mainly consists of (i) raw materials costs, (ii) aluminium products costs, and (iii) finished products from sub-contractors and depreciation and overhead. Cost of sales increased from RMB88.2 million for the six months ended 30 June 2024 to RMB167.6 million for the six months ended 30 June 2025, representing an increase of RMB79.4 million, or 90.0%. The increase of cost of sales was in line with the increase in revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2025, the Group recorded a gross profit of approximately RMB0.7 million, compared with RMB1.1 million for the corresponding period in 2024, representing a decline of about 39.0%. The gross profit margin decreased from 1.2% in 2024 to 0.4% in 2025.

The decrease in both gross profit and margin was mainly attributable to the sharp increase in raw material and subcontracting costs, particularly in aluminium products and semi finished wires, which outpaced the growth in revenue. In addition, competitive pricing pressure in the PRC wire and cable industry further compressed margins during the Period.

Other income and gains

Other income and gains decreased significantly from approximately RMB4.3 million for the six months ended 30 June 2024 to approximately RMB0.8 million for the six months ended 30 June 2025. The decrease was mainly attributable to the absence of substantial interest income from loan receivables and lower government subsidies received during the Period, as compared with the prior period.

Selling and distribution expenses

Selling and distribution expenses decreased from approximately RMB1.5 million for the six months ended 30 June 2024 to approximately RMB0.9 million for the six months ended 30 June 2025, representing a decline of around 40.7%. The decrease was mainly due to tighter control on transportation and logistics costs as well as reduced staff expenses following streamlining of sales activities.

Administrative and other expenses

Administrative and other expenses decreased slightly by approximately RMB1.2 million, or 8.3%, from approximately RMB14.9 million for the six months ended 30 June 2024 to approximately RMB13.7 million for the six months ended 30 June 2025. The decrease was primarily due to lower professional fees and staff costs, partly offset by higher depreciation charges arising from newly acquired machinery.

Finance costs

Finance costs remained relatively stable, amounting to approximately RMB2.8 million for the six months ended 30 June 2025, compared with approximately RMB2.8 million for the corresponding period in 2024. A slight reduction in interest on bank borrowings was offset by the recognition of interest expenses on lease liabilities during the Period.

Income tax credit

The Group recorded an income tax credit of approximately RMB0.6 million for the six months ended 30 June 2025, compared with a tax credit of RMB2.7 million in the corresponding period of 2024. The decrease was mainly attributable to lower recognition of deferred tax assets in relation to tax losses carried forward in 2025.

Loss attributable to owners of the Company for the period

As a result of the above, the Group recorded a loss attributable to owners of the Company of approximately RMB15.0 million for the six months ended 30 June 2025, representing an increase of about 33.4% compared with a loss of approximately RMB11.3 million for the six months ended 30 June 2024. The widening of net loss was mainly driven by the sharp decrease in other income and gains, despite the year on year growth in revenue.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group financed its operations primarily through a combination of cash generated from operations, bank and other borrowings, and advances from shareholders. The Group's principal uses of cash have been, and are expected to continue to be, procurement of raw materials, purchase of property, plant and equipment, and repayment of borrowings and interest.

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB2.4 million (31 December 2024: RMB1.8 million). The slight increase was mainly due to net cash inflows from borrowings exceeding repayments during the Period.

Total borrowings (current and non current) amounted to approximately RMB70.0 million (31 December 2024: RMB72.5 million). Of which, RMB53.2 million was repayable within one year or on demand, reflecting the Group's reliance on short term financing.

As at 30 June 2025, the Group's total equity was approximately RMB0.7 million (31 December 2024: RMB12.5 million). The gearing ratio, calculated as total borrowings divided by total equity, increased significantly to a negative level given the low equity base (31 December 2024: 95.4%). The deterioration was primarily due to the net loss recorded during the Period.

The Group's capital structure as at 30 June 2025 mainly comprised share capital of RMB10.3 million (31 December 2024: RMB9.9 million), reserves and accumulated losses. The increase in share capital was attributable to the issue of new shares during the Period.

The Directors believe the Group's current capital structure remains challenging, with limited equity base and heavy dependence on borrowings. Management will continue to adopt prudent financial management strategies, strengthen cash flow control, and actively explore financing alternatives to support business operations and future development.

CHARGES ON GROUP'S ASSETS

As at 30 June 2025, the following assets was pledged to secure the Group's bank and other borrowings:

	Net carrying amounts as at 30 June 2025 RMB'000	Net carrying amounts as at 31 December 2024 RMB'000
Pledged assets		
Buildings	39,862	40,373
Land use rights	5,805	5,901
Plant and machinery	6,342	2,523
	52,009	48,797

Save as disclosed above, the Group did not have other material charges on assets.

CAPITAL COMMITMENT

The Group had approximately RMB10,810,000 capital commitments to contribute capital to subsidiaries as at 30 June 2025 (31 December 2024: RMB10,810,000).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024.

FOREIGN EXCHANGE RISK

The Group has no significant foreign currency risk as its business transactions, majority of its recognised assets and liabilities are principally denominated in RMB, its functional currency. The Group did not have any hedge instruments to hedge against other foreign currency transactions during the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed a total of 127 full-time employees (30 June 2024: 119 full-time employees). Total employee benefit expenses for the six months ended 30 June 2025 and the six months ended 30 June 2024 were approximately RMB4.7 million and approximately RMB4.4 million respectively. The remuneration package for the Group's employees includes salaries, commission, bonus and allowances. Remuneration is determined with reference to market term and the performance, qualification and experience of individual employee.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save for the plan for material investment or capital assets as disclosed in the Prospectus, there was no significant investment held, material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2025, and there was no plan for material investment or capital assets as at the date of this report.

THE RIGHT ISSUE AND USE OF PROCEEDS

On 15 April 2025, the Company proposes to implement the rights issue on the basis of one (1) Rights Share for every two (2) existing Shares held on 21 March 2025 at the Subscription Price of HK\$0.11 per rights Share, to raise gross proceeds of up to approximately HK\$6,072,000 by way of issuing up to 55,200,000 Rights Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date) to the qualifying shareholders. For detail, please refer to the announcements dated 24 March 2025 and 15 April 2025.

On 6 May 2025, 45,775,245 ordinary shares under rights shares issued. The gross proceeds from the rights shares were approximately HK\$5.04 million and the net proceeds from the rights shares, after deducting the related expenses and underwriting commission, were approximately HK\$4.17 million. The reason for undertaking the Placing was to raise funds for (i) approximately HK\$1.25 million will be used for repayment of the Group's debt and borrowings; (ii) approximately HK\$1.67 million will be used as investments in the industry of non-motor vehicle; and (iii) approximately HK\$1.25 million will be used as the general working capital of the Group.

During the six months ended 30 June 2025, the net proceeds from the right issue have been applied as follows:

	Planned use of proceeds as stated in the announcement HK\$'000	Actual use of proceeds from the Placing during the six months ended 30 June 2025 HK\$'000	Unutilised balance of the net proceeds from the Placing as at 30 June 2025 HK\$'000	Expected timeline of utilisation
Repayment of the Group's debt and borrowings	1,250	1,250	—	N/A
Investments in the industry of non-motor vehicle	1,670	100	1,570	30 June 2026
Working capital	1,250	1,250	—	N/A
Total	4,170	2,600	1,570	

OTHER INFORMATION

INTERIM DIVIDENDS

The Board resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group adopts the principles and the code provisions in the Corporate Governance Code (the **"CG Code"**) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

The Company has complied with the code provisions of the CG Code during the six months ended 30 June 2025 and up to the date of this report, other than the code provision C.2.1. CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Dang Fei (**"Mr. Dang"**) is the chairman and the chief executive officer of the Company. In view of Mr. Dang being one of the co-founders of the Group and has been managing the Group's business and supervising overall strategic planning since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Dang taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company, having made specific enquiry to all the Directors, is not aware of any non-compliance with the required standard of dealings and the Model Code during the six months ended 30 June 2025 and up to the date of this report.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he was a Director.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long position in the Shares

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of interest
Mr. Dang Fei	Interest in controlled corporation (<i>Note 1</i>)	52,692,000	33.74%
Mr. Wang Xiaozhong	Interest in controlled corporation (<i>Note 2</i>)	14,964,000	9.58%
Ms. Luo Xi	Interest in controlled corporation (<i>Note 3</i>)	1,168,500	0.75%

Notes:

1. The Shares were held by Red Fly Investment Limited ("**Red Fly**"). Red Fly is wholly owned by Mr. Dang Fei. By virtue of SFO, Mr. Dang Fei is deemed to be interested in the same number of Shares held by Red Fly.
2. The Shares were held by Xseven Investment Limited ("**Xseven Investment**"). Xseven Investment is owned as to 100% by Mr. Wang Xiaozhong. Under the SFO, Mr. Wang Xiaozhong is deemed to be interested in the same number of Shares held by Xseven Investment.
3. The Shares were held by Lockxy Investment Limited ("**Lockxy Investment**"). Lockxy Investment is owned as to 68% by Ms. Luo Xi. By virtue of SFO, Ms. Luo Xi is deemed to be interested in the same number of Shares held by Lockxy Investment.

Save as disclosed above and so far as known to the Directors, as at 30 June 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO and the Model Code, to be entered in the register referred to therein, or which would be required pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested (Long position)	Approximate percentage of interest
Red Fly	Beneficial owner (<i>Note 1</i>)	52,692,000	33.74%
Xseven Investment	Beneficial owner (<i>Note 2</i>)	14,694,000	9.58%
Ms. Gao Hong	Interest of spouse (<i>Note 3</i>)	14,694,000	9.58%

Notes:

1. The Shares were held by Red Fly. Red Fly is wholly owned by Mr. Dang Fei.
2. The Shares were held by Xseven Investment. Xseven Investment is owned as to 100% by Mr. Wang Xiaozhong.
3. Ms. Gao Hong is the spouse of Mr. Wang Xiaozhong. Under the SFO, Ms. Gao Hong is deemed to be interested in the same number of Shares owned by Mr. Wang Xiaozhong.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

COMPETING INTERESTS

The Directors were not aware of any business or interest of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the six months ended 30 June 2025.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the **"Share Option Scheme"**) on 10 June 2020. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix V to the Prospectus. As of 1 January 2025 and 30 June 2025, respectively, the number of share options available for grant under the Share Option Scheme was 8,000,000 shares. Since the Listing Date and up to the date of this report, no option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

EVENTS AFTER THE REPORTING PERIOD

Change of directors

On 18 July 2025, Mr. Li Xia resigned as an executive Director, Ms. Zhou Wenqi is appointed as an executive Director, and Mr. Cheung Wai Yin Wilson is appointed as an executive Director.

On 6 August 2025, Mr. Wang Yifan resigned as an executive director.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the “**Audit Committee**”) on 10 June 2020 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs D.3.3 and D.3.7 of the CG Code. The Audit Committee consists of three members, namely, Mr. Ma Kaibing, Dr. Zuo Xinzhang and Mr. Li Jian, all being independent non-executive Directors. Mr. Ma Kaibing, who possesses the relevant accounting or finance qualification, currently serves as the chairman of the Audit Committee.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 were not reviewed or audited by the Company’s auditor. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and was of the opinion that the preparation of such statements complied with applicable accounting standards and the requirements under the GEM Listing Rules, and adequate disclosures have been made.

By order of the Board

China Saftower International Holding Group Limited

Dang Fei

Chairman and Executive Director

Hong Kong, 29 August 2025

As at the date of this report, the executive Directors are Mr. Dang Fei, Mr. Wang Xiaozhong, Ms. Luo Xi, Ms. Zhou Wenqi, Ms. Hu Yi and Mr. Cheung Wai Yin Wilson and the independent non-executive Directors are Dr. Zuo Xinzhang, Mr. Li Jian and Mr. Ma Kaibing.

This report will remain on the “Latest Company Announcements” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the day of its publication. This report will also be published on the Company’s website at www.saftower.cn.

In the case of inconsistency, the English text of this report shall prevail over the Chinese text.

* The English translation of Chinese names or words in this report, where indicated, is included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.