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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 together with the comparative audited figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	256,159	256,610
Cost of sales		<u>(257,673)</u>	<u>(255,564)</u>
Gross (loss) profit		(1,514)	1,046
Other income	4	6,118	5,635
Other gains and losses, net	5	2,221	14,533
Selling and distribution expenses		(1,455)	(3,218)
Administrative and other expenses		(23,400)	(26,568)
Impairment losses on trade and other receivables, net		(77,487)	(43,914)
Impairment losses on property, plant and equipment		(17,389)	(1,998)
Share of loss of an associate		(20)	—
Finance costs	6	<u>(8,854)</u>	<u>(7,131)</u>
Loss before tax	7	(121,780)	(61,615)
Income tax credit (expense)	8	<u>507</u>	<u>(6,562)</u>
Loss for the year		<u>(121,273)</u>	<u>(68,177)</u>
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency		<u>1,354</u>	<u>(65)</u>
Total comprehensive expense for the year		<u>(119,919)</u>	<u>(68,242)</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year attributable to:			
Owners of the Company		(107,169)	(58,836)
Non-controlling interests		<u>(14,104)</u>	<u>(9,341)</u>
		<u>(121,273)</u>	<u>(68,177)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(105,815)	(58,901)
Non-controlling interests		<u>(14,104)</u>	<u>(9,341)</u>
		<u>(119,919)</u>	<u>(68,242)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	<i>10</i>	<u>(73.82)</u>	<u>(59.47)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		65,187	94,473
Right-of-use assets		4,157	14,158
Intangible assets		5	504
Investment in an associate		60	—
Deferred tax assets		330	2,061
Deposits and prepayments	<i>12</i>	1,155	646
Total non-current assets		70,894	111,842
Current assets			
Inventories		8,346	10,087
Trade receivables	<i>11</i>	1,370	114,521
Prepayments, deposits and other receivables	<i>12</i>	33,846	34,303
Tax recoverables		310	66
Restricted bank deposits		11	204
Bank balances and cash		246	1,776
		44,129	160,957
Assets classified as held-for-sale		14,358	—
Total current assets		58,487	160,957
Total assets		129,381	272,799
Current liabilities			
Contract liabilities		4,715	632
Trade and bills payables	<i>13</i>	79,815	97,285
Accruals and other payables		66,117	68,939
Amounts due to shareholders		1,739	5,265
Borrowings	<i>14</i>	45,171	49,708
Lease liabilities		1,219	2,525
Deferred income		368	368
		199,144	224,722
Liabilities directly associated with assets classified as held-for-sale		16,616	—
Total current liabilities		215,760	224,722
Net current liabilities		(157,273)	(63,765)
Total assets less current liabilities		(86,379)	48,077

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Trade payables	<i>13</i>	877	2,077
Other payables		900	1,550
Borrowings	<i>14</i>	11,010	22,820
Amount due to a shareholder		—	180
Lease liabilities		—	5,620
Deferred tax liabilities		732	2,749
Deferred income		245	613
		<hr/>	<hr/>
Total non-current liabilities		13,764	35,609
		<hr/>	<hr/>
Total liabilities		229,524	260,331
		<hr/>	<hr/>
Net (liabilities) assets		(100,143)	12,468
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		18,325	9,913
Reserves		(116,675)	(10,042)
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held-for-sale		(286)	—
		<hr/>	<hr/>
Owners of the Company		(98,636)	(129)
Non-controlling interests		(1,507)	12,597
		<hr/>	<hr/>
Total (deficit) equity		(100,143)	12,468
		<hr/> <hr/>	<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 polymer cable materials in the PRC.

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 2025 were approved and authorised for issue by the board of directors of the Company on 30 March 2026.

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 and Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standards issued by HKICPA for the first time, which are mandatorily effective for the Group's annual period as on 1 January 2025 for the preparation of the consolidated financial statements:

The application of amendments to an 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 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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 2026.

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

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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 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 polymer cables materials. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	140,371	157,742
Customer B	<u>66,224</u>	<u>N/A</u> ⁽¹⁾

⁽¹⁾ 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 polymer cable materials during the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	231,692	236,332
Manufacturing and sales of polymer cable materials, recognised at a point in time	<u>24,467</u>	<u>20,278</u>
	<u>256,159</u>	<u>256,610</u>

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

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income			
Interest income from other receivables		1,392	—
Interest income from rental deposits		80	27
Government grants and subsidies	<i>(i)</i>	1,472	3,356
Service income	<i>(ii)</i>	123	1,280
Rental income		2,326	972
Others		725	—
		<u>6,118</u>	<u>5,635</u>

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. In 2017, the Group received a government subsidy of approximately RMB3,700,000 towards the purchase of certain machinery. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of RMB368,000 (2024: RMB368,000). As at 31 December 2025, an amount of RMB613,000 (2024: RMB981,000) remains in deferred income to be amortised.
- (ii) Service income was charged to the customers for the service of collection and payment on behalf of the customers.

5. OTHER GAINS AND LOSSES, NET

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on derecognition of trade payables	—	14,533
Gain on disposal of property, plant and equipment	1,148	—
Loss on lease modification	(685)	—
Others	1,758	—
	<u>2,221</u>	<u>14,533</u>

6 FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on bank and other borrowings	7,642	6,267
Interest expenses on lease liabilities	897	596
Others	315	268
	<u>8,854</u>	<u>7,131</u>

7 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories recognised as cost of sales	257,673	255,564
Auditor's remuneration		
— Audit services	811	811
Research costs (other than amortisation costs)	—	97
Depreciation of property, plant and equipment	6,581	5,714
Depreciation of right-of-use assets	2,691	2,805
Gain on disposal of property, plant and equipment, net	(1,148)	266
Gain on disposal of a subsidiary	(3)	—
Amortisation of intangible assets	32	54
Allowance for ECLs on trade receivables, net	78,043	41,831
Bad debt written off on trade receivables	—	811
(Reversal of) allowance for ECLs on other receivables, net	(556)	1,272
Loss on lease modification	685	—
Write-off of property, plant and equipment	1,966	1,251
Impairment losses on property, plant and equipment	17,389	1,998
Employee costs (including directors' remuneration		
— Wages, salaries and other benefits	8,552	8,790
— Contributions to defined contribution retirement plans	1,232	1,504
	<u>9,784</u>	<u>10,294</u>

8 INCOME TAX CREDIT (EXPENSE)

The income tax credit (expense) in the consolidated statements of profit or loss and other comprehensive income during the year represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax	220	—
Under-provision in prior years	—	(25)
Deferred tax	<u>287</u>	<u>(6,537)</u>
Income tax credit (expense)	<u><u>507</u></u>	<u><u>(6,562)</u></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 2025 and 31 December 2024.

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.

9 DIVIDENDS

No dividend has been paid or declared by the Company during the year of 2025, nor has any dividend been proposed since the end of the year ended 31 December 2025 (2024: Nil).

10 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 RMB107,169,000 (2024: RMB58,836,000), and the weighted average number of ordinary shares of 145,170,000 in issue (2024: 98,938,000 shares). The Company did not have any potential dilutive shares for the years ended 31 December 2025 and 2024. Accordingly, the diluted loss per share are the same as the basic loss per share.

11 TRADE RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	134,726	169,834
Less: Allowance for ECLs on trade receivables	<u>(133,356)</u>	<u>(55,313)</u>
	<u>1,370</u>	<u>114,521</u>

The credit period granted to customers is ranging from 0 to 365 days (2024: 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	499	14,491
61 to 180 days	368	22,661
181 to 365 days	180	3,166
Over 365 days	<u>133,679</u>	<u>129,516</u>
	<u>134,726</u>	<u>169,834</u>

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current:		
Deposits	1,039	634
Prepayments	<u>116</u>	<u>12</u>
	<u>1,155</u>	<u>646</u>
Current:		
Prepayments	312	485
Prepayments to suppliers	20,386	9,521
Deposits	27	11,686
VAT recoverable	8,878	10,451
Other receivables	5,790	4,263
Less: Allowance for ECLs on other receivables	<u>(1,547)</u>	<u>(2,103)</u>
	<u>33,846</u>	<u>34,303</u>
	<u><u>35,001</u></u>	<u><u>34,949</u></u>

13 TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non current:		
Trade payable (<i>Note (a)</i>)	<u>877</u>	<u>2,077</u>
Current:		
Trade payables	<u>79,815</u>	<u>97,285</u>
	<u>80,692</u>	<u>99,362</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 and 2025.

The credit period on purchases from suppliers is generally ranging from 0 to 120 days from invoice date (2024: 0 to 120 days from invoice date) 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 60 days	5,163	46,632
61 to 180 days	37,609	26,504
181 to 365 days	32,118	5,386
Over 365 days	<u>5,802</u>	<u>20,840</u>
	<u>80,692</u>	<u>99,362</u>

14 BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year	30,068	37,465
Secured and guaranteed interest-bearing other borrowings repayable within one year	14,650	11,790
Unsecured and unguaranteed interest-bearing other borrowings repayable within one year	453	453
	<u>45,171</u>	<u>49,708</u>
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year	2,400	9,550
Secured and guaranteed interest-bearing other borrowings repayable after one year	8,610	13,270
	<u>11,010</u>	<u>22,820</u>

Note:

As at 31 December 2025, the Group was in default in respect of principal amount of borrowings totaling approximately RMB25,601,000 (2024: RMB15,159,000) 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 2025.

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

	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
On demand or within one year	45,171	49,708
More than one year, but not exceeding two years	2,450	7,660
More than two years, but not exceeding five years	5,000	10,400
More than five years	3,560	4,760
	<u>56,181</u>	<u>72,528</u>

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 31 December 2025, the director of the Company entered into a conditional sales and purchase agreement with Sichuan Zi Rui Yuan Corporate Management Limited, an independent third party to dispose the entire issued share capital of Sichuan Xinhaoyue New Materials Co., Ltd. (“**Xin Hao Yue**”), an indirect wholly-owned subsidiary of the Company, which carried out research and development of new material wires and cables in the PRC. The net proceeds of disposal of Xin Hao Yue was RMB2,700,000, which exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized. The transaction has been completed in January 2026.

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 Sichuan Province, the People's Republic of China (the "PRC"). To diversify our business and enhance our product portfolio, the Group has also engaged in the manufacturing and sales of polymer cable materials.

During the year ended 31 December 2025, the Group generated revenue primarily from two main segments:

1. Manufacturing and sales of wires and cables
2. polymer cable materials

The Group served a large number of customers, mainly power companies, manufacturing enterprises, construction and renovation companies, and trading companies. During the year, the Group faced a highly challenging operating environment, characterized by intense market competition and liquidity pressures.

Despite these financial challenges, our integrated production facilities in Sichuan Province continued to operate. The Group has been actively negotiating with lending banks and other lenders for the renewal or extension of outstanding borrowings to mitigate liquidity pressures. We have also strengthened our risk management processes and implemented strict internal controls to control administrative costs through human resources optimization and capital expenditure control that increases accounts receivable risks.

PROSPECTS

Looking ahead, the Group acknowledges the significant financial uncertainties and liquidity pressures it currently faces. Our primary focus for the coming year will be on stabilizing our financial position, resolving the going concern issues, and optimizing our core operations. Our outlook and strategic focus will center on the following key areas:

1. **Debt Restructuring and Liquidity Management:** Actively negotiating with banks and creditors to extend repayment terms, renew banking facilities, and explore potential disposal of certain subsidiaries or assets while implementing strict control over the recovery of receivables to alleviate immediate liquidity pressures and improve our net liability position.
2. **Product Optimization:** Continuing to focus on our core wires and cables business while strategically developing our polymeric materials and aluminium products segment, which demonstrated revenue growth during the year.
3. **Cost Control and Operational Efficiency:** Implementing stringent cost-saving measures, streamlining production processes, and optimizing supply chains and human resource costs to reduce cash outflows and improve overall operational efficiency.
4. **Strategic Partnerships and Financing:** Seeking alternative sources of financing and exploring opportunities for strategic capital investments to inject new equity and liquidity into the Group.

While the current financial situation is difficult, the national policies supporting the upgrading of the State Grid and the development of ultra-high voltage (UHV) transmission projects continue to provide a favorable macro-environment for the wire and cable industry. The Group will strive to leverage these industry opportunities once its financial foundation is stabilized.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue derived from our major operating subsidiaries by key product types during the review periods:

For the year ended 31 December	Revenue 2025 <i>RMB'000</i>	Revenue 2024 <i>RMB'000</i>	Change <i>%</i>
Manufacturing and sales of wires and cables	231,692	236,332	(2.0%)
Manufacturing and sales of polymer cable materials	24,467	20,278	20.7%
Total	<u>256,159</u>	<u>256,610</u>	<u>(0.2%)</u>

- The Group recorded a total turnover of approximately RMB256.2 million in 2025, reflecting a slight decrease of 0.2% compared to approximately RMB256.6 million in 2024.
- The slight decrease in overall revenue was mainly due to a drop in the sales of traditional wires and cables, which was largely offset by a 19.6% increase in the sales of polymer cable materials, reflecting the Group's ongoing adjustment of its product mix.

Cost of Sales

- The cost of sales increased from approximately RMB255.6 million in 2024 to approximately RMB257.7 million in 2025, representing an increase of approximately RMB2.1 million (0.8%).
- The increase in cost of sales, despite a slight drop in revenue, was primarily due to the fluctuation in raw material prices and increased production overheads.

Gross (Loss)/Profit and Gross Margin

- The Group recorded a gross loss of approximately RMB1.5 million in 2025, turning around from a gross profit of approximately RMB1.0 million in 2024.

- The gross profit margin dropped from 0.4% in 2024 to a gross loss margin of (0.6)% in 2025, mainly due to higher production costs that could not be fully passed on to customers amid intense market competition.

Other Income and Other Gains and Losses, Net

- Other income increased slightly from approximately RMB5.6 million in 2024 to approximately RMB6.1 million in 2025, mainly due to an increase in rental income.
- The Group recorded other gains and losses, net of approximately RMB2.2 million in 2025, compared to other gains and losses, net of approximately RMB14.5 million in 2024. This significant negative turnaround was primarily due to the absence of a one-off gain on the derecognition of trade payables (RMB14.5 million) that was recorded in 2024.

Selling and Distribution Expenses

- Selling and distribution expenses decreased by approximately RMB1.8 million (58.0%) from approximately RMB3.2 million in 2024 to approximately RMB1.4 million in 2025. The decrease was mainly due to the Group's strict cost-control measures implemented during the year.

Administrative and Other Expenses

- Administrative and other expenses decreased by approximately RMB3.2 million (12%), from approximately RMB26.6 million in 2024 to approximately RMB23.4 million in 2025. The decrease was primarily attributable to the Group's stringent cost control measures implemented during the year, including optimisation of human resources and reduction in discretionary overheads.

Impairment Losses

- **Impairment losses on trade and other receivables, net:** Increased significantly from approximately RMB43.9 million in 2024 to approximately RMB77.5 million in 2025. This was due to the increase in expected credit losses (ECL) provision as a result of the aging of certain trade receivables and the worsening credit profiles of certain customers.
- **Impairment losses on property, plant and equipment:** Increased significantly from approximately RMB2.0 million in 2024 to approximately RMB17.4 million in 2025, based on the impairment assessment of the Group's cash-generating units due to the challenging operating environment.

Finance Costs

- Finance costs increased from approximately RMB7.1 million in 2024 to approximately RMB8.9 million in 2025, mainly due to the increase in default interest and penalties associated with overdue borrowings during the year.

Income Tax Credit/(Expense)

- The Group recorded an income tax credit of approximately RMB0.5 million in 2025, compared to an income tax expense of approximately RMB6.6 million in 2024. The change was primarily due to the reversal of deferred tax liabilities during the year.

Loss for the Year

- As a result of the factors explained above — most notably the significant impairment losses on receivables and property, plant and equipment, coupled with the loss on derecognition of prepayments — the net loss of the Group widened to approximately RMB121.3 million in 2025, compared to a net loss of approximately RMB68.2 million in 2024.

Liquidity, Financial Resources, and Gearing

The Group primarily financed its operations through cash generated from operations and borrowings. During the year, the Group faced severe liquidity challenges.

As at 31 December	2025 (RMB'000)	2024 (RMB'000)
Bank balances & cash	246	1,776
Total borrowings	56,181	72,528
Total equity/(deficit)	(100,143)	12,468
Gearing ratio	N/A*	675%

* The gearing ratio (calculated as net debt divided by total equity) is not applicable as at 31 December 2025 due to the Group recording a total equity deficit of approximately RMB100.1 million.

As at 31 December 2025, the Group had net current liabilities of approximately RMB157.3 million (2024: RMB63.8 million). The Group was in default of borrowings with a principal amount of approximately RMB25.6 million. The Directors are actively undertaking plans and measures, including negotiating with lenders for extensions and seeking new sources of financing, to improve the Group's liquidity and financial position.

CHARGES ON GROUP'S ASSETS

As at 31 December 2025, the following assets were pledged to secure the Group's bank and other borrowings:

- (a) Buildings with an aggregate net carrying amount of approximately RMB28,640,000 as at 31 December 2025 (31 December 2024: RMB40,373,000);
- (b) Land use rights with an aggregate net carrying amount of approximately RMB1,376,000 as at 31 December 2025 (31 December 2024: RMB5,901,000);
- (c) Plant and machinery with an aggregate net carrying amount of approximately nil as at 31 December 2025 (31 December 2024: RMB2,523,000).

CAPITAL COMMITMENT

	2025 <i>(RMB'000)</i>	2024 <i>(RMB'000)</i>
Commitment to contribute capital to subsidiaries <i>(Note (a))</i>	6,200	10,810

Note:

- (a) 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 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 December 2025, the Group established Sichuan Feibiao New Materials Co., Ltd., a company principally engaged in new materials technology research and development, technology promotion, and application services, as well as the sales of electronic machinery, wires and cables, and non-ferrous metal materials. The Group will contribute RMB1,000,000 as capital and hold 100% of its total equity interest. Pursuant to its Memorandum and Articles of Association, the Group shall pay up its respective committed registered capital on or before 22 December 2030.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2025.

LITIGATIONS

There was no significant litigation at 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of 69 full-time employees (31 December 2024: 111 full-time employees). Total employee benefit expenses for the year ended 31 December 2025 and the year ended 31 December 2024 were approximately RMB9.8 million and approximately RMB10.3 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

On 8 July 2025, the Group entered into an equity transfer agreement with an independent third party for the transfer of the Group's 100% equity interest in Sichuan Liangdian Technology Limited, a wholly-owned subsidiary of the Company with a consideration of RMB300,000. There was a gain of RMB3,000 upon the disposal.

There was no other significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2025, 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 15 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 2025 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 2025, 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 2025 and up to the date of this announcement. No incident of non-compliance was noted by the Company for the year ended 31 December 2025 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 2025 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 Tuesday, 30 June 2026 (“**2026 AGM**”). For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 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 Monday, 29 June 2026.

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. Hu Chengbing, among which, Mr. Hu Chengbing 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 2025.

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 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, Rongcheng (Hong Kong) 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 30 March 2026. The work performed by Rongcheng (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Rongcheng (Hong Kong) 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 2025.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As detailed in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB121,273,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB157,273,000 and approximately RMB100,143,000, respectively. As at 31 December 2025, the Group had total borrowings of approximately RMB56,181,000, of which approximately RMB45,171,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately to RMB246,000 and restricted bank deposits of RMB11,000.

In addition, as at 31 December 2025, the Group was in default of borrowings with principal amount of RMB25,601,000 and interest payable totaling approximately RMB9,579,000 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 2025.

As set out in note 2 to the consolidated financial statements, the going concern basis of account preparation was based on assumptions and measures that the directors of the Company have been undertaking to improve the Group's liquidity and financial position including (i) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (ii) the successful on the completion of potential disposal of some of the Group subsidiaries together with the part of the overdue loans and other liabilities; (iii) the successful maintenance of relationships with the Group's existing lenders such that no action will be taken by the relevant lenders to demand for immediate repayment of the borrowings in default; and (iv) the successful obtaining new sources of financing or strategic capital investments as and when needed. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures. Given the execution of the plans and measures by the Group are in progress, which are still subjected to various uncertainties as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in these consolidated financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2025 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 2026.

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

Hong Kong, 30 March 2026

As at the date of this announcement, the executive Directors are Mr. Dang Fei, Mr. Wang Xiaozhong, Ms. Luo Xi and 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. Hu Chengbing.

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 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.

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