

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) 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. 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.*

The board of the Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative audited figures for the corresponding period in 2023 as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2024*

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>RMB’000</i></b>	<i>RMB’000</i>
Revenue	3	<b>256,610</b>	244,688
Cost of sales		<b>(255,564)</b>	(244,317)
<b>Gross profit</b>		<b>1,046</b>	371
Other income and gain	4	<b>20,168</b>	8,615
Selling and distribution expenses		<b>(3,218)</b>	(1,916)
Administrative and other expenses		<b>(26,568)</b>	(42,408)
Impairment losses on trade and other receivables, net		<b>(43,914)</b>	(5,760)
Impairment losses on property, plant and equipment		<b>(1,998)</b>	(7,838)
Impairment losses on goodwill		<b>—</b>	(597)
Finance costs	5	<b>(7,131)</b>	(7,308)
<b>Loss before tax</b>	6	<b>(61,615)</b>	(56,841)
Income tax expenses	7	<b>(6,562)</b>	(3,744)
<b>Loss for the year</b>		<b><u>(68,177)</u></b>	<b><u>(60,585)</u></b>
<b>Other comprehensive expense</b>			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency		<b>(65)</b>	(193)
<b>Total comprehensive expense for the year</b>		<b><u>(68,242)</u></b>	<b><u>(60,778)</u></b>

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(58,836)</b>	(60,044)
Non-controlling interests		<b>(9,341)</b>	(541)
		<u><b>(68,177)</b></u>	<u>(60,585)</u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(58,901)</b>	(60,237)
Non-controlling interests		<b>(9,341)</b>	(541)
		<u><b>(68,242)</b></u>	<u>(60,778)</u>
			(Restated)
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>RMB cents</i> )	9	<u><b>(59.47)</b></u>	<u>(65.27)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		94,473	82,771
Right-of-use assets		14,158	16,963
Goodwill		—	—
Intangible assets		504	461
Deferred tax assets		2,061	9,919
Deposits and prepayments	11	646	29,255
Total non-current assets		111,842	139,369
<b>Current assets</b>			
Inventories		10,087	5,247
Trade receivables	10	114,521	143,028
Prepayments, deposits and other receivables	11	34,303	69,206
Tax recoverables		66	66
Amount due from a shareholder		—	150
Restricted bank deposits		204	374
Bank balances and cash		1,776	1,409
Total current assets		160,957	219,480
<b>Total assets</b>		<b>272,799</b>	<b>358,849</b>
<b>Current liabilities</b>			
Contract liabilities		632	2,816
Trade and bills payables	12	97,285	95,635
Accruals and other payables		68,939	65,360
Amounts due to shareholders		5,265	28,623
Borrowings	13	49,708	68,518
Lease liabilities		2,525	2,366
Deferred income		368	368
Total current liabilities		224,722	263,686
<b>Net current liabilities</b>		<b>(63,765)</b>	<b>(44,206)</b>
<b>Total assets less current liabilities</b>		<b>48,077</b>	<b>95,163</b>

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Trade payables	12	2,077	—
Other payables		1,550	1,850
Borrowings	13	22,820	9,580
Amount due to a shareholder		180	—
Lease liabilities		5,620	8,145
Deferred tax liabilities		2,749	4,070
Deferred income		613	981
		<hr/>	<hr/>
Total non-current liabilities		35,609	24,626
		<hr/>	<hr/>
Total liabilities		260,331	288,312
		<hr/>	<hr/>
<b>Net assets</b>		<b>12,468</b>	<b>70,537</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
Share capital		9,913	8,222
Reserves		(10,042)	40,377
		<hr/>	<hr/>
<b>Owners of the Company</b>		<b>(129)</b>	<b>48,599</b>
<b>Non-controlling interests</b>		<b>12,597</b>	<b>21,938</b>
		<hr/>	<hr/>
<b>Total equity</b>		<b>12,468</b>	<b>70,537</b>
		<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 COMPANY INFORMATION

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 at 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. Principal activities of the Company and its subsidiaries (the "**Group**") are manufacturing and sale of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) in the PRC. Red Fly Investment Limited, which is wholly owned by Dang Fei, has 31.82% interest in the Company.

The shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements for the year ended 31 December 2024 were approved and authorised for issue by the board of directors of the Company on 31 March 2025.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRS**") ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

### 2.1 Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2.2 New and amendments to HKFRS Accounting Standards in issue but are not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
Amendments to HKFRS9 and HKFRS 7	Contracts Referencing Nature — dependent Electricity <sup>3</sup>

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

## ***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

### **3 REVENUE AND SEGMENT INFORMATION**

#### **SEGMENT INFORMATION**

##### **(a) Operating segments**

During the year, the Group was principally engaged in manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) 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 operating segment which is the manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products). Accordingly, no operating segment information is presented.

##### **(b) Geographic information**

The Group's revenue 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.



**(c) Information about major customers**

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

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Customer A	<b>157,742</b>	56,292
Customer B	N/A <sup>(1)</sup>	49,584
Customer C	<b>N/A<sup>(1)</sup></b>	<b>48,070</b>

<sup>(1)</sup> The corresponding revenue did not contribute over 10% revenue of the Group.

**REVENUE**

Revenue represents the amount received and receivable from manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) during the year:

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
<b>Revenue from contracts with customers</b>		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	<b>236,332</b>	190,702
Manufacturing and sales of aluminium products, recognised at a point in time	—	53,986
Manufacturing and sales of carbon nanotubes and auxiliary products of conductive agents, recognised at a point in time	<b>20,278</b>	—
	<b>256,610</b>	<b>244,688</b>

The Group applies the practical expedient of not disclosing the transaction price allocated to remaining performance obligations that is part of a contract that has original expected duration of one year or less.

#### 4 OTHER INCOME AND GAIN

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other income</b>			
Interest income from other receivables		—	2,406
Interest income from bank deposits		—	58
Interest income from rental deposits		27	21
Government grants and subsidies	(i)	3,356	4,920
Service income	(ii)	1,280	576
Rental income		972	561
Others		—	14
		<u>5,635</u>	<u>8,556</u>
<b>Gain</b>			
Gain on derecognition of trade payables		<u>14,533</u>	<u>59</u>
		<u>14,533</u>	<u>59</u>
		<u><b>20,168</b></u>	<u><b>8,615</b></u>

*Note:*

- (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) Service income was charged to the customers for the service of collection and payment on behalf of the customers.

## 5 FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses on bank and other borrowings	6,267	6,468
Interest expenses on lease liabilities	596	616
Others	268	224
	<hr/>	<hr/>
Finance expenses	<u>7,131</u>	<u>7,308</u>

## 6 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as cost of sales	255,564	244,317
Auditor's remuneration		
— Audit services	811	795
Research costs (other than amortisation costs)	97	—
Depreciation of property, plant and equipment	5,714	8,971
Depreciation of right-of-use assets	2,805	2,903
Loss on disposal of property, plant and equipment, net	266	15,839
Loss on disposal of intangible assets	—	57
Amortisation of intangible assets	54	45
Allowance for expected credit losses on trade receivables, net	41,831	5,237
Bad debt written off	811	—
Allowance for expected credit losses on other receivables, net	1,272	523
Write-off of property, plant and equipment	1,251	1,148
Employee costs (including directors' remuneration)		
— Wages, salaries and other benefits	8,790	7,843
— Contributions to defined contribution retirement plans	1,504	1,757
	<hr/>	<hr/>
	<u>10,294</u>	<u>9,600</u>

## 7 INCOME TAX EXPENSES

The income tax expenses in the consolidated statements of profit or loss and other comprehensive income during the year represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax	—	—
Under-provision in prior years	25	—
Deferred tax	6,537	3,744
	<hr/>	<hr/>
Income tax expenses	<u>6,562</u>	<u>3,744</u>

No Hong Kong profits tax was provided as the Group has no estimated assessable profit in Hong Kong during the years ended 31 December 2024 and 31 December 2023.

Provision for 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 except certain subsidiaries are entitled to preferential tax rate of 15% in the PRC as mentioned below.

Guangyuan Tongchuang New Materials Company Limited, a subsidiary of the Company, is subject to 10% income tax concession due to the preferential tax policy of the development of the western region of the PRC fulfilled for the years ended 31 December 2024 and 31 December 2023. According to “Announcement on Issues Concerning Continuation Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy” (《關於延續西部大開發企業所得稅政策的公告》) (Announcement No. 23 [2020] of the Ministry of Finance of the People’s Republic of China) (財政部公告[2020]第23號), from 1 January 2021 to 31 December 2030, EIT imposed upon any enterprises established in western region of the PRC which are engaging in the encouraged industries shall be subject to a reduced rate at 15%. In 2024, Guangyuan Tongchuang New Materials Company Limited did not fulfill the requirement, and accordingly, it was subject to EIT tax rate of 25%.

## 8 DIVIDENDS

No dividend has been paid or declared by the Company during the year of 2024, nor has any dividend been proposed since the end of the year ended 31 December 2024 (2023: Nil).

## 9 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic loss per share attributable to owners of the Company for the year is calculated based on the loss attributable to owners of the Company of approximately RMB58,836,000 (2023: RMB60,044,000), and the weighted average number of ordinary shares of 98,938,000 in issue (2023: 92,000,000 shares (Restated)). The Company did not have any potential dilutive shares for the years ended 31 December 2024 and 2023. Accordingly, the diluted loss per share are the same as the basic loss per share.

For the year ended 31 December 2024, the weighted average number of ordinary shares for the purpose of loss per share has been adjusted to take into effect of the share consolidation with effect from 10 July 2024 and as if it had been effective on 1 January 2023.

## 10 TRADE RECEIVABLES

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Trade receivables	<b>169,834</b>	156,510
Less: Allowance for ECLs on trade receivables	<b>(55,313)</b>	(13,482)
	<b><u>114,521</u></b>	<b><u>143,028</u></b>

The credit period granted to customers is ranging from 0 to 365 days (2023: 0 to 365 days) as at the end of the reporting period.

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

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
0 to 60 days	<b>14,491</b>	40,311
61 to 180 days	<b>22,661</b>	22,475
181 to 365 days	<b>3,166</b>	8,451
Over 365 days	<b>129,516</b>	85,273
	<b><u>169,834</u></b>	<b><u>156,510</u></b>

## 11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Non-current:</b>		
Deposits ( <i>Note (a)</i> )	634	29,109
Prepayments	12	146
	<u>646</u>	<u>29,255</u>
<b>Current:</b>		
Prepayments	486	388
Prepayments to suppliers	9,521	14,660
Loan receivables ( <i>Note (b)</i> )	—	31,039
Deposits ( <i>Note (a)</i> )	11,686	59
VAT recoverable	10,451	4,614
Other receivables ( <i>Note (c)</i> )	4,263	19,278
Less: Allowance for ECLs on other receivables	(2,104)	(832)
	<u>34,303</u>	<u>69,206</u>
	<u><u>34,949</u></u>	<u><u>98,461</u></u>

- (a) During the year ended 31 December 2023, the Group paid deposits amounting to RMB28,003,000 for building a production line for the production of carbon nanotubes and auxiliary products of conductive agents. During the year ended 31 December 2024, RMB16,338,000 of additions of property, plant and equipment was provided by suppliers. As at 31 December 2024, the supplier was not yet able to deliver the remaining RMB11,665,000 equipment to the Group, the Group reached an agreement with the supplier to refund the outstanding balance. RMB6,000,000 has been received by the Group as of the date of issuance of these consolidated financial statements.
- (b) Pursuant to a loan agreement dated 5 March 2021 (the “**Guangyuan Shiyuanqu Loan Agreement**”) entered into between one 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, the subsidiary 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. The terms of the Guangyuan Shiyuanqu Loan Agreement were arrived at by the subsidiary 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 the subsidiary 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. As at 31 December 2024, the outstanding principal of this loan is nil (2023: RMB31,039,000). Such loan receivables together with the interest accrued were fully settled during the year ended 31 December 2024.
- (c) As at the year ended 31 December 2023, proceeds receivables for disposal of property, plant and equipment amounting to RMB2,700,000 and overpayment made to suppliers which payment would be refunded in cash instead of goods or services would be delivered or rendered in the future amounting to RMB10,880,000 were included in other receivables, such receivables were fully settled during the year ended 31 December 2024.

\* *English translation names are for identification purpose only*

## 12 TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Non current:</b>		
Trade payable ( <i>Note (a)</i> )	<u>2,077</u>	<u>—</u>
<b>Current:</b>		
Trade payables	97,285	95,435
Bills payables	<u>—</u>	<u>200</u>
	<u><b>97,285</b></u>	<u><b>95,635</b></u>
	<u><b>99,362</b></u>	<u><b>95,635</b></u>

- (a) During the year ended 31 December 2024, the Group entered into an agreement with a supplier to extend the payment terms of outstanding trade payables for a period of three years. As a result of this agreement, these trade payables have been classified as non-current liabilities at 31 December 2024.

The credit period on purchases from suppliers is generally ranging from 0 to 120 days (2023: 0 to 120 days) as at the end of the reporting period.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 60 days	46,632	46,419
61 to 180 days	26,504	19,938
181 to 365 days	5,386	861
Over 365 days	<u>20,840</u>	<u>28,217</u>
	<u><b>99,362</b></u>	<u><b>95,435</b></u>



## 13 BORROWINGS

	2024 RMB'000	2023 RMB'000
<b>Current:</b>		
Secured and guaranteed interest-bearing bank borrowings repayable within one year	37,465	51,248
Secured and guaranteed interest-bearing other borrowings repayable within one year	11,790	7,270
Unsecured and unguaranteed interest-bearing other borrowings repayable within one year	453	10,000
	<u>49,708</u>	<u>68,518</u>
<b>Non-current:</b>		
Secured and guaranteed interest-bearing bank borrowings repayable after one year	9,550	2,400
Secured and guaranteed interest-bearing other borrowings repayable after one year	13,270	7,180
	<u>22,820</u>	<u>9,580</u>

*Note:*

As at 31 December 2024, the Group was in default in respect of principal amount of borrowings totaling approximately RMB15,159,000 (2023: RMB50,999,000) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2024.

At the end of the reporting period, the Group's bank and other borrowings are scheduled to repay as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
On demand or within one year	<b>49,708</b>	68,518
More than one year, but not exceeding two years	<b>7,660</b>	2,420
More than two years, but not exceeding five years	<b>10,400</b>	1,200
More than five years	<b>4,760</b>	5,960
	<u><b>72,528</b></u>	<u>78,098</u>

#### **14. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

- (a) On 10 January 2025, the Group reached an agreement with a bank to extend a loan with principal amount of RMB4,000,000, which was originally repayable on 19 January 2025. The loan is repayable on 19 January 2026 and bears interest at 1-year LPR+0.2%. No adjustments have been made to the consolidated financial statements as a result of this extension and therefore the loan is presented as a current liability as at 31 December 2024;
- (b) On 27 February 2025, one subsidiary of the Group entered into a reconciliation agreement with a bank to extend two loans with principal amounts of RMB3,000,000 and RMB2,910,000, which were originally in default as at 31 December 2024. The loans are repayable on a monthly schedule from March 2025 to December 2027 and bear interests at 6.15% per annum and 5.63% per annum, respectively. The repayment schedule is established with RMB500,000 due during the year ended 31 December 2025, RMB1,800,000 due during the year ended 31 December 2026, and RMB3,610,000 due during the year ended 31 December 2027. No adjustments have been made to the consolidated financial statements as a result of this extension and therefore the loan is presented as a current liabilities as at 31 December 2024; and
- (c) On 14 February 2025, the Company announced a proposed rights issue of new shares to raise additional capital. The rights issue is structured on the basis of one rights share for every two existing shares held by shareholders of the Company, at a 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 to shareholders. The net proceeds from the rights issue are intended to strengthen the Group's financial position and support its ongoing operational and strategic initiatives. The effective date of the rights issue is expected to be on or around 28 April 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

## BUSINESS REVIEW

The Group is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Chengdu and Guangyuan of Sichuan Province, the People's Republic of China (the “**PRC**”). The Group's products can be broadly classified into four categories:

1. **Finished wires and cables**
2. **Semi-finished wires**
3. **Aluminium products**
4. **Other products** (cable accessories)

During the year ended 31 December 2024, the Group generated revenue primarily from the manufacturing and sales of wires and cables and the sale of aluminium products. The Group served a large number of customers, mainly power companies, manufacturing enterprises, construction and renovation companies, and trading companies.

Our **integrated production facilities** in Sichuan Province continued to play a crucial role in our operations. We invested in state-of-the-art technologies to maintain high-quality standards and ensure operational efficiency.

Despite financial challenges, we **strengthened risk management** processes and **implemented internal controls** to mitigate potential risks.

## PROSPECTS

Our outlook remains **optimistic** as we continue to focus on the following key areas:

1. **Market Expansion:** Strengthening sales and marketing efforts, exploring new distribution channels, and forming strategic partnerships.
2. **Innovation and R&D:** Investing in new technologies to develop high-performance, durable, and energy-efficient products.
3. **Sustainability & ESG:** Implementing energy-saving initiatives, waste reduction, and recycling efforts.

4. **Operational Efficiency:** Streamlining processes, optimizing supply chains, and investing in automation to reduce costs and enhance productivity.
5. **Risk Management & Governance:** Enhancing compliance, transparency, and corporate governance to maintain stakeholder trust.

#### National Policies and Industry Support:

According to official national statistics, the upgrading of the State Grid and the development of ultra-high voltage (UHV) transmission projects are driving demand for high-voltage and ultra-high-voltage cables. The market size for UHV cables is expected to reach RMB800 billion by 2025, with the southwest region accounting for a significant portion of supply and demand.

This has created a favorable development environment for the aluminium-clad steel reinforced (ACSR) conductor industry. The national 14th Five-Year Plan clearly emphasizes the strengthening of power grid infrastructure. UHV projects have been designated as key “new infrastructure” initiatives, directly stimulating demand for high-performance ACSR conductors. The new version of the “Regulations on the Protection of Electric Power Facilities”, which will be implemented in 2025, further standardizes transmission line construction standards and promotes high-quality development across the industry.

The “Industrial Structure Adjustment Guidance Catalog” issued by the National Development and Reform Commission (NDRC) classifies ultra-high-voltage and UHV ACSR conductors as encouraged items. Enterprises involved in these projects may enjoy tax incentives and technical transformation subsidies.

Taking a comprehensive view of the current state of the industry, the outlook remains positive in the coming years. Accordingly, the company plans to intensify the promotion, production, and sales of its core products such as ACSR conductors. The company will continue to sign long-term framework sales agreements with downstream customers built on long-standing cooperative relationships. It will also extend upstream by optimizing supplier selection and procurement, and has already signed long-term supply agreements with preferential pricing. The company will continue expanding its regional production base network, optimize production processes, and reduce associated costs.

At the same time, by the end of 2024, with the commissioning of the company’s new polymer cable material plant, a 10,000-ton annual supply agreement has been signed with a high-quality state-owned enterprise. The newly built plant is expected to achieve an annual output of over 20,000 tons in the coming year and will benefit from the national “immediate VAT rebate upon collection” incentive policy, which will contribute to the company’s profit margin.

## 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 year ended 31 December	Revenue		Gross profit (loss)		Gross profit (loss) margin	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	%	%
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
Classic finished wires and cables						
Copper wires and cables	—	954	—	60	—	6.3
Aluminium wires and cables	233,362	114,465	1,056	2,135	0.5	1.9
Semi-finished wires						
Bare copper wires	—	1,965	—	(14)	—	(0.7)
Aluminium rods	2,742	73,216	(24)	(590)	(0.9)	(0.8)
Cast-rolled coil	—	50,243	—	(1,049)	—	(2.1)
Cable materials	20,279	—	(79)	—	(0.4)	—
Others	227	3,845	93	(171)	41.0	(4.4)
	<u>256,610</u>	<u>244,688</u>	<u>1,046</u>	<u>371</u>	<u>0.4</u>	<u>0.2</u>

- The Group recorded a total turnover of RMB256.6 million in 2024, reflecting an increase of 4.9% compared to RMB244.7 million in 2023.
- The increase in revenue was resulted from the combined effect of (i) increase in sales of aluminium wires and cables because of recovery of market demand, (ii) the drop of sales of cast-rolled coil and newly additional of cable materials due to the restructure of the Group's product mix.

### Cost of Sales

- The cost of sales increased from RMB244.3 million in 2023 to RMB255.6 million in 2024, an increase of RMB11.3 million (4.6%).
- The increase followed the trend of revenue growth.

## **Gross Profit and Gross Profit Margin**

- Gross profit increased to RMB1.0 million in 2024 (2023: RMB0.4 million).
- Gross profit margin improved to 0.4% in 2024 (2023: 0.2%) due to the Group dropped the sales of cast-rolled coil which was gross loss.

## **Other Income and Gain**

- Other income and gain rose significantly from RMB8.6 million in 2023 to RMB20.2 million in 2024.
- This increase was mainly attributed to gain on derecognition of trade payables (RMB14.5 million).

## **Selling and Distribution Expenses**

- Selling and distribution expenses increased by RMB1.3 million (68.4%) from RMB1.9 million in 2023 to RMB3.2 million in 2024.
- The increase is due to the Group actively seek for new clients in the PRC and more travelling costs increased.

## **Administrative and Other Expenses**

- Administrative expenses decreased by RMB15.8 million (37.3%), from RMB42.4 million in 2023 to RMB26.6 million in 2024.
- The decrease was mainly due to losses on disposal of property, plant, and equipment than last year.

## **Finance Costs**

- Finance costs decreased from RMB7.3 million in 2023 to RMB7.1 million in 2024, mainly due to repayment of borrowings during the year.

## Income Tax Expenses

- Income tax expenses increased from RMB3.7 million in 2023 to RMB6.6 million in 2024.
- The increase was mainly due to the recognition of deferred tax loss.

## Loss for the Year

- The net loss of the Company was RMB68.2 million in 2024, compared to RMB60.6 million in 2023.
- The increase in net loss was due to comprised of reason explained above.
- The Group primarily financed operations through cash generated from operations, borrowings and Shareholder equity.

	As at 31 December	
	2024 (RMB'000)	2023 (RMB'000)
Bank balances & cash	1,776	1,409
Total equity (deficit)	(129)	48,599
Gearing ratio	674.8%	163.7%

- Gearing ratio increased significantly due to **higher borrowings and lower equity**.

## **CHARGES ON GROUP'S ASSETS**

As at 31 December 2024, the following assets were pledged to secure the Group's bank and other borrowings:

- (a) Buildings with an aggregate net carrying amount of approximately RMB40,373,000 as at 31 December 2024 (31 December 2023: RMB42,346,000);
- (b) Land use rights with an aggregate net carrying amount of approximately RMB5,901,000 as at 31 December 2024 (31 December 2023: RMB6,088,000);
- (c) Plant and machinery with an aggregate net carrying amount of approximately RMB2,523,000 as at 31 December 2024 (31 December 2023: RMB3,984,000); and

## **CAPITAL COMMITMENT**

The Group had capital commitments for property, plant and equipment of approximately HK\$nil as at 31 December 2024 (31 December 2023: HK\$25,498,000).

In August 2024, the Group established Hainan Saftower, a company engaged in investment holding, in which the Group will make a capital contribution of RMB5,100,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 31 December 2028 pursuant to the Memorandum And Articles of Association.

In March 2024, the Group and an individual third party established Hainan Tenengchong, a company engaged in development and operation of charging facilities for non-motorised vehicles, in which the Group will make a capital contribution of RMB5,100,000 and hold 51% of its total interests. Each of the members is required to pay up its respective committed registered capital on or before 12 March 2029 pursuant to the Memorandum And Articles of Association.

In August 2024, the Group and an individual third party established Fuzhou Dasong, a company engaged in software development, technical services, and the operation of nonmotor vehicle charging facilities, in which the Group will make a capital contribution of RMB510,000 and hold 51% of its total interests. It is required to pay up its respective committed registered capital on or before 14 August 2029 pursuant to the Memorandum And Articles of Association. During the year ended 31 December 2024, the Group contributed an amount of RMB100,000 to Fuzhou Dasong.

In September 2024, the Group established Sichuan Ruorgai, a company engaged in manufacturing, processing and sale of mechanical and electrical equipment, in which the Group will make a capital contribution of RMB200,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 4 September 2029 pursuant to the Memorandum And Articles of Association.



## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 December 2024.

## **LITIGATIONS**

There was no significant litigation at 31 December 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group employed a total of 111 full-time employees (31 December 2023: 116 full-time employees). Total employee benefit expenses for the year ended 31 December 2024 and the year ended 31 December 2023 were approximately RMB10.0 million and approximately RMB9.6 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, which would be reviewed by the Group regularly. The Group would provide induction trainings to new employees and regular trainings to existing employees to update their knowledge and skills.

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

There was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2024, and there was no plan for material investment or capital assets as at the date of this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

Details of significant event affecting the Group after the reporting period and up to date of this announcement is set out in Note 14 in this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in the Appendix C1 to the GEM Listing Rules. During the year ended 31 December 2024 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code except for code provision C.2.1 of the CG Code.

Under code provision C.2.1, the role of the chairman and chief executive officer of the Company should be separately taken by different individuals. Currently, Mr. Dang Fei is the chairman and the chief executive officer of the Company. The Board is of the view that Mr. Dang Fei carrying out both roles can bring strong and consistent leadership for the Group and that such arrangement will be beneficial to the Company and its business. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors are aware that the Company is expected to comply with the CG Code. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Model Code**”). The Company has made specific enquiries to all the Directors, all of whom have confirmed that they have fully complied with the required standard of dealings set out in the Model Code for the year ended 31 December 2024 and up to the date of this announcement. No incident of non-compliance was noted by the Company for the year ended 31 December 2024 and up to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float, under the GEM Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING (THE “AGM”)**

The forthcoming annual general meeting of the Company is scheduled to be held on 30 June 2025 (“**2025 AGM**”). For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 25 June 2025 to 30 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 24 June 2025.

## **AUDIT COMMITTEE**

The Company established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and relevant code provision under the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Dr. Zuo Xinzhang, Mr. Li Jian and Mr. Ma Kaibing, among which, Mr. Ma Kaibing possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and he serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group’s internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, CL Partners CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 31 March 2025. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S OPINION**

The below paragraphs set out an extract of the report by the auditors of the Company regarding the consolidated financial statements of the Group for the year ended 31 December 2024.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of RMB68,177,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group's net current liabilities amounted to RMB63,765,000. The Group's total borrowings amounted to RMB72,528,000, out of which RMB49,708,000 are repayable on demand or due for repayment in the next twelve months from the end of the reporting period, while its cash and cash equivalents amounted to RMB1,776,000 at 31 December 2024.

In addition, as at 31 December 2024, the Group was in default of borrowings with principal amount of RMB15,159,000 together with interest payable totally RMB6,715,000, due to the events of default of late or overdue repayment of loan principal and interest during the year ended or as at 31 December 2024.

These conditions, together with other matters described in note 3 to the consolidated financial statements, indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's annual report for the year ended 31 December 2024 and notice of the forthcoming annual general meeting will be made available on the websites of the Stock Exchange and will be despatched to the shareholders of the Company who have requested the printed copy on or before the end of April 2025.

By Order of the Board  
**China Saftower International Holding Group Limited**  
**Dang Fei**  
*Chairman and Executive Director*

Hong Kong, 31 March 2025

*As at the date of this announcement, the executive Directors are Mr. Dang Fei, Mr. Wang Xiaozhong, Ms. Luo Xi and Mr. Li Xia, Ms. Hu Yi and Mr. Wang Yifan and the independent non-executive Directors are Dr. Zuo Xinzhang, Mr. Li Jian and Mr. Ma Kaibing.*

*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 website at [www.hkexnews.hk](http://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](http://www.saftower.cn).*

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