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China Saftower International Holding Group Limited

中國蜀塔國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8623)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the annual report of China Saftower International Holding Group Limited (the “**Company**”) for the year ended 31 December 2022 (the “**Annual Report**”) published on 31 March 2023. Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as those defined in the Annual Report.

This announcement is made to provide supplemental information to the Annual Report.

SUPPLEMENTAL INFORMATION ON THE LOAN RECEIVABLES

In addition to the information disclosed in Note 22 to the consolidated financial statements in the Annual Report, the Board would like to provide additional information in relation to the loan receivables of RMB34.5 million (the “**Loan Receivables**”).

The Loan Receivables relate to two unsecured loans:

(1) Qianshao Loan

Pursuant to a loan agreement dated 25 January 2021 (the “**Qianshao Loan Agreement**”) entered into between Guangyuan Saftower Cable Co. Ltd.* (廣元蜀塔電纜有限公司) (“**Guangyuan Saftower**”), an indirect wholly owned subsidiary of the Company, as lender, and Chengdu Qianshao Trading Co. Ltd.* (成都前哨貿易有限公司) (“**Chengdu Qianshao**”), a company established under the laws of PRC, as borrower, Guangyuan Saftower granted a loan in the principal amount of RMB0.5 million for a term of 3 years up to 30 January 2024 and with interest rate of 1% per month (the “**Qianshao Loan**”). Mr. Wang Xiaozhong (“**Mr. Wang**”), an executive Director, has provided personal guarantee in relation to the Qianshao Loan.

Chengdu Qianshao is a primarily engaged in trading of electronic products, skills training, technical promotion services, conference and exhibition services, organisation of cultural exchange activities. The Company was first acquainted with Chengdu Qianshao through Mr. Wang in January 2021 for the purpose of seeking for a service provider to provide training services to the employees of the Group and to have a potential long-term strategic cooperation.

The terms of the Qianshao Loan Agreement were arrived at by Guangyuan Saftower and Chengdu Qianshao after arm's length negotiations and are on normal commercial terms. Whilst the parties did not proceed with the abovementioned training services and business cooperation at the relevant time due to the COVID-19 pandemic, Chengdu Qianshao sought the Group for a loan for its business purposes, and having considered (i) amount of the Qianshao Loan, (ii) the interest income to be received by the Group, (iii) the personal guarantee provided by Mr. Wang, and (iv) the comparatively low credit risk in view of the amount of the Qianshao Loan, duration, and Mr. Wang's personal guarantee, the Directors consider that the terms of the Qianshao Loan Agreement are fair and reasonable and the granting of the Qianshao Loan to Chengdu Qianshao is in the interest of the Company and the shareholders of the Company as a whole.

(2) **Guangyuan Shiyuanqu Loan**

Pursuant to a loan agreement dated 5 March 2021 (the "**Guangyuan Shiyuanqu Loan Agreement**") entered into between Yaan Baosheng Metal Material Co., Ltd.* (雅安寶盛金屬材料有限公司) ("**Yaan Baosheng**"), currently an indirect wholly owned subsidiary of the Company, as lender, and Guangyuan Shiyuanqu Construction Investment Co., Ltd.* (廣元市園區建設投資有限公司) (the "**Guangyuan Shiyuanqu**"), a company established under the laws of PRC, as borrower, Yaan Baosheng granted a loan in the principal amount of RMB34.0 million for a term of 28 months up to 4 July 2023 and with interest rate of 7.5% per annum (the "**Guangyuan Shiyuanqu Loan**").

Guangyuan Shiyuanqu is a state-owned enterprise established under the laws of PRC, the principal business of which is provision of municipal facilities as well as provision of construction and asset services. As Guangyuan Shiyuanqu may be required to acquire cable wires under its construction projects, the Directors are of the view that it is in the interest of the Company to maintain a good relationship with Guangyuan Shiyuanqu for a potential strategic cooperation in near future.

The terms of the Guangyuan Shiyuanqu Loan Agreement were arrived at by Yaan Baosheng and Guangyuan Shiyuanqu after arm's length negotiations and are on normal commercial terms. Having considered (i) the potential strategic cooperation the parties may have, (ii) the interest income to be received by Yaan Baosheng and (iii) the credential of the Borrower along with its state-owned background, the Directors consider that the terms of the Guangyuan Shiyuanqu Loan Agreement are fair and reasonable and the granting of the Guangyuan Shiyuanqu Loan to Guangyuan Shiyuanqu is in the interest of the Company and the shareholders of the Company as a whole.

The Guangyuan Shiyuanqu Loan was due on 4 July 2023, and as at the date of this announcement, Guangyuan Shiyuanqu has not repaid the principal amount and the accrued interest. In this regard, the parties intend to extend the maturity date and are in the course of negotiating the details; however, as at the date of this announcement, no definitive agreement has been entered.

To the best of knowledge, information and belief of the Directors after making all reasonable enquiries and based on the public information available to the Company, each of Chengdu Qianshao, Guangyuan Shiyuanqu and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

There were no impairments or write-offs made in relation to the Loan Receivables. Such assessment was made after consulting independent appraisal professional, and the basis of which is that the relevant borrowers fall within the category of high-quality given their state-owned background and/or their good credentials, and thus no provision for impairment losses has been made. The Board considers the consistently low historical default rate of the relevant borrowers and concludes that credit risk inherent in this amount is insignificant.

The Board confirms that the supplemental information provided in this announcement does not affect any other information contained in the Annual Report and, save as disclosed above, the contents of the Annual Report remain unchanged.

By order of the Board
China Saftower International Holding Group Limited
Dang Fei
Chairman and Executive director

Hong Kong, 16 August 2023

As at the date of this announcement, the executive Directors are Mr. Dang Fei, Mr. Wang Xiaozhong, Ms. Luo Xi and Mr. Luo Qiang, the non-executive Director is Mr. Wang Haichen and the independent non-executive Directors are Dr. Zuo Xinzhang, Mr. Chan Oi Fat and Ms. Hu Xiaomin.

This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least seven days from the date of its publication and on the website of the Company at www.saftower.cn.