

SAFTOWER

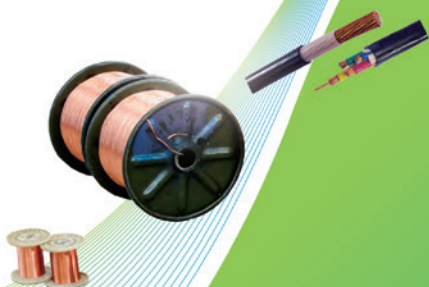
—— 蜀塔集团 ——

中國蜀塔國際控股集團有限公司

China Saftower International Holding Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8623



INTERIM REPORT
2026

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. Wang Xiaozhong

Ms. Luo Xi

Ms. Hu Yi

Ms. Zhou Wenqi

Mr. Cheung Wai Yin Wilson

Independent non-executive Directors

Dr. Zuo Xinzhang

Mr. Hu Chengbing

Mr. Li Jian

COMPANY SECRETARY

Mr. Woo Yuen Ping

COMPLIANCE OFFICER

Mr. Wang Xiaozhong

AUTHORISED REPRESENTATIVES

Mr. Woo Yuen Ping

Mr. Dang Fei

AUDIT COMMITTEE

Mr. Hu Chengbing (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Li Jian

REMUNERATION COMMITTEE

Mr. Li Jian (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Hu Chengbing

NOMINATION COMMITTEE

Mr. Dang Fei (*Chairperson*)

Dr. Zuo Xinzhang

Mr. Hu Chengbing

Mr. Li Jian

Ms. Luo Xi

INDEPENDENT AUDITOR

Rongcheng (Hong Kong) CPA Limited
(*Certified Public Accountants*)

REGISTERED OFFICE

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8623

COMPANY'S WEBSITE

www.saftower.cn

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2026, together with the unaudited comparative figures for the corresponding period in 2025 as follows:

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

For the six months ended 30 June

	Notes	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	7	86,189	168,245
Cost of sales		(88,328)	(167,583)
Gross (loss) profit		(2,139)	662
Other income	8	2,078	848
Selling and distribution expenses		(256)	(900)
Administrative and other expenses		(6,474)	(13,664)
Share of loss of an associate		(6)	—
Finance costs	9	(1,347)	(2,796)
Loss before income tax expense	10	(8,144)	(15,850)
Income tax credit (expense)	11	595	(626)
Loss for the period		(7,549)	(16,476)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(607)	(29)
Total comprehensive expense for the period		(8,156)	(16,505)

	Notes	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(6,884)	(15,023)
Non-controlling interests		(665)	(1,453)
		(7,549)	(16,476)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(7,491)	(15,052)
Non-controlling interests		(665)	(1,453)
		(8,156)	(16,505)
Loss per share for the loss attributable to owners of the Company during the period (expressed in RMB per share)			
— Basic and diluted	13	(0.04)	(0.12)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	56,269	65,187
Right-of-use assets		2,782	4,157
Intangible assets		5	5
Investment in an associate		84	60
Deferred tax assets		330	330
Deposits and prepayments	15	1,210	1,155
		60,680	70,894
Current assets			
Inventories		5,128	8,346
Trade receivables	15	12,646	1,370
Prepayments, deposits and other receivables	15	28,106	33,846
Tax recoverables		209	310
Restricted bank deposits		11	11
Bank balances and cash		258	246
		46,358	44,129
Assets classified as held-for-sale		126	14,358
Total current assets		46,484	58,487
Total assets		107,164	129,381
Current liabilities			
Contract liabilities		239	4,715
Trade payables	16	96,996	79,815
Accruals and other payables	16	54,261	66,117
Amount due to shareholders		6,234	1,739
Borrowings	17	45,761	45,171
Deferred income		184	368
Lease liabilities		326	1,219
		204,001	199,144

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Liabilities directly associated with assets classified as held-for-sale		198	16,616
Total current liabilities		204,199	215,760
Net current liabilities		(157,715)	(157,273)
Total assets less current liabilities		(97,035)	(86,379)
Non-current liabilities			
Trade payable		277	877
Other payable	16	750	900
Borrowings	17	9,260	11,010
Deferred income		245	245
Deferred tax liabilities		732	732
		11,264	13,764
Net assets		(108,299)	(100,143)
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	18,325	18,325
Reserves		(124,452)	(116,675)
Amounts recognised in other comprehensive income and accumulated in equity relating to assets held-for-sale		—	(286)
		(106,127)	(98,636)
Non-controlling interests		(2,172)	(1,507)
Total equity		(108,299)	(100,143)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Equity attributable to owners of the Company								Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (Note 18)	Share premium RMB'000	Capital reserves RMB'000	Foreign exchange reserve RMB'000	Accumulated losses RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Sub-total RMB'000		
At 1 January 2026	18,325	37,675	76,896	668	(236,568)	7,344	(2,976)	(98,636)	(1,507)	(100,143)
Loss for the period	-	-	-	-	(6,884)	-	-	(6,884)	(665)	(7,549)
Other comprehensive income	-	-	-	(607)	-	-	-	(607)	-	(607)
Total comprehensive income for the period	-	-	-	(607)	(6,884)	-	-	(7,491)	(665)	(8,156)
At 30 June 2026	18,325	37,675	76,896	61	(243,452)	7,344	(2,976)	(106,127)	(2,172)	(108,299)
At 1 January 2025	9,913	38,393	76,896	(686)	(129,399)	7,730	(2,976)	(129)	12,597	12,468
Issue of shares	432	4,298	-	-	-	-	-	4,730	-	4,730
Loss for the period	-	-	-	-	(15,023)	-	-	(15,023)	(1,453)	(16,476)
Other comprehensive income	-	-	-	(29)	-	-	-	(29)	-	(29)
Total comprehensive income for the period	-	-	-	(29)	(15,023)	-	-	(15,052)	(1,453)	(16,505)
At 30 June 2025	10,345	42,691	76,896	(715)	(144,422)	7,730	(2,976)	(10,451)	11,144	693

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Cash flows from operating activities			
Cash generated from operations		(6,201)	1,623
Net cash generated from operating activities		(6,201)	1,623
Cash flows from investing activities			
Purchase of property, plant and equipment		(15)	(3,049)
Acquisition of an investment in an associate		(90)	—
Proceeds from disposal of a subsidiary		2,895	—
Proceeds from disposal of property, plant and equipment		150	—
Net cash used in investing activities		2,940	(3,049)
Cash flows from financing activities			
Proceeds from borrowings		—	13,800
Proceeds from issue of share		—	4,730
Repayments of borrowings		(1)	(14,311)
Interest paid on borrowings		(328)	(693)
Repayments of lease liabilities		(893)	(1,500)
Advance from a shareholder		4,495	—
Net cash generated from financing activities		3,273	2,026
Net increase/(decrease) in cash and cash equivalents		12	600
Cash and cash equivalents at beginning of period		246	1,776
Cash and cash equivalents at end of period		258	2,376

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

China Saftower International Holding Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2018. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and its principal place of business in the People’s Republic of China (the “**PRC**”) is No. 9, Huaide Road, Sichuan — Zhejiang Cooperation Industrial Park, Guangyuan Economic and Technological Development Zone, Guangyuan, Sichuan Province, the PRC. The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of wires and cables, sale of aluminium products and sales of polymeric materials in the PRC.

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

2. BASIS OF PREPARATION

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

These unaudited condensed consolidated interim financial statements and notes do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Accountants’ report included in the annual report for the year ended 31 December 2025 of the Company dated 30 March 2026 (the “**2025 Annual Report**”).

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

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

2. BASIS OF PREPARATION (CONTINUED)

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the preparation of the 2025 Annual Report except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2026. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised HKFRSs have no material effect on these unaudited condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that have been issued but not yet effective in the current accounting period.

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

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

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11

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

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2025 Annual Report.

5. FINANCIAL RISK MANAGEMENT

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

These unaudited condensed consolidated interim financial statements do not include the disclosures of the Group's financial risk management information that were required in the annual financial information, and should be read in conjunction with the 2025 Annual Report.

There have been no changes in the risk management policies since 31 December 2025.

6. SEGMENT REPORTING

Operating segments

During the six months ended 30 June 2026 and 30 June 2025, the Group was principally engaged in manufacturing and sales of wires and cables and sales of polymeric materials in the PRC. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. For management purpose, the Group has only one reportable operating segment which is the manufacturing and sales of wires and cables, sales of aluminium products and sales of polymeric materials. Accordingly, no operating segment information is presented.

Geographic information

The Group's revenue during the six months ended 30 June 2026 and 30 June 2025 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.

7. REVENUE

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

Six months ended 30 June		
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue from contracts with customers		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	79,732	167,023
Manufacturing and sales of polymer materials, recognised at a point in time	6,457	1,222
	86,189	168,245

8. OTHER INCOME

		Six months ended 30 June	
	Notes	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Other income			
Interest income		1	1
Government grants and subsidies	(i)	741	470
Rental income	(ii)	1,229	215
Others		107	162
		2,078	848

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 tax incentives and subsidies to support the use of renewable energy in the PRC. There were no unfulfilled conditions in relation to the grants and subsidies.
- ii. During the six months ended 30 June 2026, the Group leased its machinery to two independent third parties with the lease period of one year.

9. FINANCE COSTS

		Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Interest expenses on bank and other borrowings		1,256	2,650
Interest expenses on lease liabilities		91	146
Finance costs recognised in profit or loss		1,347	2,796

10. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Costs of inventories recognised as expense	88,328	167,583
Depreciation of property, plant and equipment	1,349	3,464
Depreciation of right-of-use assets	1,376	1,392
Amortisation of intangible assets	13	32
Release of deferred income	(184)	(184)
Allowance for expected credit losses ("ECLs") on trade receivables (<i>Note 15</i>)	—	2,536
Employee costs (including directors' remuneration, wages, salaries, allowances and other benefits)	1,934	3,885
Contributions to defined contribution retirement plan	210	806
	2,144	4,691

11. INCOME TAX CREDIT (EXPENSE)

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Current income tax expense	(13)	—
Deferred tax credit (expense)	608	(626)
Income tax (credit)	595	(626)

No Hong Kong profits tax was provided during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil) as the Group has no estimated assessable profit in Hong Kong during the period (six months ended 30 June 2025: Nil).

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

廣元同創新材料有限公司 (Guangyuan Tongchuang New Materials Company Limited*) (“**Guangyuan Tongchuang**”) is subject to an income tax concession of 10% reduction in tax rate due to preferential tax policy of the development of the western region for the six months ended 30 June 2026 and 30 June 2025. According to “Circular on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy” (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58) (財稅[2011]58號), from 1 January 2011 to 31 December 2020, and its extension policy which is effective from 1 January 2021 to 31 December 2030, EIT imposed upon any enterprise established in western regions and included among the encouraged industries shall be collected at the reduced rate of 15%.

* English translated names are for identification purpose only

12. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2026 and 30 June 2025.

13. LOSS PER SHARE

The calculation of loss per share attributable to owners of the Company for the period is based on the loss attributable to owners of the Company for the six months ended 30 June 2026 of approximately RMB6,884,000 (2025: loss attributable to owners of the Company of approximately RMB15,023,000), and the weighted average number of ordinary shares of 187,175,245 in issue (six months ended 30 June 2025: 124,386,880 shares of the Company in issue).

Diluted loss per share was the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2026 and 30 June 2025.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of machinery and office equipment with a cost of approximately RMB463,500 (six months ended 30 June 2025: RMB3,049,000).

15. TRADE AND OTHER RECEIVABLES

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Current:		
Trade receivables	145,962	134,726
Less: Allowance for ECLs on trade receivables	(133,316)	(133,356)
	12,646	1,370
Prepayments	45	312
Prepayments to suppliers	13,334	20,386
Loan receivables	500	—
Deposits	—	27
VAT recoverable	—	8,878
Others	14,227	5,790
Less: Allowance for ECLs on other receivables	—	(1,547)
	28,106	33,846
Non-current:		
Prepayments	171	116
Deposits	1,039	1,039
	1,210	1,155
	29,316	35,001

The credit period granted to customers is ranging from 0 to 365 days as at 30 June 2026 (31 December 2025: 0 to 365 days).

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
0 to 60 days	12,208	499
61 to 180 days	—	368
181 to 365 days	115	180
Over 365 days	133,639	133,679
	145,962	134,726

16. TRADE AND OTHER PAYABLES

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current:		
Trade payable	277	877
Other payables	750	900
Current:		
Trade payables	96,996	79,815
Accrued operating expenses	2,420	11,097
Accrued employee benefit expenses	2,451	2,449
Payables for purchase of property, plant and equipment	464	2,737
Other taxes payables	3,147	3,391
Interest payables	11,963	11,379
Deposits received	1,100	414
Other payables	32,716	34,650
	54,261	66,117

The credit period on purchases from suppliers is generally ranging from 0 to 120 days as at 30 June 2026 (31 December 2025: 0 to 120 days).

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

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
0 to 60 days	22,331	5,163
61 to 180 days	8,052	37,609
181 to 365 days	27,408	32,118
Over 365 days	39,482	5,802
	97,273	80,692

17. BORROWINGS

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year (<i>Note (i) and (ii)</i>)	25,080	30,068
Secured and guaranteed interest-bearing other borrowings repayable within one year (<i>Note (i) and (ii)</i>)	20,228	14,650
Unsecured interest-bearing other borrowings repayable within one year (<i>Note (iii)</i>)	453	453
	45,761	45,171
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year (<i>Note (i) & (ii)</i>)	2,400	2,400
Secured and guaranteed interest-bearing other borrowings repayable after one year (<i>Note (i) & (ii)</i>)	6,860	8,610
	9,260	11,010

17. BORROWINGS (CONTINUED)

Notes:

- (i) The bank borrowings and other borrowings are secured by:
 - (a) Buildings with an aggregate net carrying amount of approximately RMB27,643,000 as at 30 June 2026 (31 December 2025: RMB28,641,000);
 - (b) Land use rights with an aggregate net carrying amount of approximately RMB1,355,000 as at 30 June 2026 (31 December 2025: RMB1,377,000);
 - (c) Property of close family members of directors of the Company;
 - (d) Properties of the directors of the Company;
 - (e) Properties of the independent third parties;
 - (f) Properties of the Group's key management personnel and their close family members;
 - (g) No plant and machinery was pledged as at 30 June 2026 (31 December 2025: No plant and machinery was pledged); and
 - (h) Inventories of a shareholder of Bigroad Investment Limited. Bigroad Investment Limited is one of the shareholders of the Company.
- (ii) The bank borrowings and other borrowings are guaranteed by:
 - (a) directors of the Company;
 - (b) shareholders of the Company;
 - (c) close family members of directors of the Company; and
 - (d) independent third parties.
- (iii) The other borrowings are fixed interest at 12% per annum, unsecured and due to be settled on demand.
- (iv) As at 30 June 2026, the Group was in default in respect of principal amount of borrowings totaling approximately RMB16,728,000 (31 December 2025: RMB25,601,000) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 30 June 2026.

17. BORROWINGS (CONTINUED)

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

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
On demand or within one year	45,761	45,171
More than one year, but not exceeding two years	400	2,450
More than two years, but not exceeding five years	5,300	5,000
More than five years	3,560	3,560
	55,021	56,181

18. SHARE CAPITAL

	Number	Amount RMB'000
<i>Authorised:</i>		
At 1 January 2025, 31 December 2025 and 30 June 2026	400,000,000	35,994
<i>Issued and fully paid:</i>		
At 1 January 2025	110,400,000	9,913
Issue of shares upon share allotment at HK\$0.11 each (<i>Note (a)</i>)	45,775,245	5,258
Issue of shares upon share placing at HK\$0.105 each (<i>Note (b)</i>)	31,000,000	3,154
At 31 December 2025 and 30 June 2026	187,175,245	18,325

Notes:

- (a) On 6 May 2025, the Company issued 45,775,245 ordinary shares of HK\$0.1 each at a price of HK\$0.11 per share pursuant to right issue arrangement dated 15 April 2025.
- (b) On 7 November 2025, the Company issued 31,000,000 shares of HK\$0.105 per share pursuant to the placing agreement dated 21 October 2025.

19. RELATED PARTY TRANSACTIONS

- (a) As at 30 June 2026 and 31 December 2025, close family members of the directors of the Company pledged their property as a security for the bank and other borrowings as set out in Note 17.
- (b) As at 30 June 2026 and 31 December 2025, directors of the Company pledged their properties as securities for the bank and other borrowings as set out in Note 17.
- (c) Compensation to key management personnel

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Salaries, allowances and other benefits	218	268
Contributions to defined contribution retirement plan	39	39
	257	307

- (d) As at 30 June 2026 and 31 December 2025, the Group's key management personnel and their close family members pledged their properties as securities for the bank and other borrowings as set out in Note 17.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

During the six months ended 30 June 2026 (the "**Period**"), the Group continued to engage in the manufacturing and sales of wires and cables and polymer materials and continued to serve a large number of customers, mainly are power companies, manufacturing enterprises, construction and renovation companies as well as trading companies which purchase products from the Group for onward sale on their own accounts.

FUTURE PROSPECTS

Looking ahead to the second half of 2026 and beyond, the Group anticipates that the operating environment for wire and cable manufacturers in the PRC will remain both challenging and full of opportunities. While macroeconomic uncertainties and intensified competition continue to exert pressure on margins, several structural growth drivers are expected to support long term industry demand.

1. Infrastructure and Urbanisation Initiatives

The PRC government's continued investment in infrastructure development, including power grid upgrades, urban transportation networks, and new AI computing capacity infrastructures, is expected to drive steady demand for high quality wires and cables, aluminum semi-finished products, and other goods. The Group intends to leverage its established production base in Sichuan Province to capture opportunities arising from regional development initiatives and urbanisation projects.

2. Transition to Renewable Energy

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

3. Technological Advancement and 6G Development

The development of 6G network and the expansion of digital infrastructure across the PRC will continue to create demand for advanced cabling solutions. The Group will produce polymer materials, for which there is significant market demand in the construction of telecommunications networks.

4. Domestic Market Opportunities

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

5. Operational Efficiency and Cost Management

In light of the volatility in raw material prices, elevated cost and financing constraints, the Group will maintain a disciplined approach to cost control, working capital management, and efficiency enhancement. This will include optimising production processes, outsourcing certain products with lower profits, reducing production costs and leverage advantages such as our own patents to expand into new business areas and generate higher profits, tightening procurement practices, and further digitalising internal operations.

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

FINANCIAL REVIEW

Revenue

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

For the six month
ended 30 June

	Revenue		Gross profit (loss)		Gross profit (loss) margin	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)	2026	2025
Classic finished wires and cables						
Copper wires and cables	—	58	—	17	—	29.3%
Aluminium wires and cables	1,861	146,305	(190)	577	(10.2%)	0.4%
Semi-finished wires						
Aluminium rods	77,871	19,856	(33)	58	(0.04%)	0.3%
Polymeric materials	6,457	2,026	(1,916)	10	(29.7%)	0.5%
	86,189	168,245	(2,139)	662	(2.5%)	0.4%

During the six months ended 30 June 2026, the Group generated its revenue mainly from the manufacturing and sales of wires and cables and polymeric materials in the PRC. The Group recorded a turnover of approximately RMB86.2 million for the six months ended 30 June 2026, representing a decrease of approximately 48.8% as compared with that in 2025. The decrease in revenue was mainly due to demand from the market decreased, as well as shortening customer payment terms to manage working capital and optimise the revenue structure of our products.

Cost of sales

Our cost of sales mainly consists of (i) raw materials costs, (ii) aluminium products costs, and (iii) finished products from sub-contractors and depreciation and overhead. Cost of sales decreased from RMB167.6 million for the six months ended 30 June 2025 to RMB88.3 million for the six months ended 30 June 2026, representing a decrease of RMB79.3 million, or 47.3%. The decrease of cost of sales was in line with the decrease in revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2026, the Group recorded a gross loss of approximately RMB2.1 million, compared with the gross profit of RMB0.7 million for the corresponding period in 2025, representing a decline of approximately RMB2.8 million. The gross profit margin decreased from 0.4% in 2025 to negative gross profit in 2026.

The decrease in both gross profit and margin was mainly attributable to the sharp increase in raw material and subcontracting costs, particularly the low production capacity of polymer materials and excessively high fixed costs such as factory rentals, which could not be sufficiently absorbed due to the decrease in revenue. In addition, competitive pricing pressure in the PRC wire and cable industry further compressed margins during the Period.

Other income and gains

Other income and gains increased significantly from approximately RMB0.8 million for the six months ended 30 June 2025 to approximately RMB2.1 million for the six months ended 30 June 2026. The increase was mainly attributable to the increase in rental income and higher government subsidies received during the Period, as compared with the prior period.

Selling and distribution expenses

Selling and distribution expenses decreased from approximately RMB0.9 million for the six months ended 30 June 2025 to approximately RMB0.3 million for the six months ended 30 June 2026, representing a decline of around 66.7%. The decrease was mainly due to tighter control on transportation and logistics costs as well as reduced staff expenses following streamlining of sales activities.

Administrative and other expenses

Administrative and other expenses decreased significantly by approximately RMB7.2 million, or 52.6%, from approximately RMB13.7 million for the six months ended 30 June 2025 to approximately RMB6.5 million for the six months ended 30 June 2026. The decrease was primarily due to lower professional fees and staff costs, partly offset by lower depreciation charges arising from the disposal of assets.

Finance costs

Finance costs decreased from approximately RMB2.8 million to approximately RMB1.3 million for the six months ended 30 June 2026. The reduction in interest on bank borrowings was primarily offset by interest expenses on bank borrowings corresponding to the disposed assets.

Income tax credit

The Group recorded an income tax credit of approximately RMB0.6 million for the six months ended 30 June 2026, compared with a tax expense of RMB0.6 million in the corresponding period of 2025, which was mainly due to the recognition of tax temporary difference for tax purpose.

Loss attributable to owners of the Company for the period

As a result of the above, the Group recorded a loss attributable to owners of the Company of approximately RMB6.9 million for the six months ended 30 June 2026, representing a decrease of about 54% compared with a loss of approximately RMB15.0 million for the six months ended 30 June 2025. The decrease of net loss was mainly driven by the sharp decrease in drop of ECLs and staff cost.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2026, the Group had cash and cash equivalents of approximately RMB0.3 million (31 December 2025: RMB0.2 million). The slight increase was mainly due to net cash inflows from the proceeds from disposal of a subsidiary exceeding repayments during the Period.

Total borrowings (current and non-current) amounted to approximately RMB55.0 million (31 December 2025: RMB56.2 million). Of which, RMB45.8 million was repayable within one year or on demand, reflecting the Group's reliance on short term financing.

As at 30 June 2026, the Group's total equity was approximately RMB108.3 million (31 December 2025: RMB100.1 million). The gearing ratio, calculated as total borrowings divided by total equity, increased significantly to a negative level given the low equity base. The deterioration was primarily due to the net loss recorded during the Period.

The Group's capital structure as at 30 June 2026 mainly comprised share capital of RMB18.3 million (31 December 2025: RMB18.3 million), reserves and accumulated losses. There was no change in share capital as compared with the end of the previous year.

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

CHARGES ON GROUP'S ASSETS

As at 30 June 2026, the following assets were pledged to secure the Group's bank and other borrowings:

Pledged assets	Net carrying amounts as at 30 June 2026 RMB'000	Net carrying amounts as at 31 December 2025 RMB'000
Buildings	27,643	28,641
Land use rights	1,355	1,377
	28,998	30,018

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

CAPITAL COMMITMENT

The Group had approximately RMB6,140,000 capital commitments to contribute capital to subsidiaries as at 30 June 2026 (31 December 2025: RMB6,200,000).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2026.

FOREIGN EXCHANGE RISK

The Group has no significant foreign currency risk as its business transactions, majority of its recognised assets and liabilities are principally denominated in RMB, its functional currency. The Group did not have any hedge instruments to hedge against other foreign currency transactions during the six months ended 30 June 2026.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed a total of 52 full-time employees (30 June 2025: 127 full-time employees). Total employee benefit expenses for the six months ended 30 June 2026 and the six months ended 30 June 2025 were approximately RMB1.9 million and approximately RMB4.7 million respectively. The remuneration package for the Group's employees includes salaries, commission, bonus and allowances. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee.

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

There was no significant investment held, material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2026, and there was no plan for material investment or capital assets as at the date of this report.

OTHER INFORMATION

INTERIM DIVIDENDS

The Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company has complied with the code provisions of the CG Code during the six months ended 30 June 2026 and up to the date of this report, other than the code provision C.2.1. CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Dang Fei (**"Mr. Dang"**) is the chairman and the chief executive officer of the Company. In view of Mr. Dang being one of the co-founders of the Group and has been managing the Group's business and supervising overall strategic planning since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Dang taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate in such circumstance.

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company, having made specific enquiry to all the Directors, is not aware of any non-compliance with the required standard of dealings and the Model Code during the six months ended 30 June 2026 and up to the date of this report.

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

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

As at 30 June 2026, the interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long position in the Shares

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of interest
Mr. Dang Fei	Interest in controlled corporation (Note 1)	5,902,000	3.15%
Mr. Wang Xiaozhong	Interest in controlled corporation (Note 2)	14,964,000	7.99%
Ms. Luo Xi	Interest in controlled corporation (Note 3)	47,742,500	25.42%

Notes:

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

Save as disclosed above and so far as known to the Directors, as at 30 June 2026, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO and the Model Code, to be entered in the register referred to therein, or which would be required pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2026, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested (Long position)	Approximate percentage of interest
Red Fly	Beneficial owner <i>(Note 1)</i>	5,902,000	3.15%
Xseven Investment	Beneficial owner <i>(Note 2)</i>	14,964,000	7.99%
Ms. Gao Hong	Interest of spouse <i>(Note 3)</i>	14,964,000	7.99%

Notes:

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

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

COMPETING INTERESTS

The Directors were not aware of any business or interest of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the six months ended 30 June 2026.

SHARE OPTION SCHEME

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

EVENTS AFTER THE REPORTING PERIOD

On 11 August 2026, the Directors of the Company entered into a share transfer agreement with an independent third party to sell all shares in Fuzhou Dasong, a subsidiary in which the Company holds an indirect 51% interest. Fuzhou Dasong is engaged in new energy-related businesses in China. The net proceeds from the disposal of Fuzhou Dasong amounted to RMB0.2 million, which exceeded the net asset value of the related assets and liabilities. Therefore, no impairment loss was recognized. The transaction was completed in August 2026.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 were not reviewed or audited by the Company’s auditor. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 and was of the opinion that the preparation of such statements complied with applicable accounting standards and the requirements under the GEM Listing Rules, and adequate disclosures have been made.

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

Hong Kong, 27 August 2026

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

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

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

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